



Time Finance plc

Results and Q1 Trading Update

Year-ended 31 May 2024 and quarter ended 31 August 2024

25 September 2024

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The Presenters



Ed Rimmer, CEO

Ed has worked within commercial finance for well over 25 years holding many senior roles, including UK CEO of Bibby Financial Services. Ed has been involved with Time since 2017 having previously been Managing Director of the Invoice Finance Division and then the Group COO.

Ed became Group CEO in June 2021.



James Roberts, CFO

James qualified as an accountant with PwC and has worked in financial services for over 20 years. He 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 May 2017.

SECTION ONE

STRATEGIC PLAN UPDATE

3rd year of the 4-year plan



The medium-term strategy – June '21 to May '25



To become a nationally recognised SME funder



To double our Gross Lending Book from its June '21 level of c£115m



To achieve run-rate profits in excess of 2019 pre-covid levels



To strengthen our Balance Sheet through focussing on own-book lending

Significant Progress to 31 August 2024

£205m

Gross Lending Book



Up 2% from £201m at 31 May 2024



Up 78% from £115m at the strategy launch in June 2021

£90m

Hard Asset Lending



Up 6% from £85m at 31 May 2024



Up 181% from £32m at the strategy launch in June 2021

£68m

Invoice Finance Lending



Up 5% from £65m at 31 May 2024



Up 172% from £25m at the strategy launch in June 2021

Significant Progress to 31 August 2024

£26m

Unearned Income



Up 4% from £25m at 31 May 2024



Up 86% from £14m at the strategy launch in June 2021

21%

PBT Margin



Up from 18% for financial year to 31 May 24



Up from 8% for financial year to 31 May 21 prior to strategy launch

5%

Net Arrears



Flat from 5% at 31 May 2024



Down from 13% at the strategy launch in June 21

Significant Progress to 31 August 2024

► Focus on Core Business

- ✓ Two own-book core lending divisions: Asset Finance and Invoice Finance operating from 4 locations: Bath, Manchester, Reading and Warrington
- ✓ Exited non-core consumer brokerage businesses in October '22
- ✓ Exited small, unsecured Loans in December '22
- ✓ Exited regulated deals in January '24

► Investment in proven industry leaders

- ✓ Head of Business Improvement joined in June '24
- ✓ Managing Director of Asset joined in January '22
- ✓ Head of Credit (Asset Finance) joined in July '22
- ✓ Head of Group Operations joined in September '21

► Developed Product offering

- ✓ Asset Based Lending (“ABL”) product launched in April '23, performing well
- ✓ ‘Soft’ Asset “Fast-track” launched in April '23, performing well
- ✓ Government Guarantee Scheme launched in July '24

► Continued to build brand

- ✓ Sponsorship of NACFB in 2024
- ✓ Won numerous awards throughout 2023 and 2024
- ✓ Ranked Number 1 in Business Money Intermediary Index

SECTION TWO

THE FINANCIAL RESULTS

Record Lending Book
Controlled Arrears



Audited financial results to 31 May 2024

Strong results in every key metric

	31/05/24 £'m	31/05/23 £'m	Movement		
			£'m	%	
• Own-book origination	£91.6m	£73.4m	£18.2m	25%	✓
• Gross own-book Lending book	£201.2m	£170.1m	£33.1m	18%	✓
• Net deals in arrears	5%	6%	(1)%		✓
• Net bad debt write-offs	1%	2%	(1)%		✓
• Total Revenue for the period	£33.2m	£27.6m	£5.6m	20%	✓
• Profit Before Tax	£5.9m	£4.2m	£1.7m	41%	✓
• Consolidated Net Tangible Assets	£38.6m	£34.2m	£4.4m	13%	✓
• Earnings Per Share	4.8pps	3.7pps	1.1pps	30%	✓

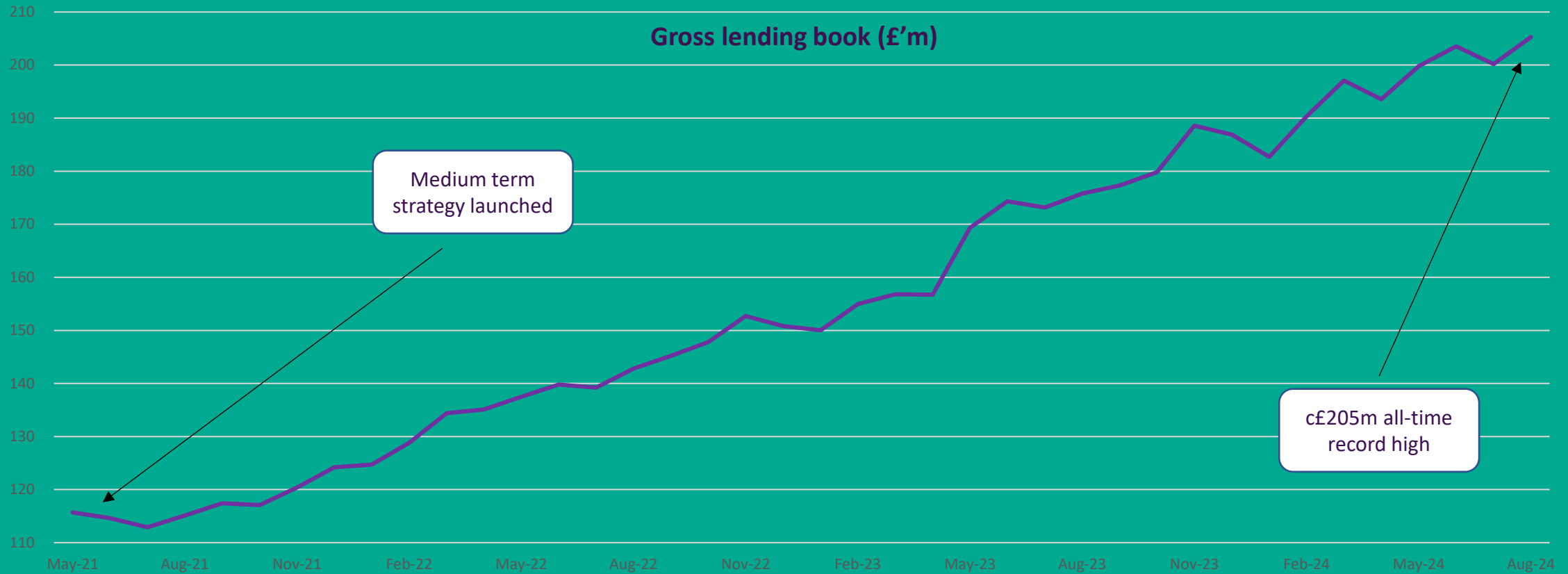
Unaudited financial results to 31 August 2024

Strong momentum continuing throughout Q1 FY2425

	31/08/24 £'m	31/08/23 £'m	Movement		
			£'m	%	
• Own-book origination for quarter	£22.1m	£20.2m	£1.9m	9%	✓
• Gross own-book Lending book	£205.3m	£175.8m	£29.5m	17%	✓
• Net Deals in arrears	5%	5%			✓
• Net bad debt write-offs	1%	1%			✓
• Total Revenue for quarter	£9.1m	£7.6m	£1.5m	20%	✓
• Profit Before Tax for quarter	£1.9m	£1.3m	£0.6m	46%	✓
• Consolidated Net Tangible Assets	£40.1m	£35.2m	£4.9m	14%	✓

Record High Lending Book

Own-book lending is key as the compound nature drives revenue and profit growth



Since the launch of the medium-term strategic plan in June 2021, the lending book has grown steadily and consistently through to August 2024, thirteen quarters of successive growth.

It surpassed the previous pre-pandemic highs of c£145m in September of 2022 and now stands at record high levels of c£205m.

A robust and strengthening balance sheet

Net tangible assets grow month on month. Arrears well controlled

Net Tangible Assets:

At record levels

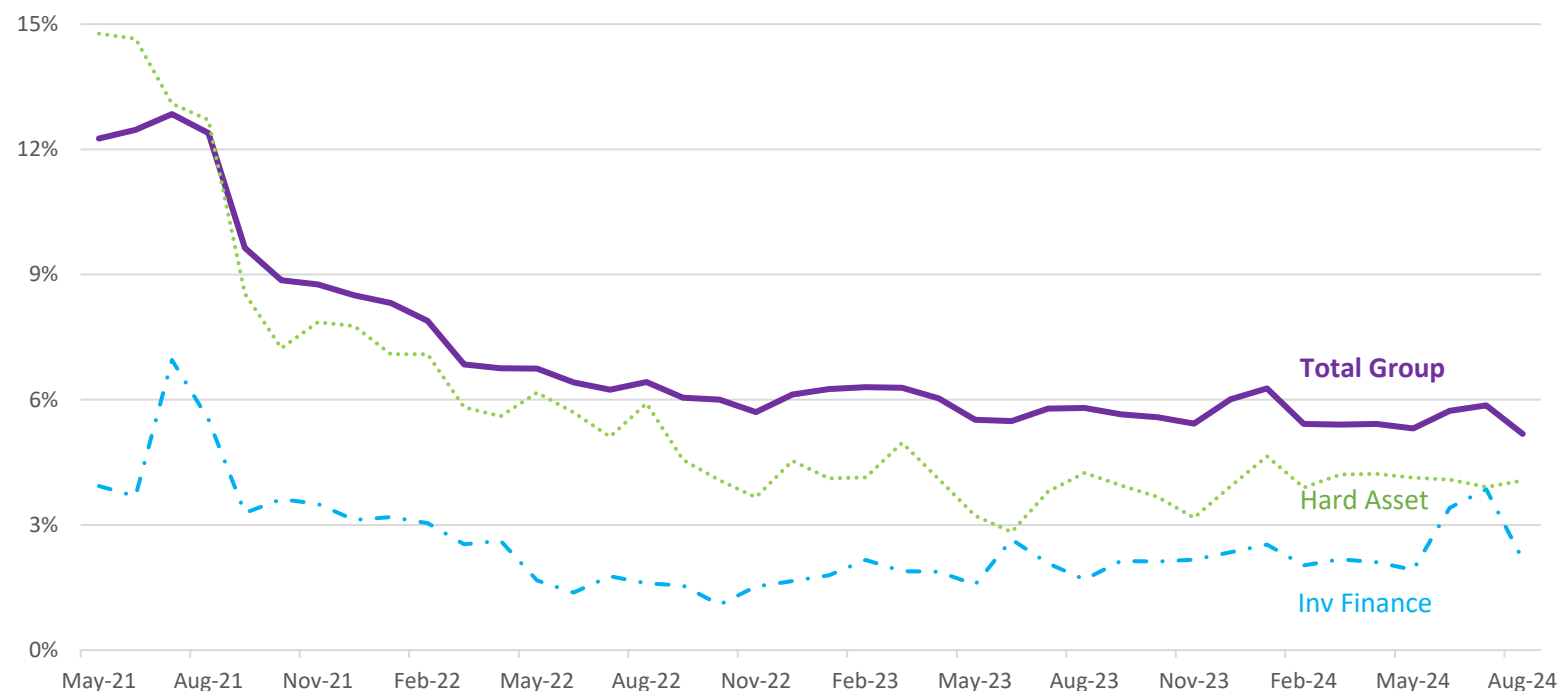
	£'m
May 21	£28.4
May 22	£30.5
May 23	£34.2
May 24	£38.6
Aug 24 (unaudited)	£40.1

Tangible Assets stand at £67.8m as at 31 August 2024.

After removing goodwill and intangible assets, Net Tangible Assets are £40.1m.

Net Arrears:

Consistently around c5-6% of the book; well below strategy start point



As a percentage of the lending book, Group arrears have fallen from over 12% at the start of medium-term plan to settle in the broad 5 to 6% range for roughly the last two years.

IF and Hard Asset, the two main focusses of the growth strategy, have arrears of approximately 2% and 4% respectively as at 31 August 2024.

Funding and Other Metrics

Significant headroom for growth. Larger, more secured and well spread client base

Funding Lines at 31 August 2024

Key Live Funding Lines - £m	Facility	Usage	Headroom
Bank Overdraft	1.0	0	1.0
Block Funding lines (no non-utilisation fees)	151.0	80.6	70.4
Secured Loan Note	3.5	2.5	1.0
Back-to-back facility (includes £8m Accordian)	50.0	32.6	17.4
Total Funding Facilities	205.5	115.7	89.8

Long-Term, supportive and diversified funding partners, including:



Other metrics:

i. Larger, more secured lending:

Average deal size in Hard Asset of c£54k in Aug '24 compared to c£14k at start of strategy . An increase of roughly 285%.

Hard Asset and IF account for nearly four-fifths (77%) of the lending portfolio compared to just under half as at the start of the strategy.

ii. Continued focus on spread

Top ten sectors by value account for less than a third of the overall lending book.

Largest sector by value accounts for less than 15% of the overall lending book.

iii. Sensible approach to provisioning

The bad debt provision continues to represent c2.5% of the total net exposure.

SECTION 3

SUMMARY AND OUTLOOK

Strategic plan very much on track





Summary

- Continued focus on current strategy - B2B lending only; Hard Asset, Invoice Finance & ABL
- Medium-term aims remain the same and positive momentum is being maintained
- Key hires now embedded in core parts of the business and driving growth and efficiencies
- Profile and brand recognition continues to increase
- New three-year plan from June 25 to May 28 to be unveiled in December before the end of the year

Investment Case

- Lending book continues to grow quarter on quarter
- Arrears well controlled and maintained
- Positive recent financial performance: - PBT FY21/22 = £1.1m; FY22/23 = £4.2m; FY 23/24 = £5.9m
 - multiple profit upgrades in past 18 months
 - Further growth in PBT for FY25/26 due to compound nature of book
- Net Tangible Assets of over £40m and growing month on month
- Market conditions are challenging but this presents opportunities for alternative lenders

SECTION 4

APPENDICES

Background Information



Appendix 1: Who we are and what we do

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

**Alternative
finance
provider**

A non-Bank, alternative
finance provider

**Supporting
UK
businesses**

Helping c10,000 UK
SMEs to access the
finance they need for
growth

**Lending on
our
own-book**

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

**Flexibility
to broke
on deals**

We have the flexibility
to broke-on deals that
don't fit with our
criteria

**Multi
Product
portfolio**

Offering Asset Finance,
Invoice Finance, Commercial
Loans and Asset Based
Lending ("ABL")

Appendix 2: Our core products

Asset Finance



- Soft and Hard Assets (including a small broked-on element within soft asset)
- Introduction channels: finance brokers, equipment suppliers/manufacturers & existing clients
- Deal size: £5k to £1m
- “Sweet Spot”: c£15k Soft asset; c£100k Hard asset
- Typical yield: 8-18%
- Funding: Wholesale block funders

Invoice Finance



- Disclosed and Confidential
- Introduction channels: finance brokers, insolvency practitioners, professional firms
- Deal size: £50k to £3m
- “Sweet Spot”: c£250k-£750k
- Typical yield: 10-20%
- Funding: Corporate banker back-to-back facility

Appendix 3: Why we stand out from the crowd



	 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