



Time Finance plc

Share Soc Presentation Results and Q1 Trading Update

Year-ended 31 May 2023 and quarter ended 31 August 2023

15 November 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 1

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 c11,000 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 key 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 £750k
- “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 £2.5m
- “Sweet Spot”: c£250k-£500k
- Typical yield: 10-20%
- Funding: Corporate banker back-to-back facility

Commercial Loans



- Secured Commercial loans
- Introduction channels: brokers, professional firms
- Deal sizes: £25k-500k
- “Sweet Spot” c£100k
- Typical yield: c11-18%
- 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 2

STRATEGIC PLAN UPDATE



The medium-term strategy *(June 21 – May 25)*



Become a
nationally
recognised SME
funder



More than
double our
Gross Lending
Book from its
June 21 level of
c£115m



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



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

Positive Progress to 31 August 2023

£176m

Gross Lending Book



Up 4% from £170m at 31 May 2023



Up 53% from £115m at the strategy launch in June 2021

£67m

Hard Asset



Up 8% from £62m at 31 May 2023



Up 109% from £32m at the strategy launch in June 2021

£57m

Invoice Finance



Up 2% from £56m at 31 May 2023



Up 128% from £25m at the strategy launch in June 2021

Unearned Income

£22m



Up 5% from £21m at 31 May 2023



Up 57% from £14m at the strategy launch in June 21

Own-Book: Broked-On

97:3



Up from 96:4 for financial year to 31 May 23



Up from 87:13 for financial year to 31 May 22

Net Arrears

6%



Flat from 6% at 31 May 2023



Down from 13% at the strategy launch in June 21

► Focus on Core Business

- ✓ Two own-book core lending divisions: Asset Finance and Invoice Finance, from 4 key UK locations
- ✓ Exited non-core consumer focussed businesses (vehicles in April '22 and mortgage broking in Oct '22)
- ✓ Exit of small, unsecured Loans in Dec '22

► Invested in proven industry leaders

- ✓ Head of Credit (Asset Finance), Paul Seddon, joined in July 2022
- ✓ Expansion of Sales teams in Asset and Invoice finance

► Developed Product offering

- ✓ Asset Based Lending (“ABL”) product launched in April 2023
- ✓ Secured Loan offering launched in Q2
- ✓ ‘Soft’ Asset “*Fast-track*” restructured in April 2023 and performing well

► Continued to build brand

- ✓ 26% increase in PR
- ✓ Sponsorship of NACFB in 2023
- ✓ Asset Finance provider of the year in 2023

SECTION 3

The Financial Results



Audited financial results to 31 May 2023

Results bearing our strategy gathering pace

	31/05/23 £'m	31/05/22 £'m	<u>Movement</u>		
				%	
• Own-book origination	£73.4m	£64.4m	£9.0m	14%	✓
• Gross own-book Lending book	£170.1m	£136.8m	£33.3m	24%	✓
• Net deals in arrears *	6%	7%	(1)%	(14)%	✓
• Consolidated Net Tangible Assets	£34.2m	£30.5m	£3.7m	12%	✓
• Total Revenue for the period	£27.6m	£23.6m	£4.0m	17%	✓
• Profit Before Tax	£4.2m	£1.1m	£3.1m	282%	✓
• Earnings Per Share	3.73pps	1.00pps	2.73pps	273%	✓

* Total Net arrears (from 1 day overdue) as a percentage of gross lending book

Unaudited financial results for quarter to 31 August 2023

Momentum continues throughout Q1

	31/08/23 £'m	31/08/22 £'m	Movement		
				%	
• Own-book origination for quarter	£20.2m	£15.7m	£4.5m	29%	✓
• Gross own-book Lending book	£175.8m	£142.8m	£33.0m	23%	✓
• Net Deals in arrears*	6%	6%	-	-	✓
• Consolidated Net Tangible Assets	£35.2m	£31.3m	£3.9m	13%	✓
• Total Revenue for quarter	£7.6m	£6.3m	£1.3m	21%	✓
• Profit Before Tax	£1.3m	£0.9m	£0.4m	45%	✓

* Total Net arrears (from 1 day overdue) as a percentage of gross lending book

A robust balance sheet

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

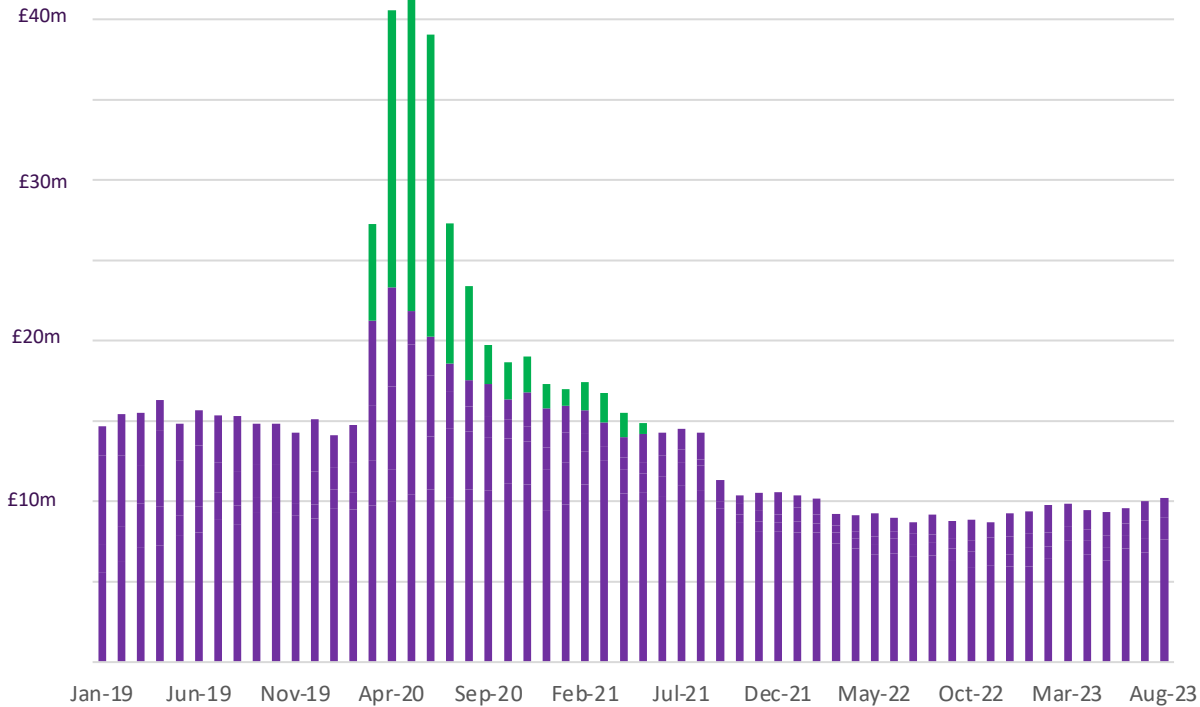
Net Tangible Assets:
At record levels

	£'m
May 20	£26.6
May 21	£28.4
May 22	£30.5
May 23	£34.2
Aug 23 (unaudited)	£35.2

Gross Lending Book:
Continues to grow

	£'m
May 20	£122.9
May 21	£115.7
May 22	£136.8
May 23	£170.1
Aug 23 (unaudited)	£175.8

Net Arrears:
Well below pre-pandemic levels some two years

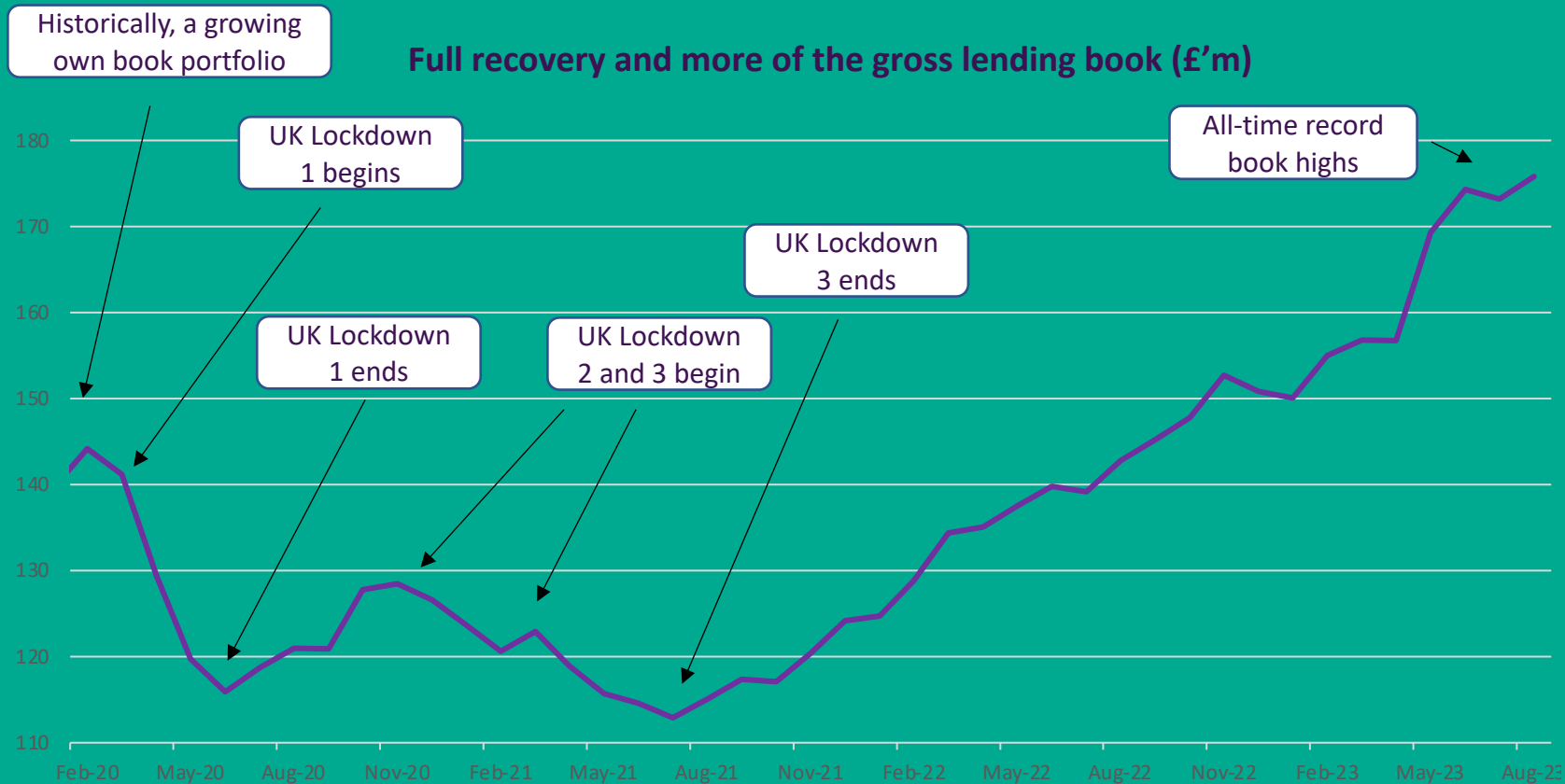


Gross lending book compares to a pre-pandemic high of £144.1m in Feb '20 and a pandemic induced low of £115.7m in May '21.

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%; Since June 2022 they have remained consistently at c6% of the gross lending book month on month.

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 August 2023.

The lending book has now long since surpassed the pre-pandemic highs and stands at consistently record high levels

Other strategic plan metrics

i. Increased average deal size:

Hard Asset average deal size hit c£40k during Q4 of FY223 and Q1 of the new financial year.

ii. Continued focus on spread

Top ten sectors by value continue to account for less than 30% of the lending book.

Largest sector by value remains at no more than 10% of the lending book.

iii. Sensible approach to provisioning

The bad debt provision continues to represent 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 4

SUMMARY, OUTLOOK AND INVESTMENT CASE





Summary

- Simplified structure focused on B2B lending
- Key hires now embedded in core parts of the business
- Multi-product offering expanded with ABL
- Hard Asset and Invoice Finance are growth areas
- Arrears well controlled
- 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
- Expect to see further growth in PBT in FY23/24 and FY24/25 over the second half of the medium-term plan
- Market conditions remain challenging but this continues to present opportunities

Investment Case

- Net Tangible Assets of over £35m; market cap of c£29m
- PBT £1.1 FY22, £4.2m FY23, market expectation of c£5.4m FY24 and £6m+ FY25
- Four upgrades in the last 12 months