Together Financial Services Limited
Q2 2024/25 Results

Company Registration No. 02939389

Contents

Highlights ... 1
An introduction to Together Financial Services Limited ... 3
Presentation of financial and other information ... 4
Terms relating to our loan analysis ... 6
Key performance indicators ... 8
Operating review ... 9
Financial review ... 12
Recent developments ... 13
Significant factors which may affect results of operations ... 14
Summary corporate and financing structure ... 20
Summary results and financial position of Bracken Midco1 PLC ... 21
Unaudited interim condensed consolidated financial statements ... 23

Highlights

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, 2024.

Commenting on today's results, Richard Rowntree, Group Chief Executive Officer of Together, said:

"I am pleased to report another strong performance during the quarter, reflecting the unique strengths of Together. Since joining in November, I have been impressed by the commitment and dedication of the team and everything I have seen has confirmed what attracted me to this market leading business.

"During the quarter, we grew the loan book to a new high of £7.7bn, while delivering an attractive net interest margin of 5.4% and increasing net interest income by 12.6%, underlying profit before tax by 14.8% and cash receipts by 29.8% compared with the quarter to December 2023. We also further strengthened and diversified our funding, upsizing our LABS bridging facility to £1bn in November. We maintained this momentum into January, when we successfully separated our CABS 2 facility into two revolving warehouses to support our first and second charge RMBS programmes and, earlier this month, we successfully issued our first RMBS of 2025.

"Looking forward, the UK economy is expected to perform better in 2025, driven by higher consumer and government spending and a continued reduction in interest rates, although the pace at which rates fall may be limited by persistent inflation. With long-term structural trends including changing employment patterns, a rise in multiple incomes and a continued lack of funding for SMEs supporting an increase in customers looking to specialist lenders for solutions, we will continue to be there to help people realise their ambitions as we have for the last 50 years."

Financial highlights: quarter ended December 31, 2024

- Continued loan book growth at low LTVs
  - Average monthly lending of £283.2m, up 21.6% on Q2'24 (£233.0m) and 5.1% on Q1'25 (£269.3m)
    - Conservative weighted average origination LTVs of 59.8% (Q2'24: 57.4%); Q1'25: 60.0%)
  - Group net loan book increased to £7.7bn, up 13.2% on Q2'24 (£6.8bn) and up 1.8% on Q1'25 (£7.6bn)
    - Weighted average indexed LTV remains very low at 55.2% (Q2'24: 55.7%; Q1'25: 55.6%)
    - While we continue to see some increase in arrears, this is limited to certain segments of the loan book and is slowing compared to prior periods, while, more broadly, arrears are flattening across the majority of our products
- Another robust financial performance
  - Interest receivable and similar income of £220.2m, up 16.1% on Q2'24 (£189.6m) and up 2.7% on Q1'25 (£214.5m)
  - Net interest margin increased on prior quarter at 5.4% (Q2'24: 5.5%; Q1'25: 5.2%)
  - Annualised cost of risk of 0.83% (Q2'24: 0.73%; Q1'25: 0.79%)
  - Group remains highly profitable and cash generative
    - Underlying profit before tax of £55.7m, up 14.8% on Q2'24 (£48.5m) and up 3.7% on Q1'25 (£53.7m) primarily due to the increase in net interest income during the period
    - Underlying cost to income ratio remaining low at 32.2% (Q2'24: 30.9%; Q1'25: 30.3%)
    - Cash receipts of £913.4m (Q2'24: £703.6m; Q1'25: £787.6m) following a strong quarter for redemptions

Highlights (continued)

Key metrics	3 months ended or as at December 31 2024	3 months ended or as at December 31 2023	3 months ended or as at September 30 2024
Interest receivable and similar income (£m)	220.2	189.6	214.5
Underlying interest cover ratio[1]	1.5:1	1.5:1	1.5:1
Interest cover ratio	1.4:1	1.5:1	1.4:1
Underlying net interest margin[2] (%)	5.4	5.5	5.2
Net interest margin (%)	5.4	5.5	5.2
Underlying cost-to-income ratio[1] (%)	32.2	30.9	30.3
Cost-to-income ratio (%)	39.2	31.8	33.7
Underlying cost-to-asset ratio[1] (%)	1.7	1.5	1.5
Cost-to-asset ratio (%)	2.0	1.6	1.7
Cost of risk (%)	0.83	0.73	0.79
Underlying profit before taxation[1] (£m)	55.7	48.5	53.7
Profit before taxation (£m)	48.3	47.7	50.3
Underlying EBITDA[1]	174.8	147.9	172.9
EBITDA	167.4	147.1	169.5
Loans and advances to customers[4] (£m)	7,717.1	6,794.9	7,581.4
Net debt gearing (%)	84.0	83.1	83.7
Shareholder funds[3] (£m)	1,203.2	1,099.3	1,177.0
Underlying return on equity[1] (%)	14.2	13.4	14.1
Return on equity (%)	12.4	13.3	13.3

Operational highlights

- Further enhanced executive management team
  - Richard Rowntree commenced role as Group CEO and Executive Director (Nov '24)
  - Chris Adams promoted to CFO and Executive Director (Oct '24)
  - John Barker promoted to CEO of Personal Finance division (Oct '24)
- Successfully upsized LABS securitisation facility to £1bn to further support bridging lending (Nov '24)
  - Funding momentum maintained into 2025
    - Separated and upsized £1.25bn CABS2 warehouse facility into £1.2bn KABS and £387m WABS revolving warehouses facilities, to support 1st and 2nd charge RMBS issuances respectively (Jan '25)
    - Issued £276.8m 2nd charge RMBS, TABS 13 (Feb '25)
- Achieved key business and industry awards
  - Included in Financial Times 'Europe's Long-term Growth Champions' ranking (Oct '24)
  - Investors in People Award 2024 for 'Best Newcomer', over 250 employees (Nov '24)
  - Short-listed for 'RMBS Issuer of the Year' and 'Specialist RMBS Issuer of the Year' by Global Capital European Securitisation awards (Dec '24)

1 During the current quarter, the Group incurred £7.4m of transformation costs. (Q2'24 Exceptional items consisted of £0.8m of transformation costs which were not previously treated as exceptional items but have been subsequently reclassified. (Q1'25 exceptional items consisted of £3.4m of transformation 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 £23.9m (Q2'24: £34.8m, Q1'25: £23.3m)
4 Net of gross loans and advances to customers and impairment allowances

An introduction to Together Financial Services Limited

One of the UK's leading specialist mortgage and secured loans providers, Together has successfully operated through several economic cycles since it was established in 1974. We pride ourselves on bringing common sense to lending by helping individuals, families, property investors and small and medium sized enterprises ("SMEs") to achieve their ambitions.

We focus on conservative loan-to-value ("LTV") lending and offer residential and commercial purpose mortgage loans to market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which, as of December 31, 2024, 62.3% were secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We differentiate ourselves by offering flexible lending criteria, responding quickly to our customers' needs and underwriting each application on its individual merits, supported by an effective service proposition, thereby minimising the effect of competition. We offer our loans through one, consistent brand - 'Together' - and distribute them primarily through mortgage intermediaries, our professional network, auction houses, and through our direct sales channels, each across mainland United Kingdom. We underwrite and service all our mortgage loans directly.

As of December 31, 2024, 18.9% of our loan portfolio was classified as residential purpose and 81.1% as commercial purpose (which included 30.1% of buy-to-let+ and 4.0% of development loans), calculated by value. We classify mortgages as residential purpose lending when the mortgage is regulated by the Financial Conduct Authority ("FCA"). Residential purpose loans include loans for purchasing a new home, making home improvements, debt consolidation, large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("CBTL"). Our residential purpose loans also include regulated bridging loans, which can be used for 'chain breaks' and which are loans used by customers to purchase a new home ahead of completing the sale of their existing home, amongst other things. We classify mortgages as "commercial purpose" where a loan is not defined as residential purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Our classification of a mortgage as either residential or commercial purpose is unrelated to the collateral securing it.

Our underwriting process consists of a detailed and individualised credit, affordability and/or repayment assessment, as well as a security assessment which typically includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms, and the repayment strategy, where the loan will not be repaid from instalments, and security, being the adequacy of the property which will serve as security for the loan. To support compliance with our underwriting guidelines, we have in place mandate and authorisation controls, a staff training and competency program and quality assurance sampling procedures. This is supported by a formal enterprise risk management framework, which includes a formal committee structure to agree on policy decisions, setting risk appetites and monitoring credit quality and by second and third line oversight, including by risk, compliance and internal audit teams. Additionally, external loan asset audits have been conducted at least annually, pursuant to the terms of certain of our financing arrangements.

Gross loan origination volumes remained strong in the period as we continued to control new originations in response to our operating environment. Average monthly originations of £283.2m during the quarter reflect our continued attitude to risk and an underwriting approach that is continually monitored and adjusted to reflect the prevailing macroeconomic environment. These originations resulted in the loan book reaching a new high of £7.7bn at 31 December 2024.

The LTVs of our loan portfolio on a weighted average indexed basis as of December 31, 2024, was 55.2% and the LTV on a weighted average basis of new loans underwritten in the quarter ended December 31, 2024 was 59.8%. As of December 31, 2024, 98.4% of the total loan portfolio, calculated by value, consisted of loans with indexed LTVs equal to or less than 80%. This fundamental, long-standing principle of lending at conservative LTV levels, has provided us with significant protection in times of falling property prices and economic downturns, thereby mitigating our levels of credit risk.

Presentation of financial and other information

Financial statements

This report presents the unaudited interim condensed consolidated financial statements of Together Financial Services Limited as of and for the three and six months ended December 31, 2024 with comparatives to December 31, 2023 and September 30, 2024. The unaudited interim condensed consolidated financial statements of Together Financial Services Limited have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

We have not included financial information prepared in accordance with FRS 102 or US GAAP. International accounting standards (IFRS) differs in certain significant respects from FRS 102 and US GAAP. You should consult your own professional advisors for an understanding of the differences between IFRS, FRS 102 and US GAAP and how those differences could affect the financial information contained in this quarterly report.

Charles Street Conduit Asset Backed Securitisation 2 Limited ("Charles Street ABS 2" or "CABS 2"), Lakeside Asset Backed Securitisation 1 Limited ("Lakeside ABS" or "LABS"), Highfield Asset Backed Securitisation 1 Limited ("Highfield ABS" or "HABS"), Delta Asset Backed Securitisation 2 Limited ("Delta ABS 2" or "DABS 2"), Together Asset Backed Securitisation Together Asset Backed Securitisation 2021–CRE1 PLC ("Together ABS CRE 1" or "CRE 1"), Together Asset Backed Securitisation 2021-CRE2 PLC ("Together ABS CRE 2" or "CRE 2"), Together Asset Backed Securitisation 2022-CRE1 plc ("Together ABS CRE 3" or "CRE 3"), Together Asset Backed Securitisation 2023-CRE1 plc ("Together ABS CRE 4" or "CRE 4"), Brooks Asset Backed Securitisation 1 Limited ("Brooks ABS" or "BABS"), Together Asset Backed Securitisation 2021-1ST1 PLC RMBS ("Together ABS 1ST1" or "TABS 5"), Together Asset Backed Securitisation 2022-2ND1 PLC RMBS ("Together ABS 2ND1" or "TABS 6"), Together Asset Backed Securitisation 2022 – 1ST1 PLC RMBS ("Together ABS 7" or "TABS 7"), Together Asset Backed Securitisation 2023 – 1ST1 PLC RMBS ("Together ABS 8" or "TABS 8"), Together Asset Backed Securitisation 2023 – 1ST2 PLC RMBS ("Together ABS 9" or "TABS 9"), Together Asset Backed Securitisation 2024 – 2ND1 PLC RMBS ("Together ABS 10" or "TABS 10"), Together Asset Backed Securitisation 2024 – 1ST1 PLC ("Together ABS 11" or "TABS 11"), Together Asset Backed Securitisation 2024 – 1ST2 PLC ("Together ABS 12" or "TABS 12"), and ADALO Asset Backed Securitisation Limited ("ADALO ABS" or "ADALO"), the bankruptcy remote special purpose vehicles established for purposes of secured borrowings, are consolidated into our unaudited interim condensed consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements. Mortgage loans sold to Charles Street ABS 2, Lakeside ABS, Highfield ABS, Delta ABS 2, Together ABS CRE 1, Together ABS CRE 2, Together ABS CRE 3, Together ABS CRE 4, Brooks ABS, Together ABS 5, Together ABS 6, Together ABS 7, Together ABS 8, Together ABS 9, Together ABS 10, Together ABS 11, Together ABS 12 and ADALO ABS are maintained on the consolidated statement of financial position as assets, within loans and advances to customers and the associated interest receivable credited to the condensed consolidated income statement. The loan notes issued by Charles Street ABS 2, Lakeside ABS, Highfield ABS, Delta ABS 2, Together ABS CRE 1, Together ABS CRE 2, Together ABS CRE 3, Together ABS CRE 4, Brooks ABS, Together ABS 5, Together ABS 6, Together ABS 7, Together ABS 8, Together ABS 9, Together ABS 10, Together ABS 11, Together ABS 12 and ADALO ABS to certain lenders, to finance the purchase of the mortgage loans and any interest and fees accrued on the loan notes but not yet paid in respect thereof, are maintained on the consolidated statement of financial position as liabilities due to creditors with interest and debt issuance costs amortised through the income statement.

Other information (Non-IFRS)

All key performance measures shown in this document are calculated using underlying figures, not the rounded figures used for presentation in this report. We have included in this report and related presentation, certain financial measures and ratios, including EBITDA, Underlying EBITDA, EBITDA margin, Underlying EBITDA margin, Underlying profit before taxation, Net interest margin, Underlying net interest margin, Return on equity, Underlying return on equity, Cost-to-income ratio, Underlying cost-to-income ratio, Cost-to-asset ratio, Underlying cost-to-asset ratio and certain leverage and coverage ratios that are not presented in accordance with IFRS.

In this quarterly report and related presentation, references to EBITDA for the quarters ended December 31, 2023 and 2024, and for the quarter September 30, 2024 for the Group, can be extracted from the unaudited interim condensed consolidated financial statements of the Group, by taking profit after taxation and adding back income tax, depreciation and amortisation and interest payable and similar charges.

Presentation of financial and other information (continued)

Other information (Non-IFRS) (continued)

In this quarterly report references to “Underlying EBITDA”, “Underlying Profit Before Tax”, “Underlying net interest margin”, Underlying return on equity and “Underlying cost-to-income ratio” exclude the effects of certain non-recurring items.

For the quarter ended December 31, 2024, the Group incurred £7.4m of transformation costs (quarter ended December 31, 2023: £0.8m, quarter ended September 30, 2024: £3.4m.)

In this quarterly report, references to “EBITDA margin” reflects EBITDA margin for the Group. EBITDA margin is calculated as EBITDA divided by the sum of interest receivable and similar income plus fee and commission income (derived from the Company’s condensed consolidated financial statements).

In this quarterly report, references to “Underlying EBITDA margin” reflects Underlying EBITDA margin for the Group. Underlying EBITDA margin is Underlying EBITDA divided by the sum of interest receivable and similar income and fee and commission income (derived from the Company’s condensed consolidated financial statements excluding the effects of exceptional items[6]).

In this quarterly report, references to “Net interest margin” reflects the net interest margin for the Group. Net interest margin is calculated by dividing net interest income (derived from the Company’s condensed consolidated financial statements) for the quarter, divided by the average total loan assets.

In this quarterly report, references to “Underlying net interest margin” reflects the Underlying net interest margin for the Group. Underlying net interest margin is calculated by dividing underlying net interest income (derived from the Company’s condensed consolidated financial statements excluding exceptional items[7]) for the quarter, divided by the average total loan assets.

In this quarterly report, references to “Return on equity” reflects the return on equity for the Group. Return on equity is calculated as profit after taxation (derived from the Company’s consolidated financial statements), adding back shareholder loan interest net of associated tax calculated using the effective tax rate, expressed as a percentage of the average of the opening and closing shareholder funds.

In this quarterly report, references to “Underlying return on equity” reflects the Underlying return on equity for the Group. Return on equity is calculated as underlying profit after taxation (derived from the Company’s condensed consolidated financial statements excluding exceptional items[6]), adding back shareholder loan interest net of associated tax calculated using the effective tax rate, expressed as a percentage of the average of the opening and closing shareholder funds.

In this quarterly report, references to “Cost-to-income ratio” reflects the Cost-to-income ratio for the Group. Cost-to-income ratio is calculated by dividing administration expenses for the quarter over net operating income (both derived from the Company’s condensed consolidated financial statements.)

References to “Underlying cost-to-income ratio” reflects the Underlying cost-to-income ratio for the Group. Underlying cost-to-income ratio is calculated by dividing underlying administration expenses (derived from the Company’s condensed consolidated financial statements excluding the effects of exceptional items[6]) for the quarter over underlying net operating income (derived from the Company’s consolidated financial statements excluding the effects of exceptional items).

We are not presenting EBITDA-based measures as measures of our results of operations. EBITDA-based measures have important limitations as an analytical tool, and should not be considered in isolation or as substitutes for analysis of the results of operations. Management believes that the presentation of EBITDA-based measures is helpful to investors, securities analysts and other parties to measure operating performance and ability to service debt. EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

EBITDA, Underlying EBITDA, EBITDA margin, Underlying EBITDA margin, Underlying Profit Before Tax, Net interest margin, Underlying net interest margin, Return on equity, Underlying return on equity, Cost-to-income ratio, Underlying cost-to-income ratio and certain leverage and coverage ratios are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

6 During the current quarter, the Group incurred £7.4m of transformation costs. (Q2‘24 Exceptional items consisted of £0.8m of transformation costs which were not previously treated as exceptional items but have been subsequently reclassified (Q1‘25 exceptional items consisted of £3.4m of transformation costs).

7 No adjustments have been made in the current or comparable periods.

Terms relating to our loan analysis

With the exception of the application of certain forbearance measures we do not reschedule our loans by capitalising arrears. In this interim report, arrears data is based on the latest contractual position and does not take into account either payment plans or agreed changes to payment dates, other than with respect to mortgage payment deferrals for which the arrears calculation is described in further detail below. Arrears data is further subdivided into performing and non-performing arrears loans as described below.

The Group continues to serve its customers including to support those customers who experience financial difficultly through using our wider forbearance toolkit, and has proactively taken steps to consider the impact of macroeconomic factors such as the higher cost of living, these include review and monitoring of customer affordability assessments; loan book stress testing and scenario analysis; and operational management of such potential shifts in the operating environment including maintenance of existing customer support levels.

Repossessed properties, Law of Property Act ("LPA") receivership in sale status (“LPA Sales”) and development loans are excluded from arrears numbers. LPA receivership in rental status, loans which may return to being performing assets, are included in arrears numbers.

Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security, or in respect of which the borrower has surrendered ownership of the property. An LPA receivership is typically used to exercise security over property that is used for commercial purposes, which enables us to sell the property ("sale status"), or divert income streams from properties directly to ourselves ("rental status") which may not lead to an eventual sale process if the borrower is able to recover their position.

Development loans are commercial purpose loans that we extend to finance the development of land or property, primarily into residential units, with repayments typically being made out of the sale or refinance of property units. We underwrite relatively few new development loans each quarter. Development loans are reported as a separate category of loans within our analysis.

In this report and related presentation, data referring to loan portfolio analysis is in reference to core operating subsidiaries including Together Personal Finance Limited and Together Commercial Finance Limited, as well as the following subsidiaries which no longer originate new advances to customers: Blemain Finance Limited, Bridging Finance Limited and Harpmanor Limited. Data referring to our loan portfolio analysis is presented after allowances for impairment and include certain other accounting adjustments (including adjustments to recognise income at the effective interest rate).

In this report and related presentation, a loan is considered performing (a “performing loan”) if it (i) has nil arrears or arrears less than or equal to one month of the latest contractual instalment or where no contractual monthly instalment is due, or (ii) “performing arrears loans,” being loans with arrears greater than one month’s but less than or equal to three months’ of the latest contractual instalments, or where cash receipts collected in the prior three months are equal to or greater than 90% of the latest contractual instalments due in the prior three months. The balance of loans are classified as (a) development loans, (b) non-performing arrears loans, where such loans have arrears of greater than three months’ of the latest contractual instalments due and where receipts collected in the prior three months are less than 90% of the three latest contractual instalments due, past contractual term or subject to LPA receivership in rental status and (c) loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status. Such loan categorisation definitions used differ to the categorisations applied in determining if a loan is classified as Stage 1, Stage 2 and Stage 3 under IFRS 9.

In this report and related presentation, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding, (ii) accrued interest and fees, (iii) net of any allowances for impairment in respect of such loans, and iv) certain other accounting adjustments (including adjustments to recognise income at the effective interest rate), as of the date presented. The term "non-performing arrears loans" refers to the aggregate of (i) the principal amount of non-performing arrears loans outstanding, (ii) accrued interest and fees, (iii) net of any allowances for impairment in respect of such loans and (iv) certain other accounting adjustments (including adjustments to recognise income at the effective interest rate), as of the date presented.

Terms relating to our loan analysis (continued)

Non-performing arrears loans do not take into account loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status, all of which are reported as separate categories and are also calculated based on the aggregate of (i) the principal amount, (ii) accrued interest and fees, (iii) net of any allowances for impairment in respect of such loans and (iv) include certain other accounting adjustments (including adjustments to recognise income at the effective interest rate) as of the date presented. Our loan and impairment allowance analysis excludes loans with carrying values of nil for which full provisions are in place.

In this report and related presentation, the term "total loan assets" refers to the total balance of loans provided to our customers as included within our statement of financial position, stated after allowances for impairment. In this report and related presentation, the term "second lien loans" includes second lien loans and also subsequent lien loans.

With respect to originations, Loan-to-Value ratio ("LTV") is a ratio (reflected as a percentage) of (i) the principal amount of a mortgage loan on origination and (ii) any higher ranking charge mortgage loans secured on the same property compared to the appraised value (typically the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process) of the property securing the loan.

In this report and related presentation, the average LTV on originations is calculated on a "weighted average basis", by multiplying each LTV by the respective principal loan amount and then dividing the sum of the weighted LTVs by the total amount of principal loans.

In respect to our loan portfolio the LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property, (iii) the accrued interest and fees thereon, (iv) net of allowances for impairments and v) certain other accounting adjustments (including adjustments to recognise income at the effective interest rate), compared to the appraised value (typically the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the revised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

In this report and related presentation, the average LTV of our loan portfolio is calculated on a "weighted average basis", by multiplying each LTV by the respective loan amount and then dividing the sum of the weighted LTVs by the total amount of loans. The weighted average LTV of our loan portfolio is also presented on an "indexed basis", pursuant to which the value of the properties securing our loans are reviewed quarterly and adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices.

With respect to data related to LTV in this quarterly report and related presentation, the LTV statistics are calculated per each loan on a standalone basis. In certain cases, there are multiple loans with a single borrower (or related borrowers), which are either secured on the same property or with cross security charges in place. If we were to present data related to LTV on a consolidated basis per each borrower or each property, LTV and related data would differ from the data presented herein in certain cases.

Key performance indicators

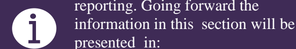
The following table summarises key financial data and key performance indicators as of the dates and for the periods indicated.

(£m, except for percentages and ratios or unless otherwise noted)	3 months ended or as at December 31 2024	3 months ended or as at December 31 2023	3 months ended or as at September 30 2024
Group			
Interest receivable and similar income	220.2	189.6	214.5
Fee and commission income	1.7	2.1	1.6
Income	221.9	191.7	216.1
Net interest margin	5.4%	5.5%	5.2%
Underlying net interest margin**	5.4%	5.5%	5.2%
Cost-to-income	39.2%	31.8%	33.7%
Underlying cost-to-income*	32.2%	30.9%	30.3%
Cost-to-asset	2.0%	1.6%	1.7%
Underlying cost-to-asset*	1.7%	1.5%	1.5%
Impairment charge	15.8	12.2	14.7
EBITDA	167.4	147.1	169.5
Underlying EBITDA*	174.8	147.9	172.9
EBITDA margin	75.4%	76.8%	78.4%
Underlying EBITDA margin*	78.8%	77.2%	80.0%
Profit before tax	48.3	47.7	50.3
Underlying profit before tax*	55.7	48.5	53.7
Return on equity	12.4%	13.3%	13.3%
Underlying return on equity*	14.2%	13.4%	14.1%
Supplemental cash flow information:			
Cash receipts	913.4	703.6	787.6
New advances	849.6	699.0	808.0
LTV of loan originations (on a weighted average basis, based on LTV of loans at origination)	59.8%	57.4%	60.0%
LTV of loan portfolio (on a weighted average indexed basis)	55.2%	55.7%	55.6%

* During the current quarter, the Group incurred £7.4m of transformation costs. (Q2‘24 Exceptional items consisted of £0.8m of transformation costs which were not previously treated as exceptional items but have been subsequently reclassified (Q1‘25 exceptional items consisted of £3.4m of transformation costs).

** These underlying metrics include no adjustments in the current or comparable prior periods.

The key performance indicators above for the quarter ended December 31, 2024 have been derived from the unaudited interim condensed consolidated financial statements, which have been prepared in accordance with IFRS, and management information. In the opinion of management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods. The financial information should be read in conjunction with the unaudited interim condensed consolidated financial statements of Together Financial Services Limited and the accounting policies described therein as at December 31, 2024.



Operating review

The section below provides a more detailed overview of performance in relation to a number of key metrics that management uses when assessing the performance of the business.

Continued focus on LTVs

During the quarter to December 31, 2024 the Group has continued to focus on prudent underwriting policies and LTVs. The Group continues to target an average of origination LTVs of between 55% and 65% for new loans and continues to focus principally on residential security. The Group has continued to use affordability and repayment assessments to ensure customers are able to service and repay their loans, and has enhanced affordability assessments to reflect macroeconomic pressures and increases in the cost of living.

An analysis of the loan portfolio as at December 31, 2024, and December 31, 2023 by arrears banding, for the Group and Borrower Group is set out below:

	Group Loan Portfolio Arrears Analysis		Borrower Group Loan Portfolio Arrears Analysis	
	December 31, 2024	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Nil Arrears & Arrears ≤ 1 month	**85.1%**	**88.4%**	**57.3%**	**63.5%**
Performing Arrears				
1-3 months	4.7%	3.0%	3.3%	4.6%
3-6 months	0.3%	0.2%	0.6%	0.1%
>6 months	0.2%	0.2%	0.4%	0.2%
Total Performing Arrears	**5.2%**	**3.4%**	**4.3%**	**4.9%**
Development loans	**4.0%**	**4.2%**	**17.0%**	**19.8%**
Total performing Loans & Development Loans	**94.3%**	**96.0%**	**78.6%**	**88.2%**
Non-Performing Arrears				
3-6 months	1.2%	0.8%	2.7%	1.6%
>6 months	2.2%	0.9%	9.4%	2.2%
Past due[1]	0.5%	0.4%	1.2%	1.1%
Total Non-Performing Arrears	**3.9%**	**2.1%**	**13.3%**	**4.9%**
Repossessions & LPA Sales	**1.8%**	**1.9%**	**8.1%**	**6.9%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Relates to term loans and regulated bridging loans which have gone past stated contractual maturity date.

We are updating our quarterly reporting. Going forward the information in this section will be presented in:

Investor Presentation Appendix

Operating review (continued)

An analysis of our loan portfolio as at December 31, 2024, by indexed and origination LTV banding, for the Group and Borrower Group is as follows:

Group Loan Portfolio Indexed LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions & LPA Sales	Total Loan Portfolio
<=60%	3,951.0	180.2	134.0	93.6	4,358.8
>60% <=80%	2,961.7	102.4	137.2	30.9	3,232.2
>80% <=100%	46.5	17.0	40.2	9.9	113.6
>100%	7.4	1.4	1.0	2.7	12.5
Total	**6,966.6**	**301.0**	**312.4**	**137.1**	**7,717.1**

Borrower Group Loan Portfolio Indexed LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions & LPA Sales	Total Loan Portfolio
<=60%	407.7	89.2	104.0	80.1	681.0
>60% <=80%	336.6	63.4	90.1	12.0	502.1
>80% <=100%	39.0	16.8	23.3	9.8	88.9
>100%	6.8	1.0	0.6	2.6	11.0
Total	**790.1**	**170.4**	**218.0**	**104.5**	**1,283.0**

Group Loan Portfolio Origination LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions & LPA Sales	Total Loan Portfolio
<=60%	2,961.7	125.1	233.6	43.3	3,363.7
>60%<=80%	3,908.7	164.0	73.5	82.2	4,228.4
>80%<=100%	66.9	6.3	0.9	10.4	84.5
>100%	29.3	5.6	4.4	1.2	40.5
Total	**6,966.6**	**301.0**	**312.4**	**137.1**	**7,717.1**

Borrower Group Loan Portfolio Origination LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions & LPA Sales	Total Loan Portfolio
<=60%	312.1	65.4	152.2	45.8	575.5
>60%<=80%	406.1	93.9	60.5	47.2	607.7
>80%<=100%	43.5	5.6	0.9	10.3	60.4
>100%	28.4	5.5	4.4	1.2	39.4
Total	**790.1**	**170.4**	**218.0**	**104.5**	**1,283.0**

The indexed weighted average LTV of the loan portfolio for the total Group at December 31, 2024 is 55.2% compared with the prior year comparable quarter of 55.7% (December 31, 2023) and prior quarter of 55.6% (September 30, 2024).

The indexed weighted average LTV of the loan portfolio for the Borrower Group at December 31, 2024 is 58.0% compared with the prior year comparable quarter of 57.9% (December 31, 2023) and prior quarter of 58.7% (September 30, 2024).

Operating review (continued)

Maintenance of loan portfolio mix and continued differentiation of our offerings

We aim to maintain a diversified loan portfolio mix between residential purpose and commercial purpose lending and security types.

As of December 31, 2024, 18.9% of our loan portfolio was classified as residential purpose and 81.1% as commercial purpose (which included 30.1% of buy-to-let+ and 4.0% of development loans), calculated by value. At December 31, 2023, 21.5% of our loan portfolio was classified as residential purpose, 78.5% of our loan portfolio was classified as commercial purpose (which included 29.2% of buy-to-let+ and 4.2% of development loans).

The proportion of our loan portfolio secured by residential security by value has increased slightly to 62.3% as at December 31, 2024 when compared with 61.3% at December 31, 2023.

The proportion of our loan portfolio secured on first charges has increased to 84.7% as at December 31, 2024, when compared with 83.8% as at December 31, 2023.

Controlled origination growth

In the quarter to December 31, 2024, including further advances, we have originated an average of £283.2m per month, an increase compared with £233.0m per month in the quarter to December 31, 2023 and an increase on £269.3m per month in the immediately preceding quarter to September 30, 2024. This reflects our ongoing controlled approach to originations that is underpinned by underwriting that is continually monitored and adjusted to reflect the prevailing macroeconomic environment.

Our loans and advances to customers stands at £7,717.1m as at December 31, 2024, compared with £6,794.9m as at December 31, 2023 and £7,581.4m as at September 30, 2024.

Financial review

Interest receivable and similar income grew by 16.1% to £220.2m for the quarter to December 31, 2024 compared with £189.6m in the quarter to December 31, 2023, and up 2.7% compared with £214.5m for the quarter ended September 31, 2024 reflecting the continued growth in the loan book.

Interest payable and similar charges have increased by 19.5% to £116.9m for the quarter to December 31, 2024 compared with £97.8m in the quarter to December 31, 2023 and marginally down when compared with £117.0m in the quarter to September 31, 2024. The increase on the comparable quarter prior year is primarily driven by an increase in borrowings in support of the continued growth in lending and an increase in the cost of funding following the 2026 Note refinancing.

Net interest income has increased by 12.6% to £103.3m for the period ending December 31, 2024 when compared with £91.8m for the period ended 31 December 2023 and up 5.9% from £97.5m for the quarter ended September 30 2024, reflecting the factors noted above.

There has been a slight decrease in underlying net interest margin from 5.5% in the prior year comparable quarter to December 31, 2023 to 5.4% in the quarter to December 31, 2024, although an increase on 5.2% in the prior quarter to September 30, 2024 when calculated using our stated methodology.

The cost-to-income ratio for the quarter to December 31, 2024 was 39.2%, higher than the prior year comparable quarter of 31.8% (December 31, 2023) and the prior quarter of 33.7% (September 30, 2024) as a result of the Groups investment in transformation. On an underlying basis, the cost-to-income ratio has increased to 32.2% for the quarter to December 31, 2024 when compared with the comparable quarter of 30.9% (December 31, 2023) although an increase on the prior quarter 30.3% (September 30, 2024).

The cost-to-asset ratio for the quarter was 2.05% which is higher than the prior year comparable quarter of 1.58% (December 31, 2023) and the prior quarter of 1.67% (September 30, 2024) due to higher costs as a result of the Group's investment in transformation. On an underlying[6] basis, the cost-to-asset ratio for the quarter was 1.68%, compared with 1.51% in the prior year comparable quarter (December 31, 2023) and 1.48% in the prior quarter (September 30, 2024).

Expected credit loss impairment charges for the quarter to December 31, 2024 were £15.8m, an increase of £3.6m to the losses reported in the quarter ended December 31, 2023 (£12.2m) and an increase of £1.1m compared to the prior quarter ended September 30, 2024 (£14.7m). The movement between the periods reflects the impact of maintaining prudent coverage impairment levels on a growing loan book along with an increase in arrears across the loan book.

As a result, cost of risk for the quarter has increased to 0.83% from 0.73% in the prior year quarter to December 31, 2023, and from 0.79% in the prior quarter to September 30, 2024.

The impairment coverage ratio was 2.1% as at December 31, 2024, higher than the prior year comparable quarter (December 31, 2023) of 1.8% and the prior quarter (September 30, 2024) of 2.0%.

Underlying EBITDA was £174.8m for the quarter to December 31, 2024 up 18.8% compared with £147.1m in the prior year comparable quarter to December 31, 2023 and up 1.1% compared with £172.9m in the prior quarter to September 30, 2024 with the increase due to the factors already mentioned above relating to interest receivable and similar income and costs.

Underlying EBITDA margin was 78.8% for the quarter ended December 31, 2024 compared with 77.0% in the prior year comparable quarter ended December 31, 2023 and 80.0% in the prior quarter ended September 30, 2024.

Underlying profit before tax[6] increased by 14.8% to £55.7m when compared with £48.5m in the prior year comparable quarter ended December 31, 2023, and increased by 3.7% when compared with £53.7m in the prior quarter ended September 30, 2024.

The Group's highly cash generative business model proved robust, with cash receipts of £913.4m for the quarter to December 31, 2024 compared with £703.6m in the prior year comparable quarter to December 31, 2023 and £787.6m in the prior quarter to September 30, 2024.

Net loans and advances to customers have increased by 13.6% to £7,717.1m compared with £6,794.9m as at September 30, 2023 and by 1.8% compared with £7,581.4m as at September 30, 2024.

Shareholder funds have increased by 9.5% to £1,203.2m compared with £1,099.3m at December 31, 2023 and by 2.2% when compared with £1,177.0m at September 30, 2024.

6 During the current quarter, the Group incurred £7.4m of transformation costs. (Q1'24 Exceptional items consisted of £0.8m of transformation costs which were not previously treated as exceptional items but have been subsequently reclassified (Q4'24 exceptional items consisted of £3.4m of transformation costs).

Recent developments

Trading update

Monthly cash receipts of principal and interest in January 2025 were £281.7m, compared to a monthly average of £304.5m for the 3 month period to December 31, 2024.

Facility headroom was £1.1bn at January 31, 2025 (December 31, 2024: £0.8bn; December 31, 2023: £1.4bn) and total accessible liquidity was £309.7m at January 31, 2025 (December 31, 2024: £321.9m; December 31, 2023: £326.1m).

New originations

Monthly mortgage originations in January 2025 were £213.2m, a decrease when compared to a monthly average of £283.2m for the 3 month period to December 31, 2024 and an decrease when compared to £233.0m for the 3 month period to December 31, 2023.

Funding

In January 2025, the Group separated and upsized its CABS 2 revolving securitisation warehouse facility into two revolving securitisation warehouse facilities totalling £1,590.0m as well as extending maturity to December 2029.

In February 2025, the Group issued a RMBS, Together Asset Backed Securitisation 2025 - 2ND 1 PLC (TABS 13), raising £276.8m.

We will continue to evaluate options to optimise our capital structure and/or refinance upcoming maturities, including access to the debt capital markets (including opportunities to issue GBP or EUR fixed or floating-rate denominated notes).

Directorate changes

In September 2024, the Group announced the appointment of Richard Rowntree as CEO and Executive Director and commenced this position with effect from 25 November 2024.

In October 2024, the Group announced the promotion of Chris Adams to Chief Financial Officer (‘CFO’) which saw him joining the Board of Directors with immediate effect.

Also in October 2024, John Barker commenced his role as CEO of the Personal Finance division.

Significant factors which may affect results of operations

Economic environment

The UK macroeconomic environment has been challenging and seen stagnating economic growth and high government borrowing costs in the period.

The UK lending market has had to adjust to the rapid shift away from the ultra-low interest rate environment of the last decade, with higher costs of borrowing for both lenders and consumers. This quarter has seen some rate improvement, although with rates still at higher levels than seen over the last decade, with the Bank of England's Base Rate being reduced to 5.0% in August 2024, 4.75% in November 2024 and 4.5% in February 2025.

Our customers continue to be affected by a higher cost environment in relation to borrowing costs, a higher cost of living from recent higher inflation, and the increase in house prices which have contributed to the slowed growth in the mortgage market. This could lead to tightening of lending criteria particularly where changes applied to all loans processed via automated models which are more commonly used by the larger institutions. Despite these pressures, there are opportunities for specialist lenders, such as the Group, who are able to be more flexible and make case by case decisions on those who are underserved by other lenders.

House prices on the whole have been resilient despite the other pressures in the economy and have risen by 3.3% in the 12 months to November 2024. There do however remain challenges in relation to price falls on certain property types and in some regions. The Group protects against house price risk from its long-standing principle of lending at conservative LTVs, which gives protection to the Group from property price falls.

Whilst inflation initially increased at the start of the quarter, it subsequently continued to fall during the period and has reduced to 2.5% in the year to December 2024, from 4.0% in the year to December 2023, although the previous high inflation has led to a permanent increase in costs for customers which presents affordability challenges. The Group has the tools to support customers who are presented with these challenges, seeking delivery of good customer outcomes, and supporting vulnerable customers or those experiencing financial difficulty. When making lending decisions, the Group assesses the affordability for its prospective customers, considering the impact of higher cost of living and higher interest rates, along with undertaking appropriate stress testing, ensuring sustainable and controlled growth of our mortgage book.

During the period, the UK's market response to the 2024 autumn budget has been mixed. While the initial reaction highlights optimism for long-term economic support and growth due to investment and public spending measures, there remains scepticism due to concerns over increased debt levels, inflationary risks, and higher corporate taxes.

These uncertain economic times can create opportunities for the Group to realise ambitions for prospective customers who may not be supported elsewhere in the market, with a range of products designed to service the market in which the Group operates.

Significant factors which may affect results of operations (continued)

Property market

Together operates in a number of specialist segments of the UK mortgage market, helping customers who are typically underserved by mainstream banks.

Together has a substantial lending exposure to the residential and commercial property sectors. Any property value falls or adverse changes in the economy may lead to a rising number of defaults or a reduction in the amount recovered in the event of default.

Whilst house price inflation turned negative for the first time in more than 11 years in the prior year, there has been a reversal in this trend in the current year. The expectation by market forecasters is that house price inflation will continue to be positive over the coming year.

The Group lends at prudent LTVs at origination to provide protection from falls in property prices. Average origination LTV was 59.8% for the quarter to December 31, 2024, compared to 57.4% for the prior year comparable quarter to December 31, 2023, and 59.4% for the prior quarter to September 30, 2024.

Together is a national lender and has a loan portfolio which is diversified across the UK, with less than 25% concentrated in the London region, where property prices have tended to fluctuate to a greater extent. Our London portfolio is not focused on 'Prime' central London properties and, with weighted average loan-to-value ratios in line with the average of our portfolio for the rest of the country, we consider this provides a level of mitigation against moderate house price falls in such areas.

Competition

The competitive landscape contains risks from new entrants, increased competition from incumbent lenders, disruptive products, and software solutions potentially affecting lending activities. The effect of this could result in lower lending volumes, higher customer attrition and/or, lower net interest margins.

Competition in the mortgage lending industry can take a number of forms, including interest rates and fee competition, underwriting criteria, convenience and customer service and marketing and distribution channels.

The risk of competition has been incorporated into the Group's forward planning process and the external market is regularly monitored.

The Group continues to offer a broad product range to underserved segments of the market and benefits from a rich pool of experienced and skilled underwriters.

The Group has continued to progress a number of key modernisation and transformation initiatives to optimise application journeys, improve user experiences for our customers and intermediaries and increase operational efficiency.

The longevity of the Group's trading has resulted in the development of long term relationships with both intermediaries and individuals providing access to both new and repeat customers. In addition, our diverse range of products, flexible approach to underwriting and experience means that we have the ability to attract and retain customers who are not serviced by other lenders, protecting our competitive position. The Group will continue to monitor the external environment and is confident, given this experience, gained over many economic cycles, that it will remain competitive in the segments in which it operates.

Mainstream lenders (including high street banks) continue to focus on their core businesses of fully automated credit decisions which excludes certain customers, property or transaction types.

This has encouraged a number of new entrants in recent years into the market in the form of non-bank lenders or newly formed challenger banks and has resulted in or may further result in increased competition in certain segments of the market where we operate and in turn result in lower yields.

Uncertain economic times may result in mainstream lenders further tightening criteria as they seek to focus on their core markets. Other less established specialist lenders may also curtail lending as funding options may become more restrictive. This may provide increased lending opportunities for established specialist lenders like Together.

Significant factors which may affect results of operations (continued)

Liquidity and funding

We fund our total loan assets from cash generated by operations, shareholder reserves, the subordinated shareholder funding, senior secured notes, a revolving credit facility, residential mortgage-backed securitisations, commercial mortgage-backed securitisation and through other asset backed facilities. The volume of loans we are able to originate is limited, in part, by the amount and terms of funding available to us along with the level of our capital reserves.

A key driver of liquidity risk within the Group arises from a number of private securitisation facilities being subject to portfolio covenants and eligibility restrictions, including concentration limits and performance measures. Amongst other requirements, such covenants limit the proportion of loans in arrears and on an individual loan basis the level of arrears determine eligibility for such facilities. In certain circumstances assets can be exchanged, repurchased or additional capital can be injected into the facilities to support compliance with facility terms thereby maintaining access to liquidity provided by such facilities. Failure to comply with facility terms or breach of non-curable performance covenants will cause such facilities to go into early amortisation, with removal of undrawn facility headroom and deferral of cash flows to the Senior Borrower Group (as defined in the group structure on page 20). Increasing arrears, as a result of the wider economic downturn, increases the risk that insufficient eligible assets will be available to ensure facilities remain in compliance with covenants, and thus able to provide a source of liquidity and funding for the Group. The Group monitors such covenants and carries a level of cash and eligible assets to support the private securitisation facilities in a stress event in line with set risk appetites.

The Group also benefits from a business model which is ordinarily cash generative with a high level of redemptions which is a key source of liquidity. Continued economic uncertainty may lead to a reduction in the level of cash inflows. Stress testing undertaken includes the impact of severe haircuts to expected redemption inflows.

The liquidity and funding risks arising from reducing levels of eligible assets and/or the risk of lower levels of cash inflows from redemptions can be mitigated by increasing the amount of liquidity resources held as cash. A key management action to generate net cash inflows is the ability to control levels of new lending. As at December 31, 2024 cash balances remained significantly above risk appetite, at £366.6m (December 31, 2023: £346.6m), of which £70.1m is unrestricted cash (December 31, 2023: £57.7m) as shown in Note 6 to the unaudited condensed consolidated financial statements.

The Group has a strong track record of successful refinancing and raising new facilities, and has continued to increase its bank and investor base during recent transactions ensuring that existing facilities are refinanced sufficiently ahead of their maturity dates to allow for any market disruption. The ongoing conflicts in Ukraine and the Middle East and the resultant increases in energy and non-energy costs and interest rate rises had caused some market uncertainty and constrained certain funding markets and/or had a negative impact on commercial terms. Whilst this has improved recently, continued future uncertainty or further negative economic data may restrict the ability of the Group to complete further funding transactions, at least in the short term, or may have a further negative impact on commercial terms available.

Some of the Group's funding is subject to financial covenants. Note 2 to the unaudited condensed consolidated financial statements provides further detail on the assessment of the going concern basis of preparation. This includes an assessment of the risks presented to the Group by any potential breaches of lending covenants including potential mitigating actions.

Interest rate environment

The period of rapid rate rises has abated, with the Bank of England holding rates at 5.25% since August 23 before two 0.25% rate cuts in August 24 and November 24 respectively, with a further rate cut post period end in February 25 to 4.50%.

Any increase in prevailing interest rates increases the cost of servicing some of our borrowings. Although our total loan assets mainly consist of variable rate mortgage loans and we have the right in respect of such loans to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. In addition, there is a timing difference between the impact of rising interest rates, which have an immediate impact on the costs of our borrowing facilities, but which are not immediately passed onto customers, given governance and operational factors as well as contractual notice requirements.

Significant factors which may affect results of operations (continued)

Interest rate environment (continued)

The Group raises funding using a mix of fixed and variable funding which provides some natural offset in movements in interest rates on assets and liabilities.

In addition, the Group undertakes hedging transactions to provide further mitigation against mismatches in fixed and floating rates and undertakes stress analysis on any remaining mismatches.

An increase in interest rates can also adversely affect the credit quality of the customers to whom we lend and our loan origination volumes as loans may become less attractive to customers.

The Group maintains strict underwriting criteria which include, where appropriate, stressing affordability under a higher interest rate environment.

Regulatory considerations

The Group has certain subsidiaries which are authorised and regulated by the FCA in addition to subsidiaries which undertake unregulated lending. We also have to comply with the relevant UK regulations including anti-money laundering regulations, the General Data Protection Regulations and the UK Securitisation Regulation.

Changes in regulation may impact the way in which the Group conducts its business. Failure to comply with regulation could result in fines, reputational damage and potential revocation of regulatory permissions.

The Group takes all regulatory considerations seriously and have compliance, legal and governance functions in place to monitor compliance with these requirements.

Given that we operate in the regulated markets we are at risk of failing to comply with existing regulation and the potential impact of changes in regulation on our activities. From time to time, we may identify, including through our compliance and internal audit functions, regulatory breaches or potential regulatory breaches or other issues related to compliance matters.

Disclosures in respect of these considerations can be found in Note 10 to the unaudited condensed consolidated financial statements.

We are updating our quarterly reporting. Going forward the information in this section will be presented in:

Investor Presentation Appendix

Significant factors which may affect results of operations (continued)

Risk factors

This quarterly report contains statements that are, or may be deemed to be, forward looking statements. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the words “aims,” “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will,” “plans,” “predicts,” “assumes,” “shall,” “continue” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we operate to differ materially from those expressed or implied by the forward looking statements contained in this report. These factors include among others:

- the impact of economic conditions on our results of operations and financial condition;
- the impact of the United Kingdom’s exit from the European Union;
- any further impact of Covid-19, or any future mutation of Covid-19, (or similar infectious diseases), and the impact of the related vaccines and medications, on the global and UK economy and resultant impact on our liquidity position, capital position, funding capability, capital markets, operational risk profile, portfolio credit risk profile, reputation, results of operations and financial condition;
- the impact of geopolitical events, such as the conflicts in Ukraine and the Middle East on the UK economy;
- the impact of a downturn in the property market;
- our ability to accurately identify the credit profile and behaviours of our customers;
- our ability to accurately value properties;
- the impact of reductions in property valuations for any reason including but not limited to government legislation, taxation changes and climate change (including flooding)
- our ability to act proactively to minimise the risk of repossession and potential losses in the event of a repossession;
- our ability to detect and prevent fraud during and after the loan underwriting process;
- the impact of the changing financial circumstances of our customers including rising inflation and interest rates and cost of living pressures;
- the impact of rising unemployment, higher cost of living, higher interest rates or a reduced ability of our customers to service their mortgage loans;
- the impact of shortages of labour or materials affecting individual or business income
- our relationships with mortgage intermediaries, professional networks and other distribution channels;
- the impact of competition;
- legislative, taxation and regulatory changes affecting our ability to operate or the profit generated from our activities;
- the effectiveness of our compliance, Enterprise Risk Management Framework and internal audit functions;
- failure to comply with current, past or future regulatory rules or guidance, or the retrospective interpretation thereof, or to treat customers fairly;
- failure to identify and offer the appropriate treatment to vulnerable customers;
- our exposure to the cost of redress, the cost of delivering redress, potential regulatory sanctions and fines;
- the impact of rising interest rates and deterioration in economic conditions and the impact on our ability to obtain financing or obtain financing at competitive rates;
- changes to the ways in which the United Kingdom regulates the loan industry and other regulatory changes;
- the impact and cost associated with greater prudential regulation;
- changes or uncertainty in respect of SONIA or other benchmarks that may affect our sources of funding;
- the impact of new initiatives by the UK Government that may affect our business;

Significant factors which may affect results of operations (continued)

Risk factors (continued)

- the impact, costs and settlements associated with dealing with claims made from claims management companies and/or claimant law firms;
- the impact of litigation;
- loss of a material number of employees being available due to a health crisis including Covid-19 (or other similar infectious diseases) and changes in working practices following Covid-19;
- our ability to retain our senior management and our underwriters, account executives, sales personnel, client facing employees and key individuals;
- failure to operate effectively and in line with regulations and legal requirements while working remotely;
- failure to operate a safe workplace in breach of health and safety regulations (including in response to any epidemic or pandemic);
- interruption or loss of our information processing systems or third party systems we use or failure to maintain secure information systems (including as a result of cyber-attacks);
- technological changes and failure to adequately anticipate and/or respond to these changes;
- the accuracy of our systems, data and models to correctly report our financial condition and forecasts;
- our substantial debt obligations and our ability to operate within financial covenants;
- access to debt markets and our ability to refinance our debt and raise new debt at acceptable cost;
- imbalances in maturity between our total loan assets and our sources of funds affecting the capacity to expand our business;
- our ability to benefit from special corporation tax regimes for securitisation companies;
- our ability to execute our modernisation and transformation priorities;
- the potential for conflicting interests between the shareholder and third party funding providers;
- exclusion of US GAAP financial information; and
- changes in accounting standards.

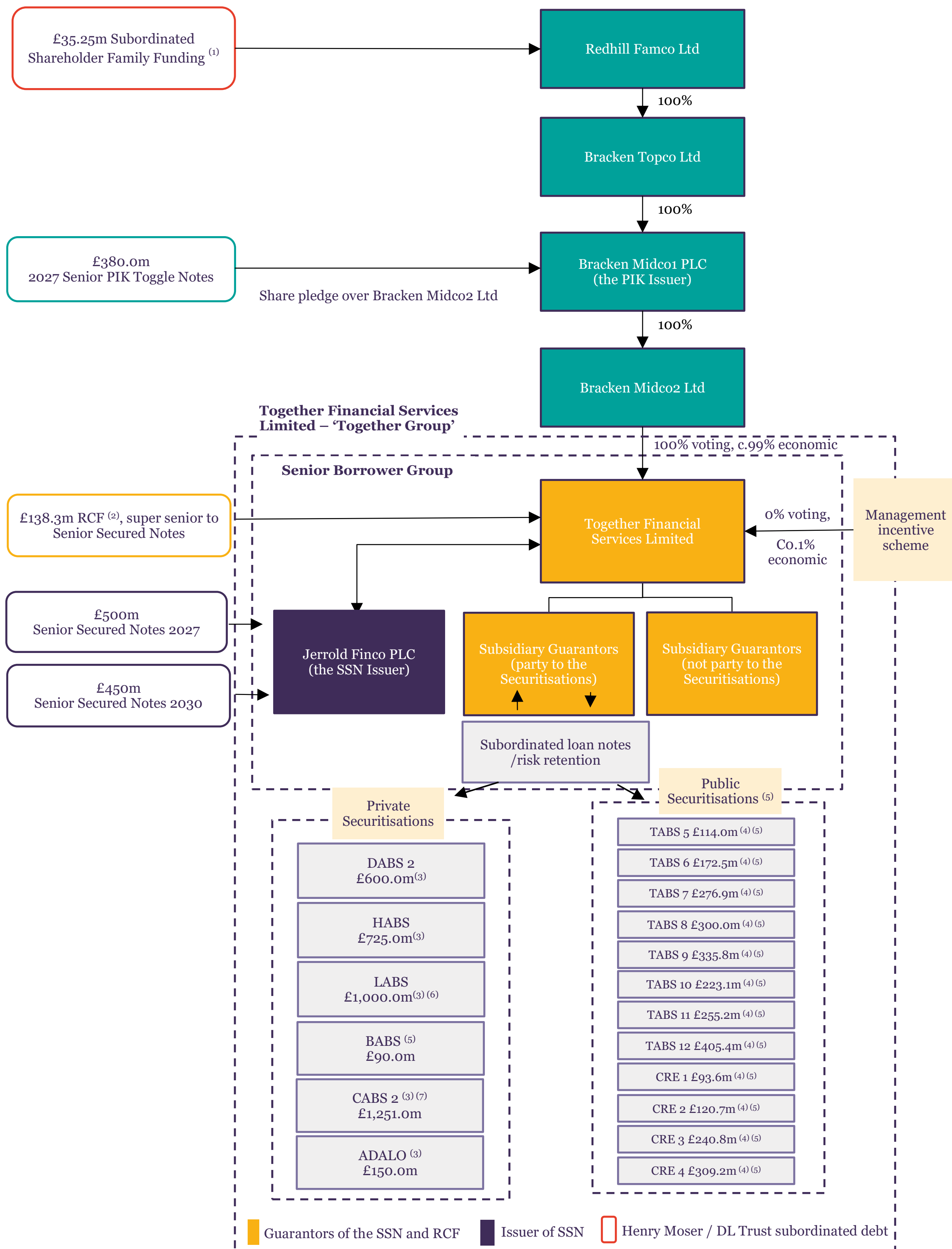
These risks are not exhaustive. Other sections of this report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward looking statements. Given these risks and uncertainties, you should not rely on forward looking statements as a prediction of actual results.

Any forward looking statements are only made as of the date of this quarterly report, and we do not intend, and do not assume any obligation, to update forward looking statements set forth in this report. You should interpret all subsequent written or oral forward looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this quarterly report. As a result, you should not place undue reliance on these forward looking statements.

Summary corporate and financing structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at December 31, 2024.

The diagram does not include all entities in our Group nor does it show all liabilities in our Group.



(1) Subordinated shareholder family funding based upon nominal value
(2) Total facility size, undrawn at December 31, 2024.
(3) Total facility size
(4) Outstanding Principal balance – senior notes
(5) Amortising
(6) In November 2024, the Group refinanced its LABS facility increasing facility size from £825m to £1,000m and extending the maturity date to November 2028.
(7) Following the period end, in January 2025, the Group separated and upsized its CABS 2 facility into two revolving warehouse facilities totaling £1,590.0m as well as extending maturity to December 2029.

Summary results and financial position of Bracken Midco1 PLC

The tables below set out the unaudited interim condensed consolidated results and financial position of Bracken Midco1 PLC, the issuer of 2027 Senior PIK Toggle Notes and its subsidiaries, compared to the unaudited interim condensed consolidated results and financial position of Together Financial Services Limited and its subsidiaries, for and as of the quarter ended December 31, 2024.

	Quarter ended December 31, 2024		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 PLC £m**
Profit before tax [1]	**48.3**	**(6.4)**	**41.9**

	As at December 31, 2024		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 PLC £m**
Assets			
Cash and balances at bank	366.6	0.6[2]	367.2
Loans and advances to customers	7,717.1	-	7,717.1
Derivative assets held for risk management	11.8	-	11.8
Other assets	19.4	(0.4)	19.0
Property, plant and equipment	29.1	-	29.1
Intangible assets	11.1	-	11.1
Deferred tax asset	8.3	-	8.3
Total assets	**8,163.4**	**0.2**	**8,163.6**
Liabilities			
Loan notes	5,895.2	-	5,895.2
Senior secured notes	951.8	-	951.8
Senior PIK toggle notes	-	380.0[3]	380.0
Obligations under finance leases	27.9	-	27.9
Debt issue costs	(22.0)	(0.7) [4]	(22.7)
Total borrowings (excluding subordinated shareholder funding)	**6,852.9**	**379.3**	**7,232.2**
Other liabilities	100.6	5.3 [5]	105.9
Derivative liabilities held for risk management	2.4	-	2.4
Provisions for liabilities and charges	2.8	-	2.8
Current tax liabilities	1.5	-	1.5
Total liabilities	**6,960.2**	**384.6**	**7,344.8**
Equity			
Subordinated shareholding funding	23.9	(12.6)	11.3[6]
Shareholder's equity	1,179.3	(371.8)	807.5
Total equity	**1,203.2**	**(384.4)**	**818.8**
Total equity and liabilities	**8,163.4**	**0.2**	**8,163.6**

(1) Presented to reflect the full quarterly consolidated profit of Together Financial Services Limited and Bracken Midco1 PLC (also incorporating Bracken Midco2 Limited) respectively
(2) Represents cash and cash equivalents held within Bracken Midco1 PLC and Bracken Midco2 Limited
(3) Represents the additional borrowings in the form of £380.0m 2027 Senior PIK Toggle Notes
(4) Represents unamortised debt issue costs associated with the issuance of the 2027 Senior PIK Toggle Notes
(5) Includes interest accrued on the 2027 Senior PIK Toggle Notes
(6) Represents the carrying value of shareholder funding owed to Bracken Topco Limited by Bracken Midco1 PLC

Summary results and financial position of Bracken Midco1 PLC (continued)

For the quarter to December 31, 2024, interest payable and similar charges for Bracken Midco1 PLC was, on a consolidated basis £123.3m compared to £116.9m for Together Financial Services Limited. The £6.4m variance comprises £6.6m of interest payable and debt issue amortisation on the Senior PIK Toggle, £0.3m being the unwind of the fair value adjustment in respect of intercompany loan amounts owed to Bracken Topco Limited and the elimination on consolidation of £0.5m of fair value unwind at Together Financial Services Limited on intercompany loans owed to Bracken Midco2 Limited.

Unaudited interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements within the ‘Results, reports and presentations’ section of Together’s investor website (investors.togethermoney.com), show the financial performance for the quarter, 6 months to and as at December 31, 2024.

Comparatives for these unaudited interim condensed consolidated financial statements are as follows:

- Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Cash Flows have comparatives for the quarter to December 31, 2023;
- Condensed Consolidated Statement of Changes in Equity have comparatives for the quarter to December 31, 2023; and
- Condensed Consolidated Statement of Financial Position have comparatives as at December 31, 2023 and June 30, 2024.

Unaudited condensed consolidated statement of comprehensive income
Interim period ended 31 December

Unless otherwise indicated, all amounts are stated in £m

		Three months ended		Six months ended	
Income statement	Note	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023
Interest receivable and similar income	4	**220.2**	189.6	**434.7**	372.5
Interest payable and similar charges	5	**(116.9)**	(97.8)	**(233.9)**	(191.8)
Net interest income		**103.3**	91.8	**200.8**	180.7
Fee and commission income		**2.8**	2.1	**5.3**	3.7
Fee and commission expense		**(1.1)**	(0.5)	**(1.9)**	(1.0)
Net fair-value gains/(losses) on derivatives	7	**0.4**	(5.7)	**(0.9)**	(8.7)
Other income		**0.1**	0.1	**0.2**	0.2
Operating income		**105.5**	87.8	**203.5**	174.9
Administrative expenses		**(41.4)**	(27.9)	**(74.4)**	(55.4)
Operating profit		**64.1**	59.9	**129.1**	119.5
Impairment losses	8	**(15.8)**	(12.2)	**(30.5)**	(24.6)
Profit before taxation		**48.3**	47.7	**98.6**	94.9
Taxation		**(11.6)**	(11.0)	**(23.5)**	(22.1)
Profit after taxation		**36.7**	36.7	**75.1**	72.8
Other comprehensive income/(losses)					
Items that may be reclassified to the income statement					
Movement in the cash flow hedging reserve:					
Effective portion of changes in fair value of derivatives	7	**26.1**	(31.1)	**11.4**	(46.4)
Amounts reclassified to income statement		**(4.5)**	(7.6)	**(10.7)**	(13.4)
Deferred taxation on cash flow hedging reserve		**(0.1)**	–	**0.1**	–
		21.5	(38.7)	**0.8**	(59.8)
Other comprehensive income/(losses) for the period, net of tax		**21.5**	(38.7)	**0.8**	(59.8)
Total comprehensive income/(losses) for the period		**58.2**	(2.0)	**75.9**	13.0

The results for the current and preceding period relate entirely to continuing operations. The notes on pages 14 to 37 are an integral part of these unaudited condensed consolidated financial statements.

Unaudited condensed consolidated statement of financial position
As at 31 December
Unless otherwise indicated, all amounts are stated in £m

	Note	**31 December 2024**	31 December 2023	30 June 2024
Assets				
Cash and cash equivalents	6	**366.6**	346.6	336.2
Derivative assets held for risk management	7	**11.8**	14.9	15.6
Loans and advances to customers	8	**7,717.1**	6,794.9	7,363.9
Other assets		**19.4**	12.2	10.1
Property, plant and equipment		**29.1**	31.4	30.3
Intangible assets		**11.1**	12.8	13.2
Deferred tax asset		**8.3**	7.2	6.2
Total assets		**8,163.4**	7,220.0	7,775.5
Liabilities				
Derivative liabilities held for risk management	7	**2.4**	18.8	4.4
Current tax liabilities		**1.5**	1.7	0.4
Borrowings	9	**6,876.8**	6,036.4	6,543.3
Provisions for liabilities and charges	10	**2.8**	4.5	3.2
Other liabilities		**100.6**	94.1	87.8
Total liabilities		**6,984.1**	6,155.5	6,639.1
Equity				
Share capital		**9.8**	9.8	9.8
Subordinated-shareholder-funding reserve		**44.3**	33.2	45.3
Cash flow-hedging reserve		**5.6**	(10.4)	4.8
Other reserves		**12.7**	12.7	12.7
Retained earnings		**1,106.9**	1,019.2	1,063.8
Total equity		**1,179.3**	1,064.5	1,136.4
Total equity and liabilities		**8,163.4**	7,220.0	7,775.5

The notes on pages 14 to 37 are an integral part of these unaudited condensed consolidated financial statements.

Unaudited condensed consolidated statement of changes in equity
Interim period ended 31 December

Unless otherwise indicated, all amounts are stated in £m

Six months to 31 December 2024	**Share capital**	**Subordinated-shareholder-funding reserve**	**Cash flow-hedging reserve**	**Other reserves**	**Retained earnings**	**Total**
At beginning of period	**9.8**	**45.3**	**4.8**	**12.7**	**1,063.8**	**1,136.4**
Profit after taxation	**–**	**–**	**–**	**–**	**75.1**	**75.1**
Other comprehensive income	**–**	**–**	**0.8**	**–**	**–**	**0.8**
Dividends paid	**–**	**–**	**–**	**–**	**(33.0)**	**(33.0)**
Transfer between reserves	**–**	**(1.0)**	**–**	**–**	**1.0**	**–**
At end of period	**9.8**	**44.3**	**5.6**	**12.7**	**1,106.9**	**1,179.3**

Six months to 31 December 2023	Share capital	Subordinated-shareholder-funding reserve	Cash flow-hedging reserve	Other reserves	Retained earnings	Total
At beginning of period	9.8	34.4	49.4	12.7	978.0	1,084.3
Profit after taxation	–	–	–	–	72.8	72.8
Other comprehensive losses	–	–	(59.8)	–	–	(59.8)
Dividends paid	–	–	–	–	(32.8)	(32.8)
Transfer between reserves	–	(1.2)	–	–	1.2	–
At end of period	9.8	33.2	(10.4)	12.7	1,019.2	1,064.5

Other reserves consist of the following:

	Share premium	**Merger reserve**	**Capital redemption reserve**	**Treasury share reserve**	**Share-based payment reserve**	**Total**
As at 31 December 2024	**17.5**	**(9.6)**	**1.3**	**(2.6)**	**6.1**	**12.7**
As at 31 December 2023	17.5	(9.6)	1.3	(2.6)	6.1	12.7

The share capital, share premium, merger reserve, capital redemption reserve, treasury share reserve, subordinated-shareholder funding, cash flow hedging and share-based payment reserves are all non-distributable.

Unaudited condensed consolidated statement of cash flows
Interim period ended 31 December

Unless otherwise indicated, all amounts are stated in £m

	Note	Three months ended		Six months ended	
		31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Cash flows from operating activities					
Profit after taxation		**36.7**	36.7	**75.1**	72.8
Adjustment for non-cash items included in profit after taxation	12	**146.4**	128.4	**293.6**	250.4
Changes in operating assets and liabilities	12	**(151.4)**	(199.1)	**(377.4)**	(406.4)
Taxation paid		**(11.9)**	(10.0)	**(24.6)**	(23.5)
Net cash inflow/(outflow) from operating activities		**19.8**	(44.0)	**(33.3)**	(106.7)
Cash flows from investing activities					
Cash paid on purchase of property, plant and equipment		**(0.1)**	(0.5)	**(0.3)**	(0.6)
Investment in intangible assets		**(0.5)**	(2.0)	**(1.6)**	(3.8)
Proceeds from disposal of property, plant and equipment		**–**	–	**–**	0.1
Net cash outflow from investing activities		**(0.6)**	(2.5)	**(1.9)**	(4.3)
Cash flows from financing activities					
Drawdown of loan notes		**359.0**	260.2	**668.5**	480.1
Repayment of loan notes		**(224.3)**	(475.7)	**(766.1)**	(1,289.5)
Proceeds from issuance of loan notes		**–**	367.0	**428.2**	1,237.3
Repayment of revolving credit facility		**–**	–	**–**	(70.0)
Interest paid		**(117.8)**	(83.6)	**(230.6)**	(189.4)
Dividends paid		**(33.0)**	(32.8)	**(33.0)**	(32.8)
Purchase and cancellation of derivatives		**–**	–	**–**	0.4
Principal elements of lease liability payments		**(0.3)**	(0.3)	**(0.6)**	(0.6)
Interest paid on lease liabilities		**(0.4)**	(0.4)	**(0.8)**	(0.7)
Net cash (outflow)/inflow from financing activities		**(16.8)**	34.4	**65.6**	134.8
Net increase/(decrease) in cash and cash equivalents		**2.4**	(12.1)	**30.4**	23.8
Cash and cash equivalents at beginning of period		**364.2**	358.7	**336.2**	322.8
Cash and cash equivalents at end of period	6	**366.6**	346.6	**366.6**	346.6

At 31 December 2024 cash and cash equivalents include £296.5m (30 June 2024: £252.1m, 31 December 2023: £288.9m) of restricted cash (see Note 6).

The notes on pages 14 to 37 are an integral part of these unaudited condensed consolidated financial statements.

1. Reporting entity and general information

Together Financial Services Limited is incorporated and domiciled in the UK. The Company is a private company, limited by shares, and is registered in England (company number: 02939389). These financial statements are prepared for Together Financial Services Limited and its subsidiaries under the Companies Act 2006. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The interim condensed consolidated financial statements comprise Together Financial Services Limited and its subsidiaries ('the Group'). The Group is primarily involved in financial services.

2. Material accounting policies

Basis of preparation

The unaudited condensed consolidated Interim Financial Statements have been prepared in accordance with the UK-adopted International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information required by the UK-adopted International Accounting Standards in full annual financial statements and should be read in conjunction with the annual report and consolidated financial statements for the year ended 30 June 2024 which were prepared in accordance with UK-adopted international accounting standards.

The information within this interim report relating to the period ended 31 December 2024 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Accounting policies and judgements

The material accounting policies are summarised below. The accounting policies, presentation and methods of computation are consistent with those applied by the Group in its latest audited annual financial statements.

Presentation of risk disclosures

Disclosures under IFRS 7 *Financial Instruments: Disclosures* concerning the nature and extent of principal risks have been presented within the interim management report.

Climate-related matters

In making the judgements and estimates required for preparation of these condensed consolidated financial statements, the directors have had regard to the potential impacts of climate-related factors. For the current reporting period, it has been judged that no material adjustment to the judgements or methods of estimation is required to reflect the potential impacts of climate-related matters, based upon the information available at the reporting date. For further information, please refer to the Sustainability section contained in the Annual Report and Accounts for the year ended 30 June 2024.

Going concern

In preparing these Interim Financial Statements, the directors have assessed the Group's ability to continue as a going concern. As part of the Group's ongoing monitoring and reforecasting, consideration has been given to the changing macroeconomic environment and outlook and specific consideration has been given to the following:

- changes in customer-repayment behaviour;
- changes in credit risk;
- potential for declining or stagnating property values;
- potential for access to wholesale-funding markets;
- changes in market rates of interest;
- changes in new mortgage-origination volumes; and
- changes to operating costs.

The Group's business model, being one which is ordinarily highly cash generative, operating in profitable market segments and lending at low average loan-to-value (LTV) ratios, provides mitigation against many downside risks. The factors listed above have an impact upon the results of the Group, to a greater or lesser degree, however are not projected to cast significant doubt on the entity's ability to continue as a going concern.

The key risks which could cause doubt as to whether the Group could continue to operate as a going concern are judged to be primarily in relation to funding and liquidity. The Group has a diverse mix of funding sources, which are structured in order to reduce the risk to the Group. Funding and liquidity risks, including reverse stress testing to identify the point at which the Group would cease to be able to operate, are discussed below.

2. Material accounting policies (continued)

Going concern (continued)

Funding

The Group has a diverse funding base, utilising shareholder funds, private and public securitisation facilities, senior secured notes and a revolving credit facility to fund its activities and lending.

A key risk associated with wholesale funding is refinancing risk, where the Group has a proven track record of successfully refinancing borrowings. The depth of maturity in the Group's existing debt facilities provides significant mitigation in respect of refinancing risk. Following the redemption of Charles Street Asset Backed Securitisation 2 facility in January 2025, the next earliest maturity or call date is that of the Together CRE 1 facility in February 2025, representing 1% of the Group's borrowings. The Group's depth of maturity is also highlighted with only 3% of the Group's funding at the period end reaching its call date in the next 12 months.

The Group has continued its existing strategy of refinancing facilities in advance of their contractual maturities. Further information on the Group's borrowings and maturities of these borrowings is included within Note 9.

Liquidity

The Group retains liquidity through managing its total accessible liquidity (TAL) within set risk appetite limits. For further information regarding our management of TAL, see the principal risk and uncertainties section of the interim management report.

The Group holds liquidity in the form of cash and can also access liquidity by drawing on the revolving credit facility (RCF) and through sales of eligible assets into our private securitisation warehouse facilities. In respect of the eligibility criteria and covenants, the Group may, in certain circumstances, seek waivers and/or amendments within the going concern assessment period. This could include, but is not limited to, impacts on covenants because of a deterioration in loan-book performance due to adverse economic conditions or reductions in property values. The Group successfully negotiated waivers to certain covenants during the coronavirus pandemic, which mitigated the risk that the Group would be unable to access liquidity due to an excess of ineligible assets, and this remains a potential management action, if required in future periods.

If waivers or amendments are required but not agreed, and existing covenants are breached (and the breach is not rectified by using headroom in other facilities or through other remedies within a defined cure period), then the noteholders of the private securitisation facilities have the option to call a default of the facility.

If a facility defaults, then the cash inflows from the securitised asset pool for each facility are used to repay the interest and principal of the most senior loan notes, with deferred consideration and any interest payment of the subordinated notes due to the originators deferred until such time as all the liabilities ranking more senior are repaid in full. This would delay and potentially reduce cash inflows ordinarily flowing to the Senior Borrower Group as excess spread from each of the securitisations.

The risk of lower levels of cash inflows from redemptions can be mitigated by increasing the amount of liquid resources held as cash. The Group also holds significant cash balances to allow sufficient liquidity, with cash balances of £366.6m at 31 December 2024 (31 December 2023: £346.6m, 30 June 2024: £336.2m), of which £70.1m is unrestricted cash (31 December 2023: £57.7m, 30 June 2024: £84.1m) as shown in Note 6.

Stress testing has been performed to assess the extent to which these factors would have to detrimentally impact cash flows in order for the Group to be unable to meet its liabilities as they fall due, and the extent of any increase in credit losses which could result in covenant breaches on the Group's borrowings. The results of this stress testing are detailed on the following page.

2. Material accounting policies (continued)

Going concern (continued)

Stress testing

Aside from the private securitisations, the facilities within the Senior Borrower Group, being the senior secured notes and the RCF, also include certain financial covenants including tests on gearing and minimum levels of interest cover in respect of the former and maintenance tests on gearing in respect of the latter.

To evaluate the Group's resilience in meeting these tests, a reverse-stress scenario has been developed and was considered as part of the going-concern assessment.

The scenario is one which assumes no cash flows are received from the securitisations, there is no access to drawdown funding from the private securitisations, and no access to the wholesale funding markets is possible, and therefore loan-origination volumes are limited to meeting pipeline commitments. This is considered by the directors to be an extreme outcome. However, due to the bankruptcy-remote nature of securitisations, the default of one or more private securitisation facilities would not mean that the Group could not continue to operate as a going concern. The Group could continue in such a scenario by servicing the loans funded by the Senior Borrower Group. Stresses were applied to cash inflows to assess the ability to continue to service and repay borrowings as they fall due, and stresses on profitability were separately considered to assess the ability to comply with gearing covenants.

The reverse-stress test scenario and its results showed that unrealistic reductions in expected cash inflows within the Senior Borrower Group would be required for the Senior Borrower Group not to be able to meet its liabilities as they fall due, within the going-concern period. Even if actual experience approached the level of reductions judged unrealistic, further management actions could be taken to mitigate the impact. The Group has periodically repeated the reverse-stress testing, which has continued to show significant headroom.

In addition, the potential impact of reductions in the level of profitability was assessed (as a proxy for a reduction in equity), using increases in expected credit losses as the primary driver, to determine the reduction which would result in the Group's gearing breaching the RCF covenant. The testing showed that profitability would have to fall by a substantial amount and the probability of such a severe outcome is considered remote.

The deployment of additional management actions could also mitigate the possible impacts, including but not limited to: renegotiation of the terms of existing borrowings, raising alternative funding and measures to further reduce costs.

The directors are satisfied that the Group has adequate resources to continue in operation for the going concern assessment period ending 18 February 2026, which is 12 months from the date of signing this report.

3. Significant accounting judgements and key sources of estimation uncertainty

In preparing these Interim Financial Statements, the Group's management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the amounts reported for the Group's performance and financial position. Where possible, estimates and associated assumptions are based on historical experience, objective information, or other relevant factors and are reviewed at each reporting date. Actual results may differ from these estimates, and revisions to estimates are recognised prospectively.

Significant judgements in applying the Group's accounting policies

These significant judgements are those which the directors consider result in a significant risk of material adjustment in the carrying amounts of the Group's assets and liabilities within the next financial year.

a) Loan impairment allowance

The calculation of the Group's allowance for losses on its loans and advances to customers under IFRS 9 relies on the following key judgements:

- The incorporation of forward-looking information in the measurement of expected credit losses (ECL), in particular the economic variables driving credit risk and the number and relative weightings of the scenarios used;
- Determining the criteria for a significant increase in credit risk and indicators of credit impairment; and
- Determining where there is requirement for post-model adjustment and determining inputs for the calculation of ECL where there is such a requirement.

Further detail on the judgements in respect of the measurement of ECL and sensitivities thereon is set out in Note 8 to the Financial Statements.

b) Modifications of financial liabilities

The Group, from time to time, conducts refinancing of its wholesale funding facilities, which results in amendments to the contractual terms, in particular when refinancing private warehouse facilities. Depending on the facts and circumstances the assessment can be straightforward and in other cases significant judgement may be required to determine whether the amendments constitute a substantial or non-substantial contractual modification under IFRS 9. This can require the calculation of the change in the carrying value of the facility implied by the new contractual terms, which requires judgement to be applied in forecasting the amounts and timings of future cash flows in order to determine if the modification meets the 10% threshold, which would result in a substantial modification and therefore derecognition of the existing instrument.

In addition, qualitative factors applied in accordance with our accounting policies require consideration, and significant judgement is required to determine which factors are indicative that a substantial modification has occurred.

3. Significant accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

a) Loan impairment allowance
The Group utilises macroeconomic forecasts and the other assumptions and estimates necessary for the calculation of ECL. Further detail on these estimates and assumptions and sensitivities thereon is set out in Note 8 to the condensed consolidated financial statements.

b) Interest income recognition
Interest income is recognised using the effective interest rate ('EIR') method. The EIR of a financial instrument is the rate which exactly discounts the estimated future cash flows of the instrument to its carrying amount. In calculating the EIR, all contractual terms of the financial instrument are taken account of, including transaction costs and other premiums or discounts, but not expected credit losses.

The estimation of future cash flows requires the Group to estimate the expected behavioural lives of groups of assets. The Group uses models which draw upon the Group's actual historical experience; however there is estimation uncertainty to the extent that future performance may not mirror that of the past. For loans with a fixed-rate period which revert onto a variable rate, income recognition is assessed for the fixed and variable period separately; therefore no future income beyond that of the fixed-rate period is recognised as part of the EIR approach for fixed-rate lending.

The fees recognised on an EIR basis through interest income on loans and advances to customers are recognised based on expected weighted average behavioural lives. At 31 December 2024, the Group had £47.9m (30 June 2024: £46.0m, 31 December 2023: £39.6m) of deferred fees that are recognised over the expected behavioural life of the loan. A change in the weighted average life by +/- 10% leads to an impact on interest income on loans and advances to customers of a decrease of £1.2m and an increase of £0.8m respectively.

c) Fair value of derivatives held for risk management
The fair value of derivatives is the price that would be received to sell a derivative asset or paid to transfer a derivative liability in an orderly transaction between market participants at the measurement date. The valuations of these instruments are derived from models that use forecast future interest-related curves, and which are subject to estimation uncertainty. Further detail in respect of the assumptions and estimates involved in derivatives held for risk management purposes is set out in Note 7 to the condensed consolidated financial statements.

4. Interest receivable and similar income

	Three months ended		Six months ended	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Interest income calculated using the effective interest method				
On loans and advances to customers	**216.0**	185.6	**426.2**	364.5
Other interest and similar income				
On cash and cash equivalents	**4.2**	4.0	**8.5**	8.0
Total interest receivable and similar income	**220.2**	189.6	**434.7**	372.5

5. Interest payable and similar charges

	Three months ended		Six months ended	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
On borrowings	**119.9**	106.3	**242.0**	208.0
On lease liabilities	**0.4**	0.4	**0.8**	0.8
On derivatives in qualifying and discontinued hedging relationships	**(3.4)**	(8.9)	**(8.9)**	(17.0)
Total interest payable and similar charges	**116.9**	97.8	**233.9**	191.8

6. Cash and cash equivalents

	31 December 2024	31 December 2023	30 June 2024
Unrestricted cash	**70.1**	57.7	84.1
Restricted cash	**296.5**	288.9	252.1
Total cash and cash equivalents	**366.6**	346.6	336.2

Restricted cash is held in securitisation vehicles for use in managing the Group's securitisation facilities. It is ring-fenced under the terms of the securitisation agreements and is not readily available. Within restricted cash, £65.6m (31 December 2023: £57.9m, 30 June 2024: £33.4m) represents amounts that could be accessed by the Group, for example by allocating additional eligible assets into the private securitisations. The balance of restricted cash represents amounts which are held within the securitisations for other purposes and may be accessible in the future, such as cash reserves or amounts paid over as deferred consideration.

All cash and cash equivalents held by the Group are denominated in pounds sterling.

7. Derivatives held for risk management

The Group applies both cash flow and fair value hedge accounting. Firstly, cash flow hedge accounting is used for interest-rate swaps entered into to mitigate the interest-rate risk on floating-rate liabilities in certain of its securitisation vehicles that are used for funding fixed rate lending. The Group then uses fair value hedge accounting for the interest rate swap that was entered into to mitigate the interest rate risk arising from fixed rate liabilities, held within Jerrold Finco PLC, that fund variable rate lending.

Cash flow hedging

The notional amounts on the interest-rate swaps/caps entered into in relation to floating rate liabilities are designated against a proportion of floating-rate notes funding fixed-rate mortgages decline over time in line with the expected repayment of the mortgages.

The effectiveness of this strategy is assessed by comparing the changes in fair value of the interest-rate derivatives with changes in the fair value of the hedged floating-rate notes and uses the hypothetical-derivative method.

The Group establishes the hedging ratio by matching the notional amount of the derivative with the corresponding floating-rate notes. In these hedging relationships, the main potential sources of ineffectiveness are:

- Repayment of the notes faster than the decline in the notional amount of the derivative
- For interest-rate swaps, the inclusion of transaction costs or off-market interest rates in the fixed-rate leg
- Changes in the credit risk of either party
- Differences in the expected maturity of the hedged item and the hedging instrument

Fair value hedging

The notional amount on the interest rate swap entered into in relation to fixed rate liability in Jerrold Finco PLC remains constant, in line with the liability.

The Group designates the benchmark rate of interest component of the variable rate debt instrument and separate the mid-market benchmark rate of the hedged item on the designation date, being a separately identifiable and relationally measurable risk component. This allows for the fair value movements on both the instrument and the hedged item to be accounted for in the accounts through the P&L account. With the fair value movements moving inversely these amounts net off in the income statement to the degree the hedge is effective. Any ineffectiveness is left recorded in the income statement.

Analysis of derivatives held for risk management

The following table analyses derivatives held for risk-management purposes by type of instrument:

	31 December 2024		31 December 2023		30 June 2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps – cash flow	**10.0**	**(2.4)**	14.9	(18.8)	12.9	(4.4)
Interest-rate swaps – fair value	**1.8**	**–**	–	–	2.7	–
Total derivatives	**11.8**	**(2.4)**	14.9	(18.8)	15.6	(4.4)

All derivatives mature in under five years. The average fixed interest rate on swaps under cash flow hedging is 3.847%. The average fixed interest rate on swaps under fair value hedging is 7.875%.

7. Derivatives held for risk management (continued)

The following tables set out details of the exposures hedged by the Group:

			Debit/(credit) balance	
Six months ended 31 December 2024	**Carrying amount of liabilities**	**Changes in fair value for calculating hedge ineffectiveness**	**Cash flow hedging reserve**	**Fair value on bond liability**
Borrowings cash flow hedged by interest-rate swaps				
Continuing cash flow hedging relationships	**2,291.1**	**11.4**	**(10.5)**	**–**
Discontinued cash flow hedging relationships	**–**	**–**	**4.9**	**–**
	2,291.1	**11.4**	**(5.6)**	**–**
Borrowings fair-value hedged by interest-rate swaps				
Continuing fair value hedging relationships	**450.0**	**(0.9)**	**–**	**(1.8)**
Total of all borrowings hedged by derivatives	**2,741.1**	**10.5**	**(5.6)**	**(1.8)**

			Debit/(credit) balance	
Six months ended 31 December 2023	Carrying amount of liabilities	Changes in fair value for calculating hedge ineffectiveness	Cash flow hedging reserve	Fair value on bond liability
Borrowings cash flow hedged by interest-rate swaps				
Continuing cash flow hedging relationships	1,563.3	(46.4)	20.7	–
Discontinued cash flow hedging relationship	–	–	(10.3)	–
	1,563.3	(46.4)	10.4	–
Total of all borrowings hedged by derivatives	1,563.3	(46.4)	10.4	–

			Debit/(credit) balance	
For the year ended 30 June 2024	Carrying amount of liabilities	Changes in fair value for calculating hedge ineffectiveness	Cash flow hedging reserve	Fair value on bond liability
Borrowings cash flow hedged by interest-rate swaps				
Continuing cash flow hedging relationships	1,833.6	(19.1)	(2.8)	–
Discontinued cash flow hedging relationships	–	–	(2.0)	–
	1,833.6	(19.1)	(4.8)	–
Borrowings fair-value hedged by interest-rate swaps				
Continuing hedging relationships	450.0	(2.7)	–	–
Total of all borrowings hedged by derivatives	2,283.6	(21.8)	(4.8)	–

7. Derivatives held for risk management (continued)

Details of instruments used to hedge borrowings are set out below:

		Carrying amounts			Debit/(credit) balance	
31 December 2024	**Notional amount**	**Derivative assets**	**Derivative liabilities**	**Net total**	**Cash flow-hedging reserve**	**Fair-value gains through income statement**
Interest-rate swaps						
Continuing cash flow hedging relationships	**2,291.1**	**10.0**	**(2.4)**	**7.6**	**(10.5)**	**–**
Continuing fair value hedging relationships	**450.0**	**1.8**	**–**	**1.8**	**–**	**(1.8)**
Discontinued hedges	**–**	**–**	**–**	**–**	**4.9**	**–**
	2,741.1	**11.8**	**(2.4)**	**9.4**	**(5.6)**	**(1.8)**
Total of all derivatives	**2,741.1**	**11.8**	**(2.4)**	**9.4**	**(5.6)**	**(1.8)**

		Carrying amounts			Debit/(credit) balance	
31 December 2023	Notional amount	Derivative assets	Derivative liabilities	Net total	Cash flow-hedging reserve	Fair-value losses through income statement
Interest-rate swaps						
Continuing cash flow hedging relationships	1,563.3	14.9	(18.8)	(3.9)	20.7	8.6
Discontinued hedges	–	–	–	–	(10.3)	–
	1,563.3	14.9	(18.8)	(3.9)	10.4	8.6
Interest-rate caps						
Borrowings	–	–	–	–	–	0.1
Total of all derivatives	1,563.3	14.9	(18.8)	(3.9)	10.4	8.7

		Carrying amounts			(Credit)/debit balance	
30 June 2024	Notional amount	Derivative assets	Derivative liabilities	Net total	Cash flow-hedging reserve	Fair-value losses through income statement
Interest-rate swaps						
Continuing cash flow hedging relationships	1,833.6	12.9	(4.4)	8.5	(2.8)	11.1
Continuing fair value hedging relationships	450.0	2.7	–	2.7	–	–
Discontinued hedges	–	–	–	–	(2.0)	–
	2,283.6	15.6	(4.4)	11.2	(4.8)	11.1
Interest-rate caps						
Borrowings	–	–	–	–	–	0.1
Total of all derivatives	2,283.6	15.6	(4.4)	11.2	(4.8)	11.2

7. Derivatives held for risk management (continued)

The following tables summarise the movements relating to hedging instruments.

	Debit/(credit) balance			
Six months ended 31 December 2024	**Net derivative assets/ (liabilities)**	**Cash flow-hedging reserve**	**Fair value movement on bond liability**	**Fair-value losses through income statement**
All derivatives				
Balances at the beginning of the period	**11.2**	**(4.8)**	**(2.7)**	**–**
Payments on purchases of derivatives	**(2.8)**	**–**	**–**	**–**
Changes in fair value recognised in other comprehensive income	**10.6**	**(11.4)**	**0.9**	**–**
Hedge ineffectiveness recognised as gains/(losses) in the income statement	**(0.9)**	**–**	**–**	**0.9**
Total changes in fair value for calculating hedge ineffectiveness	**9.7**	**(11.4)**	**0.9**	**0.9**
Changes on settlement of interest or its reclassification to income statement	**(11.4)**	**10.7**	**–**	**–**
Amounts released on cancellations of derivatives	**2.7**	**–**	**–**	**–**
Deferred tax recognised on cash flow hedging reserve	**–**	**(0.1)**	**–**	**–**
Balances at end of the period	**9.4**	**(5.6)**	**(1.8)**	**0.9**

	Debit/(credit) balance			
Six months ended 31 December 2023	Net derivative assets/ (liabilities)	Cash flow-hedging reserve	Fair value movement on bond liability	Fair-value losses through income statement
All derivatives				
Balances at the beginning of the period	62.2	(49.4)	–	–
Payments on purchases of derivatives	0.3	–	–	–
Changes in fair value recognised in other comprehensive income	(46.4)	46.4	–	–
Hedge ineffectiveness recognised as (gains)/losses in the income statement	(4.1)	–	–	4.1
Total changes in fair value for calculating hedge ineffectiveness	(50.5)	46.4	–	4.1
Changes on settlement of interest or its reclassification to income statement	(14.7)	13.4	–	3.8
Amounts released on cancellations of derivatives	(0.8)	–	–	0.8
Payments on discontinuance of hedging relationships	(0.4)	–	–	–
Balances at end of the period	(3.9)	10.4	–	8.7

Fair-value losses for the 6 month period ended 31 December 2024 were £0.9m (31 December 2023: £8.7m loss). These are a result of the ineffective parts of the hedging relationships when fair value movements occur.

8. Loans and advances to customers

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3 and POCI**	**Total**
Gross loans and advances	**5,927.5**	**1,165.8**	**791.1**	**7,884.4**
Loss allowance	**(10.0)**	**(26.5)**	**(130.8)**	**(167.3)**
	5,917.5	**1,139.3**	**660.3**	**7,717.1**
ECL coverage (%)	**0.2**	**2.3**	**16.5**	**2.1**

	31 December 2023			
	Stage 1	Stage 2	Stage 3 and POCI	Total
Gross loans and advances	5,286.9	1,061.6	573.1	6,921.6
Loss allowance	(15.6)	(26.8)	(84.3)	(126.7)
	5,271.3	1,034.8	488.8	6,794.9
ECL coverage (%)	0.3	2.5	14.7	1.8

	30 June 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total
Gross loans and advances	5,768.7	1,057.3	684.3	7,510.3
Loss allowance	(10.4)	(24.6)	(111.4)	(146.4)
	5,758.3	1,032.7	572.9	7,363.9
ECL coverage (%)	0.2	2.3	16.3	1.9

Group gross balances of credit impaired loans include £11.5m (31 December 2023: £15.1m, 30 June 2024: £15.4m) of purchased or originated credit impaired (POCI) loans, which are presented net of lifetime ECL impairment provisions of £1.6m (31 December 2023: £1.8m, 30 June 2024: £1.8m).

Measurement of expected credit losses (ECL)

ECL model

The Group considers whether financial assets are credit impaired at each reporting date. For these purposes, it considers default to occur, and such loans are considered to be credit impaired, in any of the following circumstances relating to a loan:

- It becomes 90 days or more past due
- Its security has been taken into possession
- The appointment of receivers
- There is evidence of fraud
- Loans which have entered into a debt recovery strategy due to circumstances that indicate default

The Group calculates its ECL using a statistical model based on probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- PD is an estimate of the likelihood of default over a given time horizon, estimated at a point in time. The calculation is based on statistical models that utilise both market and internal data, based on current conditions adjusted to take into account estimates of future conditions that will impact PD and estimates for customer prepayment behaviour. For development loans, PDs are assigned using a slotting approach which comprises a range of quantitative and qualitative criteria.
- LGD is an estimate of the likely loss in the event of a default. The expected loss amounts vary according to loan-to-value (LTV) ratios and future collateral prices. The estimates are based on the Group's history of recovery rates, calculated as forced-sale discounts, and the probability of repossession given default (PPGD), discounted at the original effective interest rate of the loan for the average period for recovery of sale proceeds. The LGD calculation includes floors, i.e. minimum losses, which are assigned based on the LTV of the loan and the type of security, and have been developed from historical data.
- EAD is an estimate of the expected gross carrying amount at a future default date. EAD is based on the current loan amount adjusted for expected repayments of principal, contractual drawdowns of loan commitments, and the impact of missed payments which would be expected for an account in default.

ECL is calculated at an individual loan level as the product of PD, LGD and EAD, discounted to the reporting date.

8. Loans and advances to customers (continued)

Measurement of expected credit losses (ECL) (continued)

ECL model (continued)
In accordance with IFRS 9, the Group uses a three-stage model for impairment based on changes in credit quality since initial recognition:

- A financial instrument not credit-impaired on initial recognition is classified in stage 1. The loss allowance for such instruments is calculated as the portion of lifetime ECL of those default events expected to occur within 12 months of the reporting date, weighted by the probability of that default occurring.
- An instrument moves to stage 2 if there is an increase in its credit risk that is significant but not such that the instrument is considered credit impaired. The loss allowance for stage 2 instruments is calculated as the lifetime ECL. The determination of significant increases in credit risk is explained further, later in this section.
- Stage 3 instruments are credit impaired and the loss allowance calculated as the lifetime ECL.

Improvements in credit quality may result in instruments moving categorisation, from stage 3 to stage 2 where they are no longer considered credit impaired or to stage 1 where the credit risk is no longer significantly increased compared with initial recognition. Such transitions generally occur only after the completion of a probationary period.

The Group undertakes back-testing and validation procedures in order to assess the reasonableness of assumptions and judgements applied in calculating ECLs. The results of these procedures are considered in determining the ongoing appropriateness of key judgements and inputs, which are subject to oversight from the Audit Committee.

Post-model adjustments
The Group makes post-model adjustments to its ECL provision where appropriate to reflect factors or risks that are not judged to be fully reflected in the model, which is done on both a portfolio level, as well as adjustments relating to specific loans.

Portfolio level post-model adjustments are made for potential risks that may emerge where additional coverage is judged to be appropriate at the time that are deemed to be not fully reflected in the ECL model. This includes additional coverage to factor in potential model limitations. Specific loan post-model adjustments are made in relation to specific loans where further information on the loan becomes known that would require adjustments to be made to the ECL calculation for that loan to reflect the identified risk. This includes incorporating latest information on the valuation of the security, including probability weighted outcomes, and specific changes to data parameters where more loan specific parameters are appropriate. At 31 December 2024, total post-model adjustments are £46.3m (31 December 2023: £25.3m, 30 June 2024: £40.8m).

Incorporation of forward-looking information

Variables
The Group uses forward-looking information in its measurement of ECL and in identifying significant increases in credit risk (discussed in the next section). The Group's statistical analysis of historical data has confirmed that the key economic variables that drive credit risk, and the ECL for the Group's financial instruments, are unemployment, Bank of England Base Rate ("Bank Rate"), and changes in house prices. The Group has developed a range of future economic scenarios of these variables, drawing on external forecasts where appropriate.

Scenarios
The Group calculates ECL using macroeconomic scenarios, calibrated around a base case. This approach provides an ability to assess a range of economic uncertainty. In June 2024, the Group moved from using six scenarios to using four scenarios, now that macroeconomic uncertainty has somewhat reduced, with one base, one upside and two downside scenarios being deemed to be sufficient coverage of different macroeconomic outlooks.

The base case is weighted at 60% (30 June 2024: 60%, 31 December 2023: 50%) and is therefore deemed to be the most likely macroeconomic outcome. As shown in the table on the following page, this scenario assumes that Bank Rate decreases over the next year and subsequent years, some steady reduction in the unemployment rate, and continued growth in house prices.

Unchanged since the year end, there is one upside scenario which is weighted at 15% (31 December 2023: two upside scenarios; upside and mild upside weighted at 10% each) which reflects the Bank Rate remaining high due to continued consumer confidence keeping inflation high compared to the base case, with unemployment falling faster and stronger house price growth. The upside used at 31 December 2024 and 30 June 2024 is comparable to the mild upside used at 31 December 2023 but has been renamed now that there is only one upside scenario.

There are two downside scenarios; downside and severe downside weighted at 15% and 10% respectively (Dec 2023: three downsides; stagnation, downside and severe downside, weighted at 10% each). The downside scenarios assume faster reductions to the Bank Rate in a recessionary environment, with increasing unemployment and house price falls. The severe downside economic scenario representing a severely stressed environment and therefore has a lower weighting in the model.

Judgement is required to set the scenario weightings to consider the interaction between the severity of the scenarios and the weightings applied. Management has sought to assess the reasonableness of the probabilities by comparing the weighted average of each economic indicator with other available macroeconomic forecasts, in addition to benchmarking the base case scenario.

To project the economic variables for the remaining term of each instrument, it is assumed that the forecasts used in all scenarios revert to our long-term base case forecast beyond a 10-year horizon.

8. Loans and advances to customers (continued)

Incorporation of forward-looking information (continued)

The most significant assumptions used for the ECL estimate as at 31 December 2024, by economic indicator, until December 2028 were as follows:

Bank Rate	Period when base rate cut to below 4.00%	Weighting	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Dec 2026	Dec 2027	Dec 2028
Upside	n/a	15%	5.0	5.4	5.7	5.8	5.3	4.5	4.3
Base	Dec 2027	60%	4.5	4.3	4.3	4.2	4.0	3.8	3.8
Downside	Sep 2025	15%	4.5	4.0	3.5	3.0	1.8	1.8	1.8
Severe downside	Jun 2025	10%	4.4	3.8	3.1	2.4	1.0	1.0	1.0
Weighted average			**5.0**	**5.4**	**5.7**	**5.8**	**5.3**	**4.5**	**4.3**

Unemployment rate	% peak	Weighting	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Dec 2026	Dec 2027	Dec 2028
Upside	4.2%	15%	4.2	4.1	3.9	3.7	3.6	3.6	3.6
Base	4.4%	60%	4.4	4.4	4.4	4.4	4.3	4.1	4.0
Downside	6.9%	15%	4.8	5.0	5.3	5.5	6.3	6.9	6.6
Severe downside	7.3%	10%	4.9	5.2	5.5	5.8	6.8	7.3	7.0
Weighted average			**4.2**	**4.1**	**3.9**	**3.7**	**3.6**	**3.6**	**3.6**

Annual change in house-price index (%)	Start to trough % change	Weighting	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Dec 2026	Dec 2027	Dec 2028
Upside	n/a[1]	15%	5.4	3.1	3.3	3.2	3.9	5.2	4.0
Base	n/a[1]	60%	4.2	2.4	1.7	1.2	1.7	2.7	4.1
Downside	(12.2%)	15%	1.8	(2.6)	(4.7)	(7.1)	(3.2)	(2.3)	4.5
Severe downside	(20.7%)	10%	0.6	(4.7)	(7.6)	(10.9)	(6.0)	(5.4)	4.8
Weighted average			**3.7**	**1.1**	**0.0**	**(1.0)**	**0.5**	**1.5**	**4.2**

1. This scenario does not have a trough as HPI is forecast to increase across all future periods.

8. Loans and advances to customers (continued)

Incorporation of forward-looking information (continued)

The most significant assumptions used for the ECL estimate as at 31 December 2023, by economic indicator, until December 2027 were as follows:

Bank Rate	Month base rate cut to below of 5.25%	Weighting	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Dec 2025	Dec 2026	Dec 2027
Upside	Dec 2026	10%	5.8	6.3	6.3	6.3	5.8	5.0	4.8
Mild upside	Dec 2026	10%	5.5	5.8	5.8	5.8	5.3	4.5	4.3
Base	Sep 2024	50%	5.3	5.3	5.0	4.8	3.8	3.0	3.0
Stagnation	Jun 2024	10%	5.3	5.0	4.5	4.3	3.3	2.3	1.8
Downside	Mar 2024	10%	4.8	4.5	4.0	3.8	2.5	1.8	1.5
Severe downside	Mar 2024	10%	4.8	4.0	3.5	3.3	1.8	1.0	0.8
Weighted average			**5.2**	**5.2**	**4.9**	**4.7**	**3.7**	**3.0**	**2.8**

Unemployment rate	% peak	Weighting	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Dec 2025	Dec 2026	Dec 2027
Upside	n/a[1]	10%	4.0	3.8	3.6	3.3	3.3	3.3	3.3
Mild upside	4.3%	10%	4.3	4.3	4.2	4.1	3.8	3.8	3.7
Base	4.5%	50%	4.4	4.5	4.5	4.5	4.2	4.0	3.9
Stagnation	7.0%	10%	4.9	5.2	5.5	5.7	6.6	7.0	6.6
Downside	7.2%	10%	4.9	5.3	5.6	5.9	6.8	7.2	6.8
Severe downside	7.5%	10%	5.0	5.4	5.8	6.1	7.1	7.5	7.2
Weighted average			**4.5**	**4.7**	**4.7**	**4.8**	**4.9**	**4.9**	**4.7**

Annual change in house-price index (%)	Start to trough % change[2]	Weighting	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Dec 2025	Dec 2026	Dec 2027
Upside	(1.4%)	10%	0.9	0.6	(0.6)	0.2	4.2	8.5	5.0
Mild upside	(3.7%)	10%	(0.1)	(0.9)	(2.7)	(2.3)	2.6	6.9	5.1
Base	(7.3%)	50%	(1.8)	(3.3)	(5.7)	(5.9)	0.4	4.3	5.3
Stagnation	(14.0%)	10%	(3.0)	(5.3)	(8.8)	(10.1)	(2.9)	1.0	5.5
Downside	(17.6%)	10%	(3.6)	(6.3)	(10.2)	(11.9)	(4.3)	(0.6)	5.6
Severe downside	(25.0%)	10%	(4.6)	(8.0)	(12.5)	(15.0)	(7.0)	(3.7)	5.9
Weighted average			**(2.0)**	**(3.6)**	**(6.3)**	**(6.8)**	**(0.5)**	**3.4**	**5.3**

1. Unemployment rate is forecast to decrease in all future periods in this scenario.
2. Where the start to trough is measured from Dec-2022 when the house price index fell.

8. Loans and advances to customers (continued)

Incorporation of forward-looking information (continued)

The most significant assumptions used for the ECL estimate as at 30 June 2024, by economic indicator, until June 2028 were as follows:

Bank Rate	Month base rate cut to below 5.0%	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside	Jun 2028	15%	5.6	5.8	5.8	5.8	5.3	5.0	3.9
Base	Sep 2024	60%	4.9	4.8	4.5	4.3	3.8	3.5	3.3
Downside	Dec 2024	15%	5.6	4.3	3.8	3.3	1.9	1.5	1.5
Severe downside	Dec 2024	10%	5.0	4.0	3.4	2.6	1.1	0.8	0.8
Weighted average			**5.1**	**4.8**	**4.5**	**4.2**	**3.4**	**3.2**	**2.8**

Unemployment rate	% peak	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside	4.2%	15%	4.2	4.1	4.0	3.8	3.7	3.6	3.6
Base	4.4%	60%	4.4	4.4	4.3	4.2	3.8	3.8	3.7
Downside	6.9%	15%	4.8	5.1	5.3	5.6	6.6	6.9	6.7
Severe downside	7.3%	10%	4.9	5.3	5.5	5.8	6.9	7.3	7.1
Weighted average			**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.6**	**4.5**

Annual change in house-price index (%)	Start to trough % change	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside	n/a[1]	15%	2.0	2.8	2.9	2.6	4.9	7.3	3.8
Base	n/a[1]	60%	1.3	1.8	1.7	1.0	2.9	4.9	3.9
Downside	(9.0%)	15%	(1.5)	(2.9)	(5.2)	(7.7)	(2.3)	(0.4)	4.3
Severe downside	(18.1%)	10%	(2.8)	(5.0)	(8.2)	(11.5)	(5.2)	(3.7)	4.6
Weighted average			**0.6**	**0.5**	**(0.1)**	**(1.3)**	**1.6**	**3.6**	**4.0**

1. This scenario does not have a trough as HPI is forecast to increase across all future periods.

Significant increases in credit risk, forbearance and contract modifications

The Group monitors all financial instruments that are subject to credit risk to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase then the Group measures the loss allowance based on a lifetime rather than a 12-month ECL.

The Group uses qualitative and quantitative criteria including:

- A loan becoming 30 days or more past due,
- Certain qualitative indicators, such as those used in the servicing of the loan which indicate increased credit risk,
- Increases in internal risk scores on certain portfolio accounts,
- External credit bureau data signifying increases in credit risk for a customer,
- There is an increase in the lifetime PD of the loan since origination which is judged to be significant, and
- Loans which exhibit certain indicators of increased credit risk, such as forborne accounts as described below, or specific accounts where stage overrides are made on a specific case basis.

The Group offers forbearance to assist customers who are experiencing financial distress and considers an account as forborne at the time a customer in financial difficulty is granted a concession. For accounting purposes, any gains or losses arising upon granting forbearance are usually not material because losses are already included in ECLs. Subsequently, the Group may determine after a probationary period that a restructuring has significantly improved credit risk such the asset is moved back to stage 1.

8. Loans and advances to customers (continued)

Loss allowance

The following tables analyse the movement of the loss allowance during the periods ended 31 December 2024 and 31 December 2023.

	Six months ended 31 December 2024			
Loss allowance	**Stage 1**	**Stage 2**	**Stage 3 and POCI**	**Total**
Balance at beginning of period	**(10.4)**	**(24.6)**	**(111.4)**	**(146.4)**
Transfer to a 12-month ECL	**(3.1)**	**3.1**	**–**	**–**
Transfer to a lifetime ECL not credit impaired	**3.2**	**(4.0)**	**0.8**	**–**
Transfer to a lifetime ECL credit impaired	**0.1**	**9.9**	**(10.0)**	**–**
Changes due to stage movement	**2.4**	**(5.7)**	**(8.2)**	**(11.5)**
Other changes in credit risk during the period	**(3.2)**	**(5.6)**	**(14.8)**	**(23.6)**
Impairment of interest income on stage 3 loans	**–**	**–**	**(9.3)**	**(9.3)**
New financial assets originated[1]	**(1.8)**	**(0.8)**	**(0.3)**	**(2.9)**
Financial assets derecognised	**2.2**	**2.3**	**8.0**	**12.5**
Changes in models and risk parameters	**0.6**	**(1.1)**	**2.7**	**2.2**
Impairment losses for the period charged to income statement	**0.4**	**(1.9)**	**(31.1)**	**(32.6)**
Discounting release	**–**	**–**	**9.3**	**9.3**
Write-offs net of recoveries	**–**	**–**	**2.4**	**2.4**
Balance at end of period	**(10.0)**	**(26.5)**	**(130.8)**	**(167.3)**

	Six months ended 31 December 2023			
Loss allowance	Stage 1	Stage 2	Stage 3 and POCI	Total
Balance at beginning of period	(17.6)	(30.6)	(61.6)	(109.8)
Transfer to a 12-month ECL	(1.9)	1.9	–	–
Transfer to a lifetime ECL not credit impaired	1.7	(1.9)	0.2	–
Transfer to a lifetime ECL credit impaired	–	4.6	(4.6)	–
Changes due to stage movement	3.3	(3.0)	(11.2)	(10.9)
Other changes in credit risk during the period	(3.0)	(9.0)	(16.9)	(28.9)
Impairment of interest income on stage 3 loans	–	–	(6.7)	(6.7)
New financial assets originated[2]	(2.2)	(1.5)	(0.3)	(4.0)
Financial assets derecognised	2.5	4.5	7.5	14.5
Changes in models and risk parameters	1.6	8.2	1.4	11.2
Impairment losses for the period charged to income	2.0	3.8	(30.6)	(24.8)
Discounting release	–	–	6.7	6.7
Write-offs net of recoveries	–	–	1.2	1.2
Balance at end of period	(15.6)	(26.8)	(84.3)	(126.7)

[1] All new originations are in stage 1, stage 2, and POCI. The table above show items originating in stage 1, which have moved to stage 2 or 3 during the period.

The loss allowance has increased by £20.9m to £167.3m in the six-month period ending 31 December 2024 (31 December 2023: £126.7m; 30 June 2024: £146.4m). This net movement in loss allowance comprises a range of drivers, with the principal being:

- Changes to post model adjustments as a result of identifying potential further risk on accounts not fully captured by the ECL model where additional coverage was deemed appropriate, has driven £5.5m of the increase in the ECL provision this period (31 December 2023: £1.8m decrease), presented within the “other changes in credit risk during the period” row.
- Changes in models and risk parameters resulted in a release of £2.2m (31 December 2023: £11.2m). The main drivers of this change were updates to macroeconomic data based on latest actuals and forecasts, as well as updates to model parameters.
- Allowances recognised on newly originated loans resulted in an increase of £2.9m (31 December 2023: £4.0m) due to the forward-looking nature of ECLs, where all loans have some allowance from origination, although generally at lower levels of coverage.
- The impairment of interest income recognised on stage 3 loans of £9.3m (31 December 2023: £6.7m) was offset by the unwinding of discounting on expected cash flows of the same amount.

8. Loans and advances to customers (continued)

Loss allowance (continued)

- The remaining net £14.6m increase (31 December 2023: £25.9m increase) comprises increases in ECL during the life of loans offset by releases on loans which redeem and where allowances are released. This has been driven by higher arrears levels, changes to probabilities of default assigned to the loans and changes to valuations as a result of indexation and individual revaluations.

Impairment losses for the period

	Three months ended		Six months ended	
	31 December 2024	**31 December 2023**	**31 December 2024**	31 December 2023
Movements in impairment allowance, charged to income	**16.5**	12.2	**32.6**	24.8
Amounts released from deferred income	**(0.6)**	–	**(1.1)**	–
Write-offs net of recoveries	**(0.1)**	–	**(1.0)**	(0.2)
Charged to the income statement	**15.8**	12.2	**30.5**	24.6

Impairment losses for the 6-month period increased to £30.5m (31 December 2023: £24.6m) and increased to £15.8m in the 3 month period (31 December 2023: £12.2m). Some of the key drivers of the 6 month period charge are:

- Maintaining the coverage on a growing loan book contributed £9.7m (31 December 2023: £16.0m) to the charge due to the changes in gross loans and advances to customers in the balance sheet of £7.3m (31 December 2023: £14.8m), in addition to replacing balance sheet coverage utilised by write-offs of £2.4m (31 December 2023: £1.2m).
- Impairment of interest charged on certain stage 3 loans of £9.3m (31 December 2023: £6.7m) as described above, which also acts to maintain the levels of coverage on the book.
- Increasing the post model adjustments as described above, has contributed a further £5.5m charge (31 December 2023: £1.8m release) for the period.

Gross loans and advances movements

The following tables set out changes in the gross carrying amount of loans and advances to customers that contributed to the changes in the loss allowance:

	Six months ended 31 December 2024			
Movements in gross carrying amounts	**Stage 1**	**Stage 2**	**Stage 3 and POCI**	**Total**
Balance at beginning of period	**5,768.7**	**1,057.3**	**684.3**	**7,510.3**
Transfer to a 12-month ECL	**409.4**	**(409.4)**	**–**	**–**
Transfer to a lifetime ECL not credit impaired	**(823.0)**	**868.2**	**(45.2)**	**–**
Transfer to a lifetime ECL credit impaired	**(10.0)**	**(252.1)**	**262.1**	**–**
New financial assets originated[1]	**1,572.7**	**7.9**	**2.0**	**1,582.6**
Financial assets derecognised including write-offs	**(990.3)**	**(106.1)**	**(112.1)**	**(1,208.5)**
Balance at end of period	**5,927.5**	**1,165.8**	**791.1**	**7,884.4**

	Six months ended 31 December 2023			
Movements in gross carrying amounts	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	4,575.2	1,459.6	485.2	6,520.0
Transfer to a 12-month ECL	808.4	(808.4)	–	–
Transfer to a lifetime ECL not credit impaired	(747.0)	772.2	(25.2)	–
Transfer to a lifetime ECL credit impaired	(7.9)	(199.7)	207.6	–
New financial assets originated[1]	1,208.5	24.3	1.2	1,234.0
Financial assets derecognised including write-offs	(550.3)	(186.4)	(95.7)	(832.4)
Balance at end of period	5,286.9	1,061.6	573.1	6,921.6

[1] All new originations are in stage 1, stage 2 and POCI.

8. Loans and advances to customers (continued)

Significant accounting estimates

Key areas of estimation uncertainty in the ECL models are the macroeconomic scenarios used, and the calculations of loss given default and probability of default. The sensitivities below were performed by recalculating the impairment allowance by changing only those assumptions stated, and with all other variables unchanged. The impact of PMAs is not included in the analysis below.

Macroeconomic scenarios

In June 2024, the Group moved from using six scenarios to using four scenarios, now that macroeconomic uncertainty has somewhat reduced, with one upside and two downside scenarios being deemed to be sufficient coverage of different macroeconomic outlooks. The following table shows unweighted ECL when 100% probability was applied to each scenario as at 31 December 2024, 31 December 2023 and 30 June 2024.

	31 December 2024	
	Probability of the scenario	**Unweighted ECL**
Upside	**15%**	**117.4**
Base case	**60%**	**144.6**
Downside	**15%**	**227.6**
Severe downside	**10%**	**287.5**
Weighted average		**167.3**

	31 December 2023	
	Probability of the scenario	Unweighted ECL
Upside	10%	72.3
Mild upside	10%	84.7
Base case	50%	111.3
Stagnation	10%	153.5
Downside	10%	176.3
Severe downside	10%	223.1
Weighted average		126.7

	30 June 2024	
	Probability of the scenario	Unweighted ECL
Upside	15%	99.7
Base case	60%	125.2
Downside	15%	203.3
Severe downside	10%	258.1
Weighted average		146.4

The mild upside scenario at 31 December 2023 has been renamed as the upside scenario at 31 December 2024 and 30 June 2024 now that there is only one upside scenario.

Utilising multiple economic scenarios reflects the non-linearity of the forward-looking ECL approach. Sensitivities can be derived from this table by applying different combinations of probabilities to the unweighted ECLs and comparing these with the weighted average which is the amount recorded within the statement of financial position.

Loss given default

The LGD model uses current security values and forecast HPI assumptions to project property values for each of the economic scenarios. An immediate and sustained 10% reduction in forecast house prices applied in each scenario (ie a 10% cut applied to the index in each forecast future period) would result in an increase in the impairment allowance of £27.7m at 31 December 2024 (31 December 2023: £22.6m; 30 June 2024: £25.5m); conversely, a 10% increase would result in a decrease in the impairment allowance of £21.4m at 31 December 2024 (31 December 2023: £17.9m; 30 June 2024: £19.6m).

Probability of default and probability of repossession given default

A 10% relative worsening of both PDs and PPGDs simultaneously (e.g. a 1.0% PD increasing to 1.1%) would increase the total impairment allowance by £7.2m at 31 December 2024 (31 December 2023: £6.2m; 30 June 2024: £5.9m). A 10% relative improvement of both PDs and PPGDs simultaneously (e.g. a 1.0% PD decreasing to 0.9%) would result in a decrease in the impairment allowance by £7.0m at 31 December 2024 (31 December 2023: £5.8m; 30 June 2024: £5.6m).

8. Loans and advances to customers (continued)

Significant accounting judgements

Key areas of judgement in the ECL models include judgements about which loans have been subject to a significant increase in credit risk since initial recognition and therefore should be classified as stage 2, with a resultant loss allowance based on a lifetime rather than a 12-month ECL.

The sensitivity below was performed by recalculating the impairment allowance by changing only the item stated, and with all other variables unchanged.

	Increase in allowance		
Sensitivities	**31 December 2024**	31 December 2023	30 June 2024
Measure all loans in stage 1 using a lifetime ECL	**23.2**	23.3	20.2

9. Borrowings

	31 December 2024	31 December 2023	30 June 2024
Loan notes	**5,895.2**	4,939.2	5,564.7
Subordinated shareholder loans	**23.9**	34.8	22.8
Lease liabilities	**27.9**	28.8	28.4
	5,947.0	5,002.8	5,615.9
Senior secured notes	**950.0**	1,055.0	950.0
Fair value adjustment due to hedging on senior secured notes	**1.8**	–	2.7
	951.8	1,055.0	952.7
Debt-issue costs	**(22.0)**	(21.4)	(25.3)
Total borrowings	**6,876.8**	6,036.4	6,543.3

Of which:

Due within 12 months	**840.3**	583.0	660.6
Due after 12 months	**6,036.5**	5,453.4	5,882.7
	6,876.8	6,036.4	6,543.3

Loan notes have the following features:

Loan facility	Established	Securitisation type	Facility type	Facility size* (£m)	Maturity or call date
ADALO ABS	2024	Private funding	Revolving	150.0	Mar 2028
Brooks ABS	2021	Private funding	Amortising	65.2	Mar 2028
Charles Street ABS 2	2022	Private funding	Revolving	1,251.5	Mar 2026
Delta ABS 2	2019	Private funding	Revolving	600.0	Dec 2028
Highfield ABS	2018	Private funding	Revolving	725.0	Dec 2027
Lakeside ABS	2015	Private funding	Revolving	1,000.0	Nov 2028
Together ABS 5	2021	Public securitisation	Amortising	113.8	Oct 2025
Together ABS 6	2022	Public securitisation	Amortising	164.1	May 2026
Together ABS 7	2022	Public securitisation	Amortising	255.9	Jun 2026
Together ABS 8	2023	Public securitisation	Amortising	292.0	Apr 2027
Together ABS 9	2023	Public securitisation	Amortising	323.7	Sep 2027
Together ABS 10	2024	Public securitisation	Amortising	213.3	Jan 2028
Together ABS 11	2024	Public securitisation	Amortising	247.4	May 2028
Together ABS 12	2024	Public securitisation	Amortising	391.2	Sep 2028
Together CRE1	2021	Public securitisation	Amortising	94.5	Feb 2025
Together CRE2	2021	Public securitisation	Amortising	123.2	Feb 2026
Together CRE3	2022	Public securitisation	Amortising	241.2	Oct 2026
Together CRE4	2023	Public securitisation	Amortising	311.1	Nov 2027

*Facility size refers to the total available facility size in the case of revolving facilities, whilst amortising facilities represent the actual external funding as at the period end.

9. Borrowings (continued)

In the case of the amortising facilities, the maturity date shown is the date of the option to call the facility and the facility size is shown as the amortised position at the balance sheet date. The maturity dates for revolving facilities include an amortisation period covering one year prior to the maturity date, except for Lakeside ABS which has no amortisation period.

The maturity date on the undrawn revolving credit facility (RCF) is September 2026 with a total facility size of £138.3m.

The senior secured notes are initially measured at fair value, and subsequently measured at amortised cost, however they are subject to a fair value adjustment, for the hedged risk only, due to the adoption of fair value hedge accounting with respect to the interest rate swap of the bond. Accordingly, whilst the carrying value of the bond is £950.0m at the end of the quarter, this is subject to a fair value adjustment relating to the hedged risk of £1.8m, resulting in a closing balance of £951.8m at period-end. Senior secured notes of £500.0m are due in January 2027 and the remaining £451.8m due in April 2030.

Subordinated shareholder loans were originally issued on 2 November 2016. They are interest-free loans totalling £68.1m, which comprised £25.1m due in 2027, after maturity extensions, and £43.0m due in 2036. In the prior year, the subordinated loans to a related party, Bracken Midco2 Limited, totalling £25.1m had their maturity extended from September 2027 to November 2036. This resulted in the accounting derecognition of the loans due in 2027, and a recognition of the loans of the same nominal value due in 2036, recognised at a new fair value.

The difference between the total nominal value of £68.1m and the initial fair values on origination or extension of £15.4m represents a cumulative non-distributable capital contribution of £52.7m, £8.4m of which has amortised by 31 December 2024 (31 December 2023: £14.7m, 30 June 2024: £7.4m). The remainder of the reserve will be amortised over the life of the instruments.

The Group has undertaken the following refinancing activity since the year ended 30 June 2024:

- In August 2024, the Group was able to successfully refinance its DABS facility, securing an additional £200m, resulting in a total facility size of £600m and extending the maturity date to December 2028.
- In September 2024, the Group issued a further RMBS facility, Together Asset Backed Securitisation 2024 – 1ST2 PLC (TABS 12) raising £429m of external funding.
- In November 2024, the Group refinanced its LABS facility securing an additional £175.0m, resulting in a total facility size of £1,000.0m and extending the maturity date to November 2028.

The Group has undertaken the following refinancing activity since the period ended 31 December 2024:

- In January 2025, the Group separated and upsized its £1,250m CABS2 facility into two revolving warehouse facilities totalling £1,587m; Kingsway Asset Backed Securitisation with a facility size of £1,200m and Wilmslow Asset Backed Securitisation with a facility size of £387m and extending the maturity dates for both to December 2029.
- In February 2025, the Group issued an RMBS, Together Asset Backed Securitisation 2025 - 2ND 1 PLC (TABS 13), raising £276.8m.

Debt-issue costs, which consist of the prepaid fees in relation to the RCF, loan notes and the senior secured notes, are deducted from the loan carrying amounts and charged to interest expense over the expected term of the facility or notes as appropriate.

9. Borrowings (continued)

Borrowings have the following maturities:

As at 31 December 2024	<1 year	1-2 years	2-5 years	>5 years	Total
Loan notes	**842.4**	**2,053.5**	**2,999.3**	**–**	**5,895.2**
Senior secured notes	**–**	**–**	**500.0**	**451.8**	**951.8**
Subordinated shareholder loans	**–**	**–**	**–**	**23.9**	**23.9**
Lease liabilities	**1.1**	**1.1**	**2.5**	**23.2**	**27.9**
	843.5	**2,054.6**	**3,501.8**	**498.9**	**6,898.8**
Debt-issue costs	**(3.2)**	**(4.8)**	**(9.9)**	**(4.1)**	**(22.0)**
	840.3	**2,049.8**	**3,491.9**	**494.8**	**6,876.8**

As at 31 December 2023	<1 year	1-2 years	2-5 years	>5 years	Total
Loan notes	584.4	454.6	3,900.2	–	4,939.2
Senior secured notes	–	–	1,055.0	–	1,055.0
Subordinated shareholder loans	–	–	20.1	14.7	34.8
Lease liabilities	1.1	1.0	2.5	24.2	28.8
	585.5	455.6	4,977.8	38.9	6,057.8
Debt-issue costs	(2.5)	(2.3)	(16.6)	–	(21.4)
	583.0	453.3	4,961.2	38.9	6,036.4

As at 30 June 2024	<1 year	1-2 years	2-5 years	>5 years	Total
Loan notes	662.5	3,156.9	1,745.3	–	5,564.7
Senior secured notes	–	–	500.0	452.7	952.7
Subordinated shareholder loans	–	–	–	22.8	22.8
Lease liabilities	1.2	1.1	2.5	23.6	28.4
	663.7	3,158.0	2,247.8	499.1	6,568.6
Debt-issue costs	(3.1)	(6.0)	(13.7)	(2.5)	(25.3)
	660.6	3,152.0	2,234.1	496.6	6,543.3

10. Provisions and contingent liabilities

Provisions

	Six months ended	
	31 December 2024	31 December 2023
Balance at beginning of period	**3.2**	7.2
Charge for the period	**0.3**	–
Provisions utilised	**(0.7)**	(2.7)
Balance at end of period	**2.8**	4.5

As at 31 December 2024, the Group has recognised provisions of £2.8m (31 December 2023: £4.5m, 30 June 2024: £3.2m). Estimating the amount of provisions requires the exercising of judgement, with the amounts representing the best estimate of the amount required to settle or transfer the obligation at the reporting date.

As a financial services company, the Group is required to comply with relevant legislation, and has processes in place to meet these standards and to manage any legal claims against the Group. Where such claims are received, the Group will investigate the facts and circumstances and will defend claims without merit.

Provisions substantially represents a provision for such legal claims, which includes both legal claims already received but not yet concluded, and an expectation for future claims which are yet to be received, but relate to events which are judged to have already occurred, and the anticipated costs of undertaking these processes for claims which are received by the Group.

Contingent liabilities – fixed and floating charges

As at 31 December 2024, the Group's assets were subject to a fixed and floating charge in respect of £950.0m senior secured notes (31 December 2023: £1,055m, 30 June 2024: £950.0m).

11. Financial instruments and fair values

The Group measures fair values using the following hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Measurements derived from observable data, such as market prices or rates;

Level 3: Measurements relying on significant inputs not based on observable market data.

Financial instruments measured at fair value

The following table analyses the fair values as at the period end of financial instruments measured at fair value, analysed into different levels according to the degree to which they are based on observable inputs:

31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying value**
Derivative assets/(liabilities) held for risk management – Interest-rate risk					
Derivative assets	**–**	**11.8**	**–**	**11.8**	**11.8**
Derivative liabilities	**–**	**(2.4)**	**–**	**(2.4)**	**(2.4)**

31 December 2023	Level 1	Level 2	Level 3	Fair value	Carrying value
Derivative assets/(liabilities) held for risk management – Interest-rate risk					
Derivative assets	–	14.9	–	14.9	14.9
Derivative liabilities	–	(18.8)	–	(18.8)	(18.8)

30 June 2024	Level 1	Level 2	Level 3	Fair value	Carrying value
Derivative assets/(liabilities) held for risk management – Interest-rate risk					
Derivative assets	–	15.6	–	15.6	15.6
Derivative liabilities	–	(4.4)	–	(4.4)	(4.4)

Financial instruments not measured at fair value

All the Group's other financial assets and liabilities are held at amortised cost. The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The following table analyses the fair values of loans and advances and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying value**
Financial assets					
Loans and advances to customers	**–**	**–**	**7,684.2**	**7,684.2**	**7,717.2**
Financial liabilities					
Borrowings	**950.4**	**2,771.4**	**3,166.9**	**6,888.7**	**6,876.8**

31 December 2023	Level 1	Level 2	Level 3	Fair value	Carrying Value
Financial assets					
Loans and advances to customers	–	–	6,735.6	6,735.6	6,794.9
Financial liabilities					
Borrowings	996.3	2,571.2	2,422.1	5,989.6	6,036.4

11. Financial instruments and fair values (continued)

Financial instruments not measured at fair value (continued)

30 June 2024	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	–	–	7,347.6	7,347.6	7,363.9
Financial liabilities					
Borrowings	936.3	2,755.2	2,852.5	6,544.0	6,543.3

The fair value of loans and advances to customers is based on future interest cash flows (at current customer rates) and principal cash flows discounted using the rate at which we most recently advanced similar loans (at market rate). This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets. Forecast principal repayments are based on redemption at maturity with an overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour. A further adjustment is made to reflect expected credit losses over the life of each loan.

For borrowings, the fair value of senior secured notes is considered to be level 1, reflecting quoted prices. The fair value of the £500.0m SSNs 2027 is lower than the carrying value as the notes are trading at a discount to their par value as at 31 December 2024. The fair value of the £450.0m SSN 2030 is higher than the carrying value as the notes are trading at a premium to their par value as at 31 December 2024.

The fair value of loan notes issued by private securitisations is estimated to be the carrying value because the notes track a floating rate of interest but where the margins payable are observable inputs only when they are issued or refinanced. These notes are classified as level 3 with publicly issued residential mortgage-backed securities classified as level 2. The revolving credit facility is classified as level 2 given this is a private facility without quoted market prices.

Subordinated shareholder loans and lease liabilities are also classified as level 3. Market prices are not available for these loans and so fair value has been estimated by discounting the related expected future cash flows. As market rates are not observable for these loans, management has derived discount rates by reference to other arm's length transactions with investors, making allowance for the tenor and seniority of the loans.

12. Notes to the cash flow statement

	Three months ended		Six months ended	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Adjustments for non-cash items in profit after tax:				
Interest payable	**116.9**	97.8	**233.9**	191.8
Impairment losses	**15.8**	12.2	**30.5**	24.6
Taxation	**11.6**	11.0	**23.5**	22.1
Provisions for liabilities and charges	**0.3**	–	**0.3**	–
Depreciation and amortisation	**2.2**	1.7	**4.5**	2.8
Net (gains)/losses on financial instruments	**(0.4)**	5.7	**0.9**	9.2
Gain on disposal of fixed assets	**–**	–	**–**	(0.1)
	146.4	128.4	**293.6**	250.4
Changes in operating assets and liabilities				
Increase in loans and advances to customers	**(151.6)**	(196.8)	**(383.8)**	(409.2)
(Increase)/decrease in other operating assets	**(9.9)**	3.2	**(8.0)**	(1.5)
Increase/(decrease) in other operating liabilities	**10.1**	(5.5)	**14.4**	4.3
	(151.4)	(199.1)	**(377.4)**	(406.4)
Additional information on cash flows from operating activities				
Interest income receipts	**186.4**	**163.5**	**362.8**	**318.7**

13. Related party transactions

Relationships

The Company has the following related parties:

a) Controlling party

All the voting shares of Together Financial Services Limited are controlled by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited, which is ultimately controlled by HN Moser, a director of Together Financial Services Limited.

Besides the companies owned by Redhill Famco Limited, other entities owned by HN Moser are deemed to be related parties and during the period or prior period transacted with the Company's subsidiaries as follows:

Entity	Nature of transactions
Bracken House Properties LLP	The Group pays operating lease and insurance costs to Bracken House Properties LLP for its provision of the Group's head office property.
Charles Street Commercial Investments Limited, Charles Street Capital Limited, and Charles Street Finance Holdings Limited	The Group refers borrowers outside its lending criteria to Charles Street Commercial Investments Limited, Charles Street Capital Limited, and Charles Street Finance Holdings Limited. The Group also performs underwriting, collection and arrears-management activities for these loans. The Group manages accounts payable on behalf of the companies and provides accounting and treasury services for which it receives a fee. In addition, in December 2024, the Group sold, at book value, loans to Charles Street Commercial Investments Limited, totalling £9.3m.
Sterling Property Co. Limited	Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group. These services solely relate to properties repossessed prior to the current period. The Group also pays Sterling Property Co. Limited for the rental of additional office space.
Sunnywood Estates Limited	The Group provided loans with interest charged at 5% per annum, secured on certain assets of Sunnywood Estates Limited which was redeemed during the prior year. The Group also managed accounts payable on behalf of Sunnywood Estates Limited.

Balances due to or from the above entities are interest-free and repayable on demand, unless otherwise stated.

b) Parent companies

The Group transacted with the following parent company ultimately controlled owned by HN Moser:

Entity	Nature of transactions
Bracken Midco2 Limited	In November 2016 the Company received subordinated funding from Bracken Midco2 Limited. The subordinated loans are interest-free and for fixed terms, as set out in Note 9. The difference between the loans' maturity amounts and their fair values represents a capital contribution to the Group which is being amortised through income over the life of each loan. The Group pays dividends to its parent company Bracken Midco2 Limited.

c) Subsidiaries

The Company utilises its bank and subordinated shareholder funding, and bonds raised by a subsidiary company, to provide treasury funding to its lending subsidiaries. Interest is recharged among Group companies based on the Group's external cost of borrowings and the risk of the assets funded. The cost of equity funding is not charged. All amounts are repayable on demand.

d) Key management personnel

Key management personnel comprise directors of the Group. There are no transactions with directors other than the director's loan of £0.5m at 31 December 2024 (31 December 2023: £0.4m, 30 June 2024: £0.4m), which is included within Other assets and remuneration in the ordinary course of business.

13. Related party transactions (continued)

Relationships (continued)

Transactions

The Group had the following transactions with related parties during the three month period:

	Three months ended			
	31 December 2024		31 December 2023	
Group	**Charge to income or equity**	**Paid/(received)**	Charge to income or equity	Paid/(received)
Lease and insurance costs	**0.6**	**0.6**	0.5	0.5
Accounts payable transactions	**–**	**(0.1)**	–	–
Sale of loans and advances with customers to related parties[1]	**–**	**(9.3)**	–	–
Net settlement of treasury funding	**–**	**(0.5)**	–	(0.5)
Related parties of HN Moser	**0.6**	**(9.3)**	0.5	–
Interest expense	**0.5**	**–**	0.6	–
Dividends paid	**33.0**	**33.0**	32.8	32.8
Parent companies	**33.5**	**33.0**	33.4	32.8
Total related parties	**34.1**	**33.0**	33.9	32.8

The Group had the following transactions with related parties for the six month period:

	Six months ended			
	31 December 2024		31 December 2023	
Group	**Charge to income or equity**	**Paid/(received)**	Charge to income or equity	Paid/(received)
Lease and insurance costs	**1.1**	**1.1**	0.5	0.5
Accounts payable transactions	**–**	**0.9**	–	0.2
Sale of loans and advances with customers to related parties[1]	**–**	**(9.3)**	–	–
Net settlement of treasury funding	**–**	**(0.1)**	–	(0.3)
Related parties of HN Moser	**1.1**	**(7.4)**	0.5	0.4
Interest expense	**1.0**	**–**	1.2	–
Dividends paid	**33.0**	**33.0**	32.8	32.8
Parent companies	**34.0**	**33.0**	34.0	32.8
Total related parties	**35.1**	**25.6**	34.5	33.2

[1] In December 2024, the Group sold loans to Charles Street Commercial Investments Limited at book value, totalling £9.3m.

The Group declared and paid £33.0m of interim dividends in the three- and six-month period ended 31 December 2024 (31 December 2023: £32.8m). Amounts owed by related parties includes other assets of £3.2m (31 December 2023: £1.3m, 30 June 2024: £2.2m).

14. Commitments

The Group has commitments to extend credit which are not recorded on the balance sheet. This includes both the undrawn element of existing facilities and new commitments to lend.

At 31 December 2024, the Group had undrawn commitments to lend of £141.9m (31 December 2023: £105.1m, 30 June 2024: £130.1m). These relate mostly to lines of credit granted to existing customers for property development. The amounts do not represent the amounts at risk at the reporting date but the amounts that would be at risk should the facilities be fully drawn upon and should the customer default.

The ECL on the undrawn elements of existing facilities is included within the total ECL held within net loans and advances to customers. The ECL on new pipeline lending commitments is £0.2m at 31 December 2024 (31 December 2023: £0.2m and 30 June 2024: £0.2m) and is classified within other liabilities.

15. Events after the reporting date

In January 2025, the Group separated and upsized its £1,250m CABS 2 facility into two revolving warehouse facilities totalling £1,587m; Kingsway Asset Backed Securitisation with a facility size of £1,200m and Wilmslow Asset Backed Securitisation with a facility size of £387m and extending the maturity dates for both to December 2029.

In February 2025, the Group issued an RMBS, Together Asset Backed Securitisation 2025 - 2ND 1 PLC (TABS 13), raising £276.8m.