

Together Fin. Svc.
Q2 2023/24
RNS Number: [●]
Together Financial Services Limited
22 February 2024

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22nd February 2024

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 quarter ended December 31, 2023.

Commenting on today's results, Mike McTighe, Chairman of Together, said:

"Together achieved another strong set of results in the quarter to 31 December, reflecting the sustainability of our business model and the commitment and dedication of our team.

"The loan book grew to £6.8bn with LTVs remaining very prudent, as we maintained a controlled growth in lending at attractive margins and delivered increased net interest income, profit before tax and cash receipts. We also continued to diversify our funding, raising or refinancing over £1.1bn of facilities and achieving a rating upgrade to 'BB' from Fitch during the quarter.

"Looking ahead, while inflation has continued to fall, GDP growth is forecast to remain subdued and interest rates look likely to remain higher for longer. Despite the prevailing economic uncertainties, as we enter our 50th year in business we remain cautiously optimistic about the future and will continue to help our customers realise their ambitions and play our part in supporting the UK economy."

Performance highlights: quarter ended December 31, 2023

- **Robust loan book growth at conservative LTVs**
 - Average monthly lending of £233.0m, up 9.7% on Q2'23 (£212.5m), up 4.1% on Q1'24 (£223.5m)
 - Conservative weighted average origination LTVs of 57.4% (Q2'23: 60.8%; Q1'24: 58.6%)
 - Group net loan book increased to £6.8bn, up 15.3% on Q2'23 (£5.9bn) and up 2.7% on Q1'24 (£6.6bn)
 - Weighted average indexed LTV remains very low at 55.7% (Q2'23: 53.4%; Q1'24: 56.2%)
 - Impairment coverage of 1.8%, in line with 1.8% in the comparable quarter Q1'24 (Q2'23: 1.8%)
- **Strong and sustainable financial performance**
 - Interest receivable and similar income of £189.6m, up 41.9% on Q2'23 (£133.6m) and up 3.7% on Q1'24 (£182.9m)
 - Underlying net interest margin of 5.5% (Q2'23: 4.8%; Q1'24: 5.5%), consistent with previous quarter reflecting a prudent pricing approach
 - Annualised cost of risk of 0.7% (Q2'23: 1.3%; Q1'24: 0.8%), a decrease from the prior year when market uncertainty led to an increase in ECL, which has since abated in both Q2'24 and Q1'24
 - Group remains highly profitable and cash generative
 - Underlying profit before tax of £47.7m, up 84.8% on Q2'23 (£25.8m) and up 0.8% on Q1'24 (£47.3m)
 - Cash receipts of £703.6m (Q2'23: £559.9m; Q1'24: £653.8m) as redemptions remained strong

Key metrics	Q2 2024	Q2 2023	Q1 2024
Interest receivable and similar income (£m)	189.6	133.6	182.9
Underlying interest cover ratio ¹	1.5:1	1.4:1	1.5:1
Interest cover ratio	1.5:1	1.3:1	1.5:1
Underlying net interest margin ² (%)	5.5	4.8	5.5
Net interest margin (%)	5.5	4.8	5.5
Underlying cost-to-income ratio ¹ (%)	31.8	35.7	31.6
Cost-to-income ratio (%)	31.8	47.2	31.6
Underlying cost-to-asset ratio (%)	1.6	1.6	1.6
Cost-to-asset ratio (%)	1.6	2.2	1.6
Cost of risk (%)	0.7	1.3	0.8
Underlying profit before taxation ¹ (£m)	47.7	25.8	47.3
Profit before taxation (£m)	47.7	17.8	47.3
Underlying EBITDA ¹	147.1	91.0	142.8
Loans and advances to customers ⁴ (£m)	6,794.9	5,891.9	6,610.2
Net debt gearing (%)	83.1	82.3	83.0
Shareholder funds ³ (£m)	1,099.3	1,046.0	1,133.7
Underlying return on equity ¹ (%)	13.3	8.3	13.0
Return on equity (%)	13.3	5.8	13.0

- **Supporting our customers and shaping our business for the future**

- Achieved CCA Global Accreditation for excellence in customer service and launched new retention product to support existing customers
- Introduced ‘One Together’ approach, combining divisional management teams to enhance efficiency, increase loan originations and deliver market leading customer outcomes
- Group Operations team evolved to support core activities, operational excellence through service modernisation and business transformation programme
- Ring-fenced transformation team formed, governance established and investment programme approved to deliver modern, adaptable platform and transform end-to-end customer journeys to future proof business
- Recruited David Broadbent as CEO of Personal Finance with effect from 4th Mar ‘24, subject to regulatory approval, following Pete Ball’s resignation. A formal handover will commence upon David’s arrival
- As announced earlier this month, Gerald Grimes (CEO designate) is stepping down in the spring to pursue personal ambitions. A process has therefore commenced for an appointment which will also provide for executive succession planning for our founder and CEO Henry Moser. In the meantime, Gary Beckett (Group MD and Chief Treasury Officer) will take over Gerald’s responsibilities
- Pete Ball and Gerald Grimes leave with our gratitude for their significant contributions and our best wishes for the future
- Maintained funding momentum to support growth plans
 - Nov ‘23: Issued £380.4m CRE4 small balance commercial real estate MBS
 - Dec ‘23: Upsized HABS warehouse facility by £200m to £725m and maturity extended to Dec ‘27

¹ There are no exceptional items during the current quarter. (Q2’23 Exceptional items consisted of an £8.4m one-off discretionary bonus and a £0.4m release of costs accrued in a prior period relating to the Group’s strategic options review. Q1’24 had no exceptional costs).

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

³ Includes subordinated shareholder loans of £34.8m (Q2’23: £32.5m, Q1’24: 34.3m)

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

- Jan '24: Issued first RMBS of 2024, the £302m second charge TABS10
- Oct '23: Fitch upgraded credit rating of Together to 'BB' with a stable outlook, from 'BB-' previously, rating of Together's Senior Secured Notes to 'BB', from 'BB-' previously, and rating of Bracken Midco 1 Plc's PIK Toggle Notes to 'B+', from 'B' previously

Q2 2023/24 results presentation

Together will be presenting its 2023/24 results via audio webcast on Thursday 22nd February 2024, at 14:00 GMT (9:00 EST), for the quarter ended December 31, 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/65ba5f4ada722d0c005ec339/gdfs>

It will also be accessible via a live conference call:

- Access code: 276383
- From the UK: +44 (0) 20 3936 2999/ 800 358 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 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.