

7 July 2022



Time Finance plc
("Time Finance", the "Group" or the "Company")

Trading Update and Notice of Final Results

Continued successful implementation of Strategic plan with Own-Book Lending Portfolio up 19%, Own-Book Deal Origination up 36%, Net Arrears fallen by over 35%, and Net Tangible Assets of over £30m

Time Finance plc, the AIM listed specialist finance provider is pleased to announce the following trading update ahead of the publication of its audited final results for the financial year ended 31 May 2022, which are scheduled to be announced on 22 September 2022.

Unaudited trading results for the year demonstrate significant progress towards delivering the Board's medium-term strategy to significantly increase own-book deal origination and its commercial lending and plans for the divestment of the Group's non-core, consumer focussed brokerage businesses are well progressed.

Highlights¹

- Own-book gross lending portfolio at 31 May 2022 of £137.8m (31 May 2021: £115.7m), an increase of 19%
- Net Tangible Assets of £30.5m at 31 May 2022 (31 May 2021: £28.4m), an increase of 7%
- Nil deals in forbearance at 31 May 2022 (31 May 2021: £0.8m)
- Net deals in arrears² of £7.8m at 31 May 2022 (31 May 2021: £12.2m), a decrease of 36%
- Good visibility on future earnings with unearned income of £16.8m (2021: £14.9m), an increase of 13%
- Core lending: Own-Book deal origination for the year of £64.4m (2021: £47.3m), an increase of 36%
- Revenue for the year of £23.6 million (2021: £24.2m), a decrease of 2%
- Profit Before Tax, Exceptional Items, Share Based payments and Goodwill write-off ("PBTE") of £3.0m (2021: £3.1m), a decrease of 3%
- Profit Before Tax of £1.1m (2021: £2.0m), a decrease of 45%, reflecting the goodwill write-off of a non-core brokerage and restructuring costs in streamlining the business
- Supportive, long-term funding partners with unused lending headroom in excess of £60m at year-end

Strategy

Time Finance's strategy is to provide the finance which UK SMEs require to grow their businesses, with a clear focus on lending on the Group's own balance sheet. The Group has a highly distinctive product offering, making it a truly multi-product funding provider to UK SMEs. The Group is also able to operate a "hybrid" lending and broking model for commercial deals which may occasionally fall outside its usual credit criteria or where the margins are too slim. At the same time, the Group has been looking to divest its non-core, broked-on consumer businesses.

The financial year ended 31 May 2022 has seen the Group pull back from its non-core brokerage businesses which have continued to be significantly impacted by the effects of the COVID pandemic, while it remains focussed on growing the commercial lending book in a safe and secure manner. As a result, the lending book is 18% larger than as at 31 May 2021, while the volume of deals originated for own-book lending is 36% higher than the prior year. Importantly, a large part of this growth was achieved during the final quarter of the financial year, indicating that the Group's re-focused strategy is becoming embedded and is setting the business up on a solid footing for the current financial period and beyond. This in turn provides management with a degree of optimism as we begin the new financial year in terms of both repeat and future revenue streams.

¹ Unaudited

² Net deal in arrears include all deals in arrears aside from "Technical" arrears, namely those less than 30 days in arrears

In line with the Group's re-focused strategy, the decision has been made to close the non-core, second-hand vehicle brokerage business. Despite concerted efforts, the business remained loss making throughout the period since the start of the COVID pandemic and was not showing any indications of returning to its pre-COVID business levels, depressing consolidated profits in the financial year by c£0.3m with the dampening effect likely to continue. The decision to close the business has resulted in an exceptional, one-off accounting adjustment to write-off c£1m of goodwill associated with the original acquisition. However, it also eliminates further ongoing losses being incurred, enables more management time to be focused on the profitable parts of the business and provides greater clarity of funding proposition coming into the new financial year.

The Board also took the decision in early 2022 to streamline the Group's management structure and reposition the team for own-book growth, with the objective of removing infrastructure costs required for the non-core consumer brokerages. This resulted in a one-off exceptional cost of c£0.7m and a corresponding reduction in staff costs moving forward.

Ed Rimmer, Chief Executive Officer, commented:

"The Results for the year ended 31 May 2022 mark a significant first step on the Group's journey to enacting the new strategy first announced in June of 2021. The results, while satisfactory, reflect the organic growth we anticipated in relation to the commercial own-book lending but are impacted by the continued underperformance of the non-core consumer brokerages and wider macro-economic headwinds that have buffeted the UK economy over the past six months. The changes made, combined with our renewed focus on own-book lending, mean that the Group is now better placed to benefit from further organic growth and we look forward to building value for our shareholders in the near-term."

The Company will deliver a live presentation relating to this trading update via the Investor Meet Company platform at 11am BST today. Existing and potential shareholders can sign up to Investor Meet Company for free and add to meet Time Finance plc via: <https://www.investormeetcompany.com/time-finance-plc/register-investor>

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About Time Finance:

Time Finance's core strategy is to focus on providing or arranging the finance UK SMEs require to fund their businesses. It offers a multi-product range for SMEs including asset, vehicle, loan and invoice finance. While primarily an 'own-book' lender the Group does operate a 'hybrid' lending and broking model enabling it to optimize business levels through market and economic cycles.

More information is available on the Company website www.timefinance.com.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.