# Time Finance plc
# Final Results Presentation

Year ended 31 May 2021

September 2021

# Disclaimer

This presentation ("Presentation") has been prepared by Time Finance plc (the "Company") and is confidential and is only directed at persons who fall within the exemptions contained in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (such as persons who are authorised or exempt persons within the meaning of the Financial Services and Markets Act 2000 and certain other investment professionals, high net worth companies, unincorporated associations or partnerships and the trustees of high value trusts) and persons who are otherwise permitted by law to receive it.

This Presentation is directed only at persons having professional experience in matters relating to investments and any investment or investment activity to which this Presentation relates is only available to such persons. Persons of any other description, including those who do not have professional experience in matters relating to investments, should not rely on this Presentation or act upon its contents. This Presentation does not constitute or form part of any offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied upon in connection with any contract or commitment whatsoever. Any decision in connection with any proposed purchase of shares in the Company must be made solely on the basis of the information contained in the admission document to be published by the Company. While all reasonable care has been taken to ensure that the facts stated in this Presentation are accurate and that any forecasts, opinions and expectations contained herein are fair and reasonable, this Presentation has not been verified and no reliance whatsoever should be placed on them. Accordingly, no representation or warranty express or implied is made to the fairness, accuracy, completeness or correctness of this Presentation or the opinions contained herein and each recipient of this Presentation must make its own investigation and assessment of the matters contained herein. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given, and no responsibility or liability is accepted, as to the achievement or reasonableness of any future projections or the assumptions underlying them, or any forecasts, estimates, or statements as to prospects contained or referred to in this Presentation. Save in the case of fraud, no responsibility or liability whatsoever is accepted by any person for any loss howsoever arising from any use of, or in connection with, this Presentation or its contents or otherwise arising in connection therewith. In issuing this Presentation, the Company does not undertake any obligation to update or to correct any inaccuracies which may become apparent in this Presentation.

This Presentation is being supplied to you for your own information and may not be distributed, published, reproduced or otherwise made available to any other person, in whole or in part, for any purposes whatsoever. In particular, this Presentation should not be distributed to or otherwise made available to persons with addresses in Canada, Australia, Japan, the Republic of Ireland, South Africa or the United States, its territories or possessions or in any other country outside the United Kingdom where such distribution or availability may lead to a breach of any law or regulatory requirements.

# The Presenters

## Ed Rimmer, CEO

Ed has worked within commercial finance for over 20 years holding many senior roles including UK CEO of Bibby Financial Services. Ed has been involved with Time since 2017 having held a variety of roles including Managing Director of the Invoice Finance Division and, more latterly, Group COO before becoming Group CEO in 2021.

## James Roberts, CFO

A qualified accountant with PwC having worked in financial services for over 20 years. James has held leadership positions with several AIM listed companies and has significant experience in mergers and acquisitions within fast-paced, growing businesses. James joined Time Finance as its CFO in 2017.

# Who we are and what we do

Time Finance plc is an AIM-listed business committed to ensuring that UK small businesses and their owners can access a multi-product range of funding solutions to support their growth plans. In summary:

### Alternative Finance Provider

We are a non-Bank Alternative Finance provider

### Supporting UK SMEs

Helping UK SMEs to access the finance they need for growth

### Lending on our own-book

Focused primarily on own-book lending from our own balance sheet

### Flexibility to broke on deals

Where appropriate, we have the flexibility to broke-on deals that don't fit with our criteria

### Multi Product portfolio

Offering Asset Finance, Invoice Finance, Loan Finance and Vehicle Finance

# Our four trading divisions

## Asset Finance

- Soft and Hard Assets (own book & broked on)
- Introduction channels: finance brokers, equipment suppliers/manufacturers & existing clients
- Deal size: £5k to £250k
- “Sweet Spot”: c£10k Soft asset; c£50k Hard asset
- Typical yield: 9-18%
- Funding: Wholesale block funders

## Invoice Finance

- Disclosed and Confidential
- Introduction channels: finance brokers, insolvency practitioners, professional firms
- Deal size: £10k to £2.5m
- “Sweet Spot”: c£200k-£400k
- Typical yield: 8-18%
- Funding: High Street Bank back-to-back facility

## Loans

- Commercial and property loans, Recovery Loan Scheme
- Introduction channels: brokers, professional firms
- Deal sizes: £5k-250k
- “Sweet Spot”: unsecured c£25k; secured c£100k
- Typical yield: c12-18%
- Funding: Wholesale block funders and HNW Loan Note

## Vehicle Finance

- Commercial Fleet
- Introduction channels: direct client relationships
- Deal size: £15k - £150k
- “Sweet Spot”: £35k
- Typical yield: 3.4%
- Funding – All broked out to Tier 1 and Tier 2 Funders

# Time Finance in numbers

**c20,000**

Proud to support approximately 20,000 UK businesses giving them the confidence they need to achieve their business goals

**£100m+**

Providing and arranging approximately £100m of funding over the past year to support UK businesses growth

**£57m+**

Over £57m of Equity on the Balance Sheet as at 31 May 2021 with Net Tangible assets of over £28m

**£3m+**

Over £3m PBTE* in the year. 3% up on prior year despite the full year impact of the pandemic

*Profit Before Tax, Exceptional Items and Share-Based Payments

# Why we stand out from the crowd

**Banks**
HSBs lend to SMEs, but no longer their primary focus

**Challenger Banks**
Generally do not operate in the smaller end of the market. Lend to us wholesale.

**Alternative finance platforms**
Algorithm driven with higher credit risk and moving more to traditional models

**Quoted companies**
Tend to be more single product focussed

**Private companies**
multiple regional players, normally smaller

| | Time Finance | Traditional Banks | Challenger Banks | Alternative finance platforms | Quoted companies | Private companies |
|---|---|---|---|---|---|---|
| **Flexibility** | ✓ | X | X | ✓ | ✓ | ✓ |
| **Speed of service** | ✓ | X | ✓ | ✓ | ✓ | ✓ |
| **Personal approach** | ✓ | X | X | X | X | ✓ |
| **Range of products** | ✓ | ✓ | ✓ | X | X | X |

# 2021 Financial Results

James Roberts – CFO

*“The robust nature of the Group’s balance sheet has come to the fore during the past year. Cash is significantly higher than the previous year-end and arrears and forbearance are below pre-pandemic levels. To offset any potential future impact of the pandemic, provisions remain at a prudent level and the Group’s key funding partners remain extremely supportive.”*

# FY21 Financial Results

## Solid achievement in a challenging year

| | FY21 | FY20 | Movement | |
|---|---|---|---|---|
| • Revenue for the year | £24.2m | £29.2m | (17)% | X |
| • PBTE * | £3.1m | £3.0m | 3% | ✓ |
| • Earnings per share | 1.98 pps | 1.76 pps | 13% | ✓ |
| • Consolidated Net Assets | £57.1m | £55.2m | 3% | ✓ |
| • Consolidated Net Tangible Assets | £28.4m | £26.5m | 7% | ✓ |
| • Cash, Cash Equivalents and Convertible “paper” | £11.3m | £1.4m | 807% | ✓ |
| • Unearned income | £14.9m | 15.2m | (2)% | X |
| • Blended cost of borrowings | 4% | 4% | - | - |
| • Net write-offs | 1.6% | 1.3% | 0.3% | X |
| • Deals in forbearance | £0.8m | £24.3m | (97)% | ✓ |
| • Deals in arrears (% of gross book) | 14.1% | 20.9% | (33)% | ✓ |
| • Bad debt provision | £5.2m | £5.1m | 2% | ✓ |

*Profit Before Tax, Exceptional Items and Share-Based Payments

# Profitable throughout uncertain times

Revenue reduced, profits maintained, margins improved

**Revenue**

| 12 months to | £'m |
|---|---|
| May 19 | £31.8 |
| May 20 | £29.2 |
| **May 21** | **c£24.2** |

Revenue is down 17% on prior year due to 12 months of pandemic vs one quarter in FY20. The brokerage businesses were particularly impacted, accounting for £2.3m falling from c20% of the Group's revenue to c13%. The other major contributor was the smaller average net lending book (c£103m vs c£120m due to the significant reductions experienced in Q4 of FY20 as the pandemic hit.

**PBTE***

| 12 months to | £'m |
|---|---|
| May 19 | £8.1 |
| May 20 | £3.0 |
| **May 21** | **c£3.1** |

PBTE* is marginally up (3%) on FY2020 as the lower revenues are more than offset by lower cost of sales associated with revenues (funding costs, introducer commissions, bad debt charges) and tight operational cost controls (primarily staff costs). Gross Profit margins thus increased from 54% to 61% and PBTE margins from 10% to 13%.

**Other P&L areas**

- Gross Profit margin up 7% to 61%
- PBTE margin up 3% to 13%
- PBT margin up 1% to 8%
- PAT up 14% to £1.8m
- Good visibility of future income with c£14.9m of unearned income as at 31 May 2021

*PBTE = profit before tax, exceptional items and share-based payments

# A Stronger Balance Sheet

Tangible and net tangible assets strengthened; increased liquidity for future lending and an improved lending book

### Net Tangible Assets - Up

| | £'m |
|---|---|
| May 19 | £25.4 |
| May 20 | £26.5 |
| **May 21** | **£28.4** |

The Group's Tangible and Net Tangible Assets have both increased over the financial year as the Group remained profitable throughout. Tangible Assets stand at £57.1m as at 31 May 2021 and Net Tangible Assets at £28.4m

### Cash and Cash Equivalents - Up

| | £'m |
|---|---|
| May 19 | £0.3 |
| May 20 | £0.1 |
| **May 21** | **£7.7** |

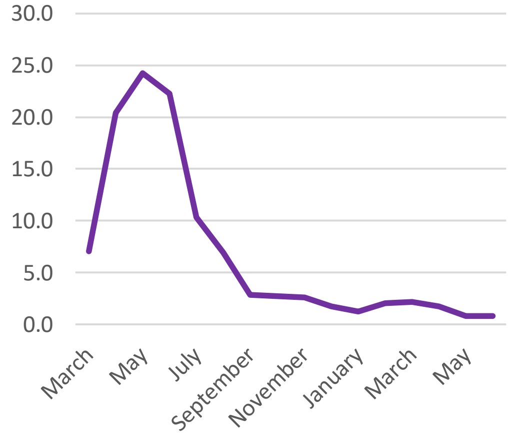
A focus on cash during the pandemic has resulted in significant increases for working capital and future lending. In addition to the £7.7m detailed above the Group had c£4.2m of eligible 'paper' as at 31 May 21. Typically, this could be converted if needed into additional cash within 72 hours by making use of the Group's funding and so result in c3.5m of further cash.

### Arrears % - Down

| 12 months to | £'m |
|---|---|
| May 19 | n/a |
| May 20 | +8.2 |
| **May 21** | **c-9.3** |

The Group's arrears levels as a percentage of the gross lending book increased significantly between March and June 2020. As at 31 May 21 arrears levels are have fallen to c£1.1m below the levels seen as at 31 May 19 the last non-COVID impacted year end

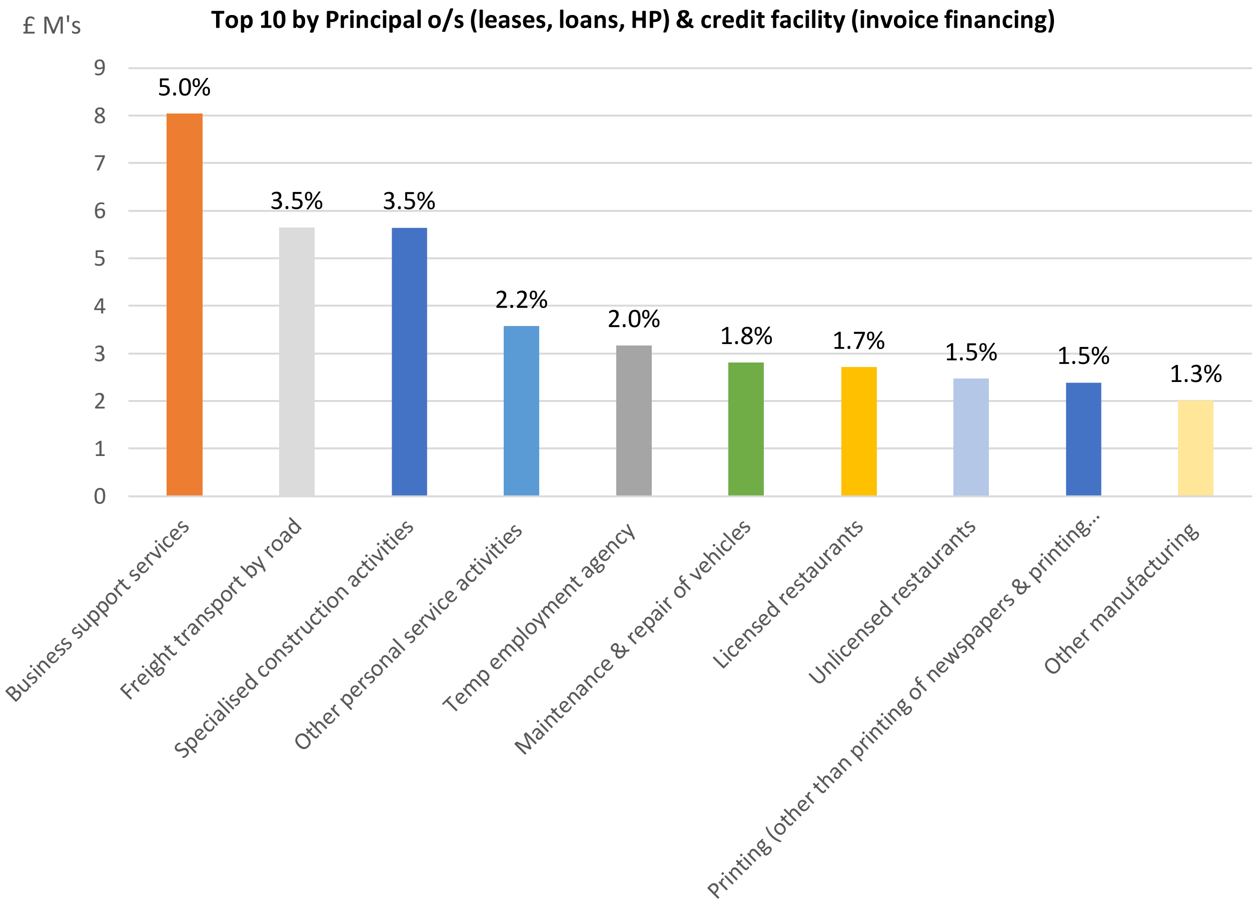
### £'m Deals in Forbearance - Down

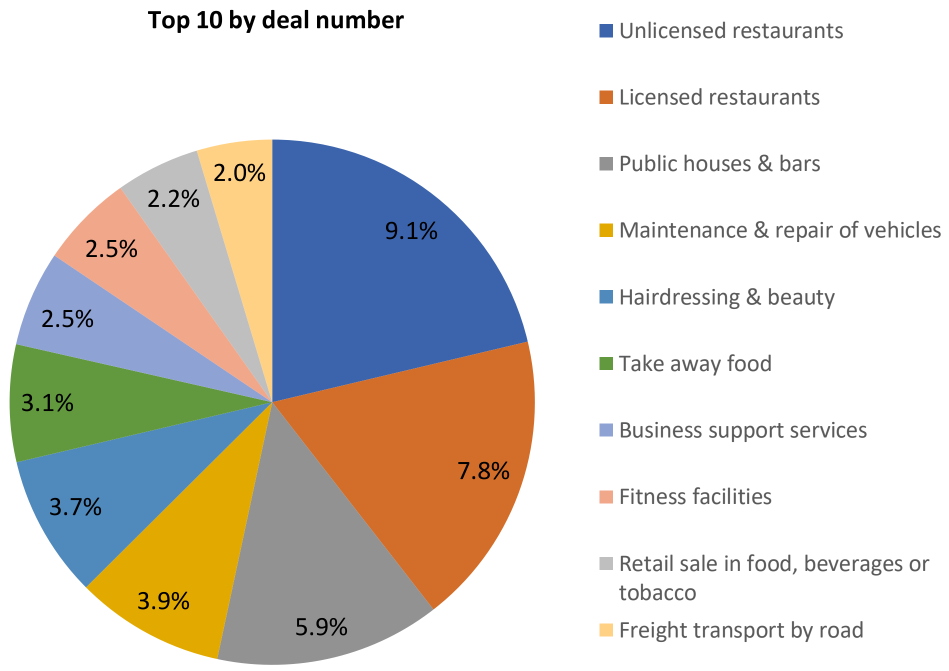



Due to the pandemic, at the previous year end £24.3m in of the book was in some form or other of forbearance (rising to a high of over £25m in June 2020). At year end 31 May 21 this had reduced by over 95% to c£0.8m

# Diversified Lending

Continued focus on diversification and credit management – no one major area of concentration




Diversification and spread is rigorously maintained. At year-end the largest sector makes up c5% of the book and the top ten sectors account for under 25% of the total book

# Supportive Funding Partners

All funding partners have renewed facilities with the Group through the pandemic

## Key Funding Lines

| £'m | Facility | Usage at 31 May 21 | Headroom |
|---|---|---|---|
| Bank Overdraft | 1.0 | - | 1.0 |
| Asset Block Funding Lines | 95.0 | 45.1 | 49.9 |
| Loan Block Funding lines and MTN Loan Programme | 24.6 | 9.6 | 15.0 |
| Invoice Finance Back to Back Facility | 42.0 | 12.0 | 30.0 |
| **Total** | **162.6** | **66.7** | **95.9** |

- Almost all funding lines require the Group to inject 10-20% of cash into each deal
- The Block Funding Lines include a £35m line with the Government backed British Business Bank and other wholesale lines with the likes of Aldermore, Investec, Siemens, Hitachi, Consiter, Wesleyan and Walbrook
- There are no no-utilization fees for the Block facilities
- The back-to-back facility is with Natwest and was renewed on 16/09/21 for a further 3 years with an £8m accordian uplift if required which would increase the facility to £50m

# The Future

Ed Rimmer – CFO

*“Covid-19 has left its mark on the business landscape. With a change of CEO and the economic recovery in motion, it was an optimum time to review and refresh the company’s medium-term strategy to ensure the business was well positioned to capitalise on the growing opportunities in order to achieve its goals.”*

# A new medium-term strategy

Become a nationally recognised SME funder

More than double our Gross Lending Book

Achieve profits organically well in excess of 2019 pre-covid levels

Significantly strengthen our Balance Sheet as we focus on own book lending

# How will we do this?

- Focus on our core products: asset, loan and invoice finance
- Multi-product solutions and ABL offering
- Repositioning of brand and investment in marketing
- Invest in further talent
- Bring further liquidity into the business
- Organic growth and targeted acquisitions

# Our progress in the first quarter

| Strategic Initiative | Steps Taken |
|---|---|
| Focus on our core products: asset, loan and invoice finance | Approved as a lender of the Recovery Loan Scheme<br><br>Restructured our Asset Finance senior management team<br><br>Repositioned our soft asset proposition |
| Multi-product solutions and ABL offering | Recruited a new Director of Commercial Loans and ABL<br><br>Relaunched our cross sell initiative |
| Bring further liquidity into the business | Renewed back to back deal with NatWest for Invoice Finance under improved terms |

# Our progress in the first quarter

| Strategic Initiative | Steps Taken |
| --- | --- |
| Invest in further talent | Ed Rimmer confirmed as CEO of Time Finance and new strategy unveiled<br><br>Increased our sales resource in Invoice Finance (including a new HoS for the South)<br><br>Invested in 2 Broker Managers and 2 BDMs within our Asset Finance team |
| Repositioning of brand and investment in marketing | Increased our PR effort to raise the profile of our new brand<br><br>Recruited a new digital marketing executive |

Time Finance®

# Summary and Outlook

- Resilience shown and liquidity improved through pandemic
- Led by a strengthened and committed management team
- New vision and strategy for the medium term being embedded
- A business that stands out with its multi-product offering
- A strong base to take advantages of opportunities post COVID