Time Finance plc
Company overview and financial results

Nine months ended 28 February 2023

29 March 2023

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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

TIME FINANCE IN A NUTSHELL

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 and Loan Finance

Our core products

Asset Finance

- Soft and Hard Assets (including a small broked-on element)
- Introduction channels: finance brokers, equipment suppliers/manufacturers & existing clients
- Deal size: £1k to £250k
- “Sweet Spot”: c£10k Soft asset; c£50k 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: £10k to £2.5m
- “Sweet Spot”: c£200k-£400k
- Typical yield: 10-20%
- Funding: Corporate banker back-to-back facility

Commercial Loans

- Commercial loans
- Introduction channels: finance brokers, professional firms
- Deal sizes: £50k-500k
- “Sweet Spot”: c£200k
- Typical yield: c10-16%
- Funding: Wholesale block funders and HNW Loan Note

Why we stand out from the crowd

Banks
Lend to SMEs, but no longer their primary focus

Challenger Banks
Generally do not operate at 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

SECTION TWO

STRATEGIC PLAN UPDATE

Four–year medium-term strategy (June ’21 – May ‘25)

Become a nationally recognised SME funder

More than double our Gross Lending Book to c£250m

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

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

Significant Progress to 28 February 2023

	£157m	£56m	£49m
	Gross Lending Book	**Hard Asset**	**Invoice Finance**
Growth since strategy launch	35% from £116m	75% from £32m	96% from £25m
Growth since start of financial year	15% from £137m	40% from £40m	14% from £43m

Significant Progress to 28 February 2023

	Unearned Income	Net Tangible Assets	Net Arrears
	£19.4	£33.0m	£6.3%
Growth since strategy launch	↑ 36% from £14.3m	↑ 16% from £28.4m	↓ (50)% from £12.5%
Growth since start of financial year	↑ 15% from £16.8m	↑ 8% from £30.5m	↓ (6)% from £6.7%

Focus on Core Business

- ✓ Own-book lending divisions: Asset, Loan and Invoice Finance, from 4 key UK locations
- ✓ Exited loss-making, second-hand vehicle broking business in April 22
- ✓ Divestment of consumer mortgage brokerage in Oct 22
- ✓ Exit of unsecured Loans in Dec 22

Invested in proven industry leaders

- ✓ Director of Asset, Steve Nichols, joined in January 2022
- ✓ Head of Risk (Asset Finance), Paul Seddon, joined in July 2022
- ✓ Head of Business Improvement, Louise Ikonomides, joined in September 2022

Developed Product offering

- ✓ Asset Based Lending *(“ABL”)* product launched in Nov 2022
- ✓ Secured Loan offering launched in April 2023
- ✓ ‘Soft’ Asset “*Fast-track*” performing well

Continued to build brand

- ✓ Sponsorship of NACFB in 2023
- ✓ Shortlisted for various awards from Business Money Facts and NACFB
- ✓ Ranked Number 1 in Business Money Intermediary Index

SECTION THREE

Unaudited Financial Results

Q3 results for 9 months to 28 February 2023

Significant growth in all key fundamentals

	28/02/23	28/02/22	Movement		
	£'m	**£'m**	**£'m**	**%**	
• Own-book origination	£52.9m	£39.5m	£13.4m	34%	✓
• Gross own-book Lending book	£157.2m	£124.6m	£32.6m	26%	✓
• Unearned Income	£19.4m	£14.9m	£4.5m	30%	✓
• Net Deals in arrears	£9.8m	£10.2m	£(0.4)m	(4)%	✓
• Net Tangible Assets	£33.0m	£29.5m	£3.5m	12%	✓
• Total Revenue for the period	£20.0m	£15.6m	£4.4m	28%	✓
• Profit Before Tax	£3.0m	£1.1m	£1.9m	172%	✓

A robust balance sheet

Net tangible assets and lending book continue to grow; arrears better than pre-Covid

Net Tangible Assets: At record levels

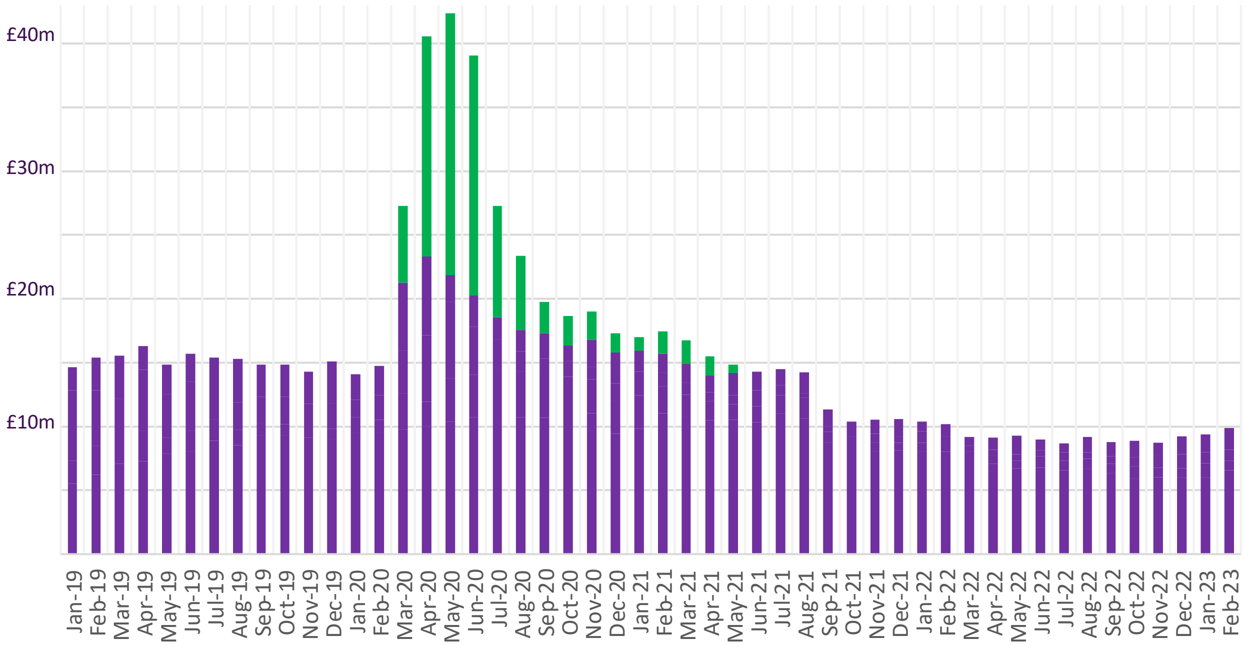
	£'m
May 19	£25.4
May 20	£26.6
May 21	£28.4
May 22	£30.5
Feb 23	**£33.0**

Gross Lending Book: At record highs

	£'m
May 19	£141.7
May 20	£122.9
May 21	£115.7
May 22	£136.8
Feb 23	**£157.2**

Gross lending book compares to a pre-pandemic high of £144.1m in Feb '20 and a pandemic induced low of £116m in May '21.

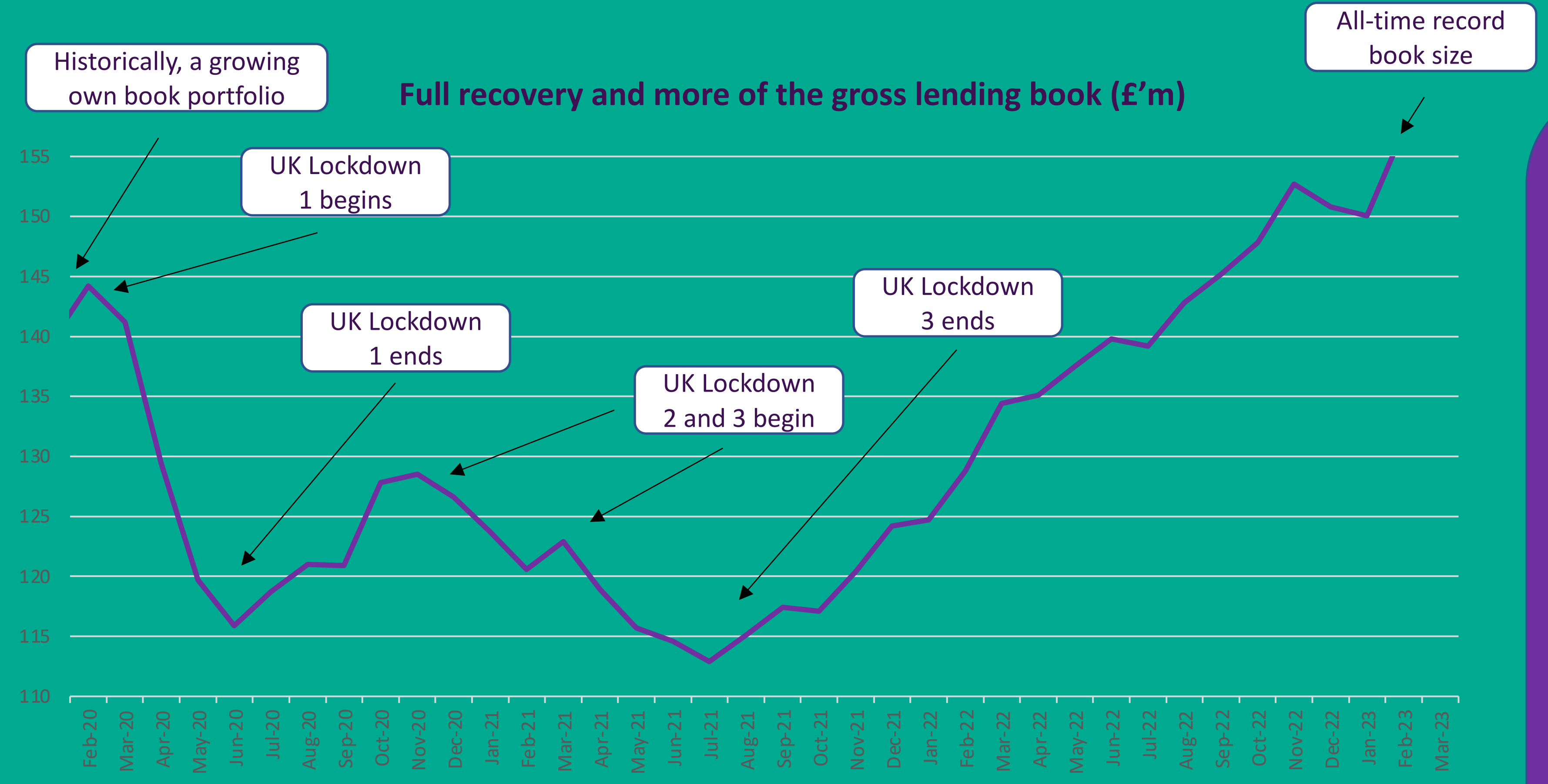
Net Arrears: Well below pre-pandemic levels for over a year



The purple bars represent total net arrears by value and the green forbearance granted as a result of the pandemic. Pre-pandemic, arrears as a percentage of the gross lending book stood relatively consistently at c10%; During H1 FY22/23 they have fallen to a relatively consistent c6%.

Record high lending book and other metrics

Own-book lending is key to the strategy, driving of revenue and profit growth



The lending book contracted with every lockdown followed by a subsequent bounce-back when the country reopened. Since the last lockdown ended the book has grown steadily and consistently through to February 2023.

It has now surpassed the pre-pandemic highs and stands at record levels.

Other strategic plan metrics

i. Increased average deal size:
c£25k in 2023 compared to £14k at start of strategy . An increase of about 80%.

ii. Continued focus on spread
Top ten sectors by value accounts for less than 30% of the lending book.

Largest sector by value accounts for less than 10% of the lending book.

iii. Sensible approach to provisioning
The bad debt provision represents c3% of the total net book exposure.

iv. Rates increased with recent rises
Majority of recent interest rate rises have been passed on with average rate c2% up.

SECTION FOUR

SUMMARY AND OUTLOOK

Summary

- Exit of non-core businesses now complete
- Key hires now embedded in core parts of the business
- Multi-product offering expanded
- Continued growth in secured own-book lending, focussed on Hard Asset and Invoice Finance
- Focus on NIM to gain appropriate risk and reward
- Profile and brand recognition continues to increase

Outlook

- Continued focus on current strategy
- The medium-term aims remain the same and positive momentum is being maintained
- Expected to significantly exceed original market expectations for financial year to 31 May 23
- Market conditions remain challenging but this presents opportunities