

Together Financial Services Limited

23 May 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 March 31, 2024.

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

"Together delivered another strong performance in the quarter to 31 March, with the loan book reaching a new high of £7bn while we maintained low LTVs and an attractive net interest margin.

"Monthly lending increased by 24% and net interest income, underlying profits and cash receipts rose by 32%, 26% and 42% respectively compared with the same quarter last year. We continued to shape our business for the future, completing the scope of the transformation project to further improve the experience for our customers and future proof our business, including selecting our new lending platform, nCino. Since the beginning of January, we have also successfully issued two RMBS transactions, launched our first development loan securitisation and refinanced one of our senior secured notes to further strengthen and diversify our funding.

"Looking ahead, while inflation has continued to fall and interest rates are increasingly expected to begin to edge down, UK GDP growth is forecast to remain fairly subdued in the short term. As we celebrate 50 successful years 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 March 31, 2024

- Loan book reaches £7bn, while LTVs remain very conservative
 - Average monthly lending of £262.5m, up 24.0% on Q3'23 (£211.7m), up 12.7% on Q2'24 (£233.0m)
 - Conservative weighted average origination LTVs of 57.5% (Q3'23: 57.3%; Q2'24: 55.3%)
 - Group net loan book increased to £7.0bn, up 14.3% on Q3'23 (£6.2bn) and up 3.7% on Q2'24 (£6.8bn)
 - Weighted average indexed LTV remains very low at 55.2% (Q3'23: 54.6%; Q2'24: 55.7%)
 - Impairment coverage of 1.9%, slightly higher than 1.7% in Q3'23 and 1.8% in Q2'24
- Strong growth in net interest income, profits and cash receipts
 - Interest receivable and similar income of £196.9m, up 32.3% on Q3'23 (£148.8m) and up 3.8% on Q2'24 (£189.6m)
 - Underlying net interest margin of 5.5% maintained (Q3'23: 5.0%; Q2'24: 5.5%), reflecting prudent pricing
 - Annualised cost of risk of 0.8% (Q3'23: 0.5%; Q2'24: 0.7%), with a continued risk of macroeconomic disruption from ongoing geopolitical uncertainty
 - Group remains highly profitable and cash generative
 - Underlying profit before tax of £51.8m, up 25.4% on Q3'23 (£41.3m), up 8.6% on Q2'24 (£47.7m)
 - Cash receipts of £730.5m (Q3'23: £515.7m; Q2'24: £703.6m) as redemptions remained strong

Key metrics	Q3 2024	Q3 2023	Q2 2024
Interest receivable and similar income (£m)	196.9	148.8	189.6
Underlying interest cover ratio ¹	1.5:1	1.6:1	1.5:1
Interest cover ratio	1.5:1	1.6:1	1.5:1
Underlying net interest margin ² (%)	5.5	5.0	5.5
Net interest margin (%)	5.5	5.0	5.5
Underlying cost-to-income ratio ¹ (%)	30.1	34.6	31.8
Cost-to-income ratio (%)	32.4	34.6	31.8
Underlying cost-to-asset ratio (%)	1.5	1.6	1.6
Cost-to-asset ratio (%)	1.7	1.6	1.6
Cost of risk (%)	0.83	0.47	0.73
Underlying profit before taxation ¹ (£m)	51.8	41.3	47.7
Profit before taxation (£m)	49.5	41.3	47.7
Underlying EBITDA ¹	155.6	116.7	147.1
Loans and advances to customers ⁴ (£m)	7,044.8	6,161.9	6,794.9
Net debt gearing (%)	83.3	82.8	83.1
Shareholder funds ³ (£m)	1,149.0	1,075.5	1,099.3
Underlying return on equity ¹ (%)	14.1	12.9	13.3
Return on equity (%)	13.5	12.9	13.3

- Shaping our business for an exciting future
 - Fully scoped transformation project to create a modern, agile and scalable back office and lending platform
 - Technology partners identified and secured
 - Continued to strengthen and diversify funding
 - Q3: Issued third RMBS of financial year and launched first securitisation for development loan funding
 - April: Issued £450m 2030 senior secured notes to support refinancing of 2026 notes
 - May: Completed fourth RMBS of financial year
- Supporting our customers and communities
 - Launched partnership with green home expert to help customers improve efficiency of their properties
 - Financed 111 affordable properties in Q3
 - Now financed over 890 affordable properties, supporting more than 4,500 tenants
 - Supported a range of deserving charities including North West Air Ambulance Charity, Manchester Youth Zone, HideOut Youth Zone and The Joshua Tree

¹ During the current quarter the Group incurred £2.3m of transformation costs. (both Q3'23 and Q2'24 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 £35.5m (Q3'23: £33.1m, Q2'24: £34.8m)

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

Q3 2023/24 results presentation

Together will be presenting its 2023/24 results via audio webcast on 23 May 2024, at 14:00 GMT (9:00 EST), for the quarter ended March 31, 2024.

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/66211e334cb0dd0c008d40ab/ukgf>

It will also be accessible via a live conference call:

- Access code: 946582
- 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.