

Together Financial Services Limited

21st September 2023

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading non-bank relationship lenders, is pleased to announce its results for the year ended June 30, 2023.

Commenting on today's results, Gerald Grimes, Group CEO Designate of Together, said:

"Together delivered another strong performance during the year, as we successfully grew the loan book to £6.4 billion with very low LTVs and headline arrears, and the group remained highly profitable and cash generative.

"Against the backdrop of continued economic volatility we maintained our focus on delivering value for our stakeholders, making strategic decisions to control our origination volumes, increase our nominal rates, maintain prudent LTVs and manage our costs. These actions resulted in the group delivering an attractive net interest margin of 5.2%, underlying profit before tax of £163.6m and cash receipts of £2.2bn during the year.

"At the same time we increased our support for our customers in what has been a challenging year for many people and businesses and made good progress in delivering our strategic priorities and shaping our business for a sustainable future. We also further strengthened and diversified our funding, raising or refinancing over £2bn of facilities during the year.

"While the UK's economic outlook is showing early signs of improvement, with inflation beginning to trend lower and the pace of interest rate rises slowing, macroeconomic challenges remain. As high street lenders retrench from more complex cases, we expect many more individuals and businesses to look to specialists to support opportunities. With a clear purpose, a proven and well-funded business model and a successful multi-cycle track record, Together will continue to be there to help underserved customers solve problems and realise opportunities, as we have been for the last 50 years."

Financial highlights: year ended June 30, 2023

- Robust loan book growth at prudent LTVs with low arrears
 - Average monthly lending up 2.8% to £233.1m (2022: £226.8m)
 - Weighted average origination LTVs remain conservative at 61.0% (2022: 61.0%)
 - Group net loan book increased 22.1% to £6.4bn (2022: £5.2bn)
 - Weighted average indexed LTV remains very conservative at 55.3% (2022: 51.5%)
 - Impairment coverages remains prudent at 1.7% (2022: 1.6%) reflecting macroeconomic uncertainty
- Strong and sustainable financial performance
 - Interest receivable and similar income up 45.6% at £572.9m (2022: £393.4m)
 - Underlying net interest margin reduced to 5.2% (2022: 5.5%), with H1 compression reflecting timing lag in passing on rising interest rates largely reversed in H2
 - Annualised cost of risk remains nominal at 0.7% (2022: 0.1%)
 - Group remains highly profitable and cash generative
 - Underlying profit before tax of £163.6m (2022: £162.7m)
 - Cash receipts of £2.2bn (2022: £1.9bn) as redemption levels remained strong

Key metrics	2023	2022
Interest receivable and similar income (£m)	572.9	393.4

Underlying interest cover ratio ¹	1.6:1	2.2:1
Interest cover ratio	1.6:1	2.1:1
Underlying net interest margin ² (%)	5.2	5.5
Net interest margin (%)	5.2	5.5
Underlying cost-to-income ratio ¹ (%)	31.8	35.1
Cost-to-income ratio (%)	33.5	39.4
Cost of risk (%)	0.7	0.1
Underlying profit before taxation ¹ (£m)	163.6	162.7
Profit before taxation (£m)	158.6	151.5
Underlying EBITDA ¹	441.4	306.5
Loans and advances to customers (£m) ⁴	6,410.2	5,247.9
Net debt gearing (%)	82.9	79.7
Shareholder funds ³ (£m)	1,118.0	1,030.0
Underlying return on equity ¹ (%)	12.6	13.8
Return on equity (%)	12.3	12.9

Operational highlights

- Building a long-term sustainable future
 - Making strategic decisions to protect NIM, profitability and returns, including controlling origination volumes, increasing nominal rates, maintaining prudent LTVs and focusing on costs
 - Supporting our customers through economic uncertainty
 - Using new data sources to identify those approaching financial difficulty
 - Proactively engaging with customers to anticipate problems, combining active management and appropriate engagement and support and providing additional colleague training
 - Embedding Consumer Duty into our business activities
 - Shaping our business for the future
 - Evolved distribution into 16 specialist managed channels to further optimise sales platform
 - Established new Transformation oversight Board committee building a ring fence team to accelerate Transformation agenda
 - Implementing new securitisation operational platform
 - Enhanced and diversified Executive team, promoting Julie Twynholm to Group Chief Risk Officer, Ryan Etchells to Chief Commercial Officer and Sarah Nield to Group Chief Compliance Officer
 - Appointed John Barker as Group Chief Operations Officer and Andrea Dalton as Chief Transformation Officer following year end

¹ June 30, 2023 excluded £8.4m discretionary bonus along with a £3.4m release of strategic review costs whilst June 30, 2022 excluded £1.2m customer redress provision release, £7.9m costs associated with a strategic review of the business and a £4.5m share-based payment charge.

² There are no exceptional items impacting upon net interest income recorded in either the current or prior year.

³ Includes subordinated shareholder loans of £33.7m (2022: £31.4m)

⁴ Net loan book is the net of gross loans and advances to customers and impairment allowances

- Building a long-term sustainable future (continued)
 - Continuing to deliver our Sustainability strategy
 - 30% of senior management positions now held by women
 - Signed Race at Work Charter, joined Business Disability Forum and became Age Accredited by 55/Redefined
 - Achieved silver accreditation from Investors in People and now working towards Gold
 - Achieved CCA Global Accreditation for Customer Experience
 - Launched EPC education hub and on track to launch green mortgage product by end of 2023
 - Customer trial underway to provide customer solution to reduce emissions from properties
 - Successfully deployed over £1m to chosen charitable causes during year
 - Now financed affordable homes for an estimated 2,477 vulnerable adults, low income families, homeless, refugees and children
 - Established Climate Risk Management Framework
 - Engaged leading energy consultancy to support net zero ambitions, published market-based scope 1 and 2 emissions and measured scope 3 emissions for first time

Funding highlights

- Successfully raised or refinanced over £2bn of facilities to support the Group's growth ambitions
 - Issued our largest ever RMBS TABS 7 (£499.4m), in July 2022
 - Increased BABS non-performing loans facility, adding £22m in September 2022, extending maturity to Mar'27
 - Upsized revolving credit facility by £66.35m to £138.25m in September 2022, extending maturity to Sep'26
 - Launched £467.4 FABS warehouse facility in December 2022
 - Increased LABS revolving facility by £125m to £825m in June 2023
 - Maintained funding momentum post year end, successfully issuing £425.5m TABS 8 RMBS (July 2023), £442.8m TABS 9 RMBS (expected to close September 2023) and £42.0m BABS upsize and extension (closed September 2023), whilst also successfully calling TABS3 on its call date (September 2023)
 - Significant facility headroom and accessible liquidity at year end
 - Facility Headroom of £0.7bn at June 30, 2022 (June 30, 2022: £1.4bn) and accessible liquidity of £248.0m at June 30, 2023 (June 30, 2022: £406.9m)
 - Facility headroom increased to £1.2bn in September 2023 incorporating post-year end transactions
 - Weighted average maturity of the Group's funding profile was 2.9 years as at June 30, 2023 based on amounts drawn
- S&P upgrade to 'BB' in October, reflecting resilient earnings, capital buffers and asset quality

Full Year 2022/23 results presentation

Together will be presenting its Full Year 2022/23 results via audio webcast today at 14:00 BST (9:00 EST), for the year ended June 30, 2023.

The presentation for analysts and investors is expected to last for approximately 35 minutes, followed by a Q&A.

The slides will be available on the Investor Relations website (<https://togethermoney.com/investors>) ahead of the presentation.

The live audio webcast will be available via the following link:

<https://www.investis-live.com/together/64d60df2383e901300beb0e3/dsas>

It will also be accessible via a live conference call:

- Access code: 160879
- From the UK: +44 (0) 20 4587 0498 / 0800 358 1035
- [Global Dial-In Numbers](#)

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About Together

One of the UK's leading non-bank relationship lenders, Together has been making finance work to help our customers realise their ambitions for nearly 50 years.

A strong, diverse and financially inclusive lender, we support a wide range of underserved customers including the self-employed, those with more complex incomes, in later life or with thin or impaired credit, landlords and SME and business customers. We offer our customers a wide range of flexible lending products including short-term finance, auction finance, residential, buy-to-let and commercial mortgages, secured loans and development finance.

Our expertise in lending means we can look beyond mainstream lending criteria to consider individual circumstances and treat each application on its own merits to help our customers solve problems and realise opportunities.

Together is the trading name of Together Financial Services Limited, which has its registered office address at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.