



Time Finance plc

Q3 Trading Update

Incorporating results for the nine months ended 29 February 2024

26 March 2024

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The Presenters



Ed Rimmer, CEO

Ed has worked within commercial finance for 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 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 – An Overview



Who we are and what we do

Time Finance's purpose is to Help UK Businesses Thrive and Survive through the provision of flexible funding facilities.

**Alternative
finance
provider**

A non-Bank, alternative
finance provider

**Supporting
UK
businesses**

Helping over 10,000
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, ABL
and Commercial Loans

Our core products

Asset Finance



- Soft and Hard Assets
- Introduction channels: finance brokers, equipment suppliers & manufacturers, and existing clients
- Deal size: £1k to £1m
- “Sweet Spot”: c£10k – c£20k Soft asset; c£50k - £100k Hard asset
- Typical yield: 9-19%
- Funding: Wholesale block funders, British Business Bank

Invoice Finance



- Disclosed and Confidential facilities
- Introduction channels: finance brokers, insolvency practitioners, professional firms
- Deal size: £50k to £3.5m
- “Sweet Spot”: c£250k-c£1m
- Typical yield: 10-20%
- Funding: Corporate banker back-to-back facility

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

		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

Time Finance: Award winning



asset finance connect
Summer Awards 2023
Finalist

Outstanding achievement award



asset finance connect
Summer Awards 2023
Finalist

Rising star award



asset finance connect
Summer Awards 2023
Finalist

Asset finance provider of the year

Sponsored by 



Business **Moneyfacts**
Awards 2024

FINALIST

The Talk
OF MANCHESTER



NACFB
PATRON AWARDS 2022

HIGHLY COMMENDED

Factoring & Invoice Discounter of the Year



NACFB
PATRON AWARDS 2022

HIGHLY COMMENDED

Rising Star of the Year



NACFB
PATRON AWARDS 2022

HIGHLY COMMENDED

BDM Team of the Year



COMMERCIAL **Lender**
AWARDS 2023

SHORTLISTED

Factoring & Invoice Discounter of the Year



COMMERCIAL **Lender**
AWARDS 2023

SHORTLISTED

Asset Finance Provider of the Year



YIPA YOUNG PROFESSIONALS
AWARDS 2023 **insider** NORTH WEST 20 YEARS

SHORTLISTED

SECTION TWO

STRATEGIC PLAN UPDATE



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



To become a
nationally
recognised SME
funder



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



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



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

Significant Progress to 29 February 2024

£190m

Gross Lending Book

Growth since
strategy launch



64% from £116m

Growth since start
of financial year



12% from £170m

£80m

Hard Asset



150% from £32m



29% from £62m

£60m

Invoice Finance



140% from £25m



7% from £56m

Significant Progress to 29 February 2024

£24.6m

Unearned Income

Growth since strategy
launch (June '21)



72% from £14.3m

Growth since end of
financial year (31 May '23)



16% from £21.2m

98:2

Own-Book : Broked-On



from 87:13



from 97:3

6%

Net Arrears



down from 13%



flat from 6%

► Focus on Core Business

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

► Investment in proven industry leaders embedded

- ✓ 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
- ✓ ‘Soft’ Asset “Fast-track” launched in April '23 performing well

► Continued to build brand

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

SECTION THREE

Unaudited Financial Results



Record High Lending Book

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

Gross lending book (£'m)



Since the launch of the medium-term strategic plan in June 2021, the lending book has grown steadily and consistently through to February 2024, eleven 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£190m.

Unaudited 9 month results to 29 February 2024

Significant growth in all key fundamentals

	29/02/24 £'m	29/02/23 £'m	Movement		
			£'m	%	
• Own-book origination	£66.0m	£52.9m	+£13.1m	+25%	✓
• Gross own-book Lending book	£190.3m	£157.2m	+£33.1m	+21%	✓
• Unearned Income	£24.6m	£19.4m	+£5.2m	+27%	✓
• Net Deals in arrears	6%	6%	-	-	=
• Consolidated Net Tangible Assets	£37.6m	£33.0m	+£4.6m	+14%	✓
• Total Revenue for the period	£24.0m	£20.0m	+£4.0m	+20%	✓
• Profit Before Tax	£4.2m	£3.0m	+£1.2m	+40%	✓

A robust balance sheet that weathers all storms

Net tangible assets grow month on month; arrears continue to hold static

Net Tangible Assets:
At record levels

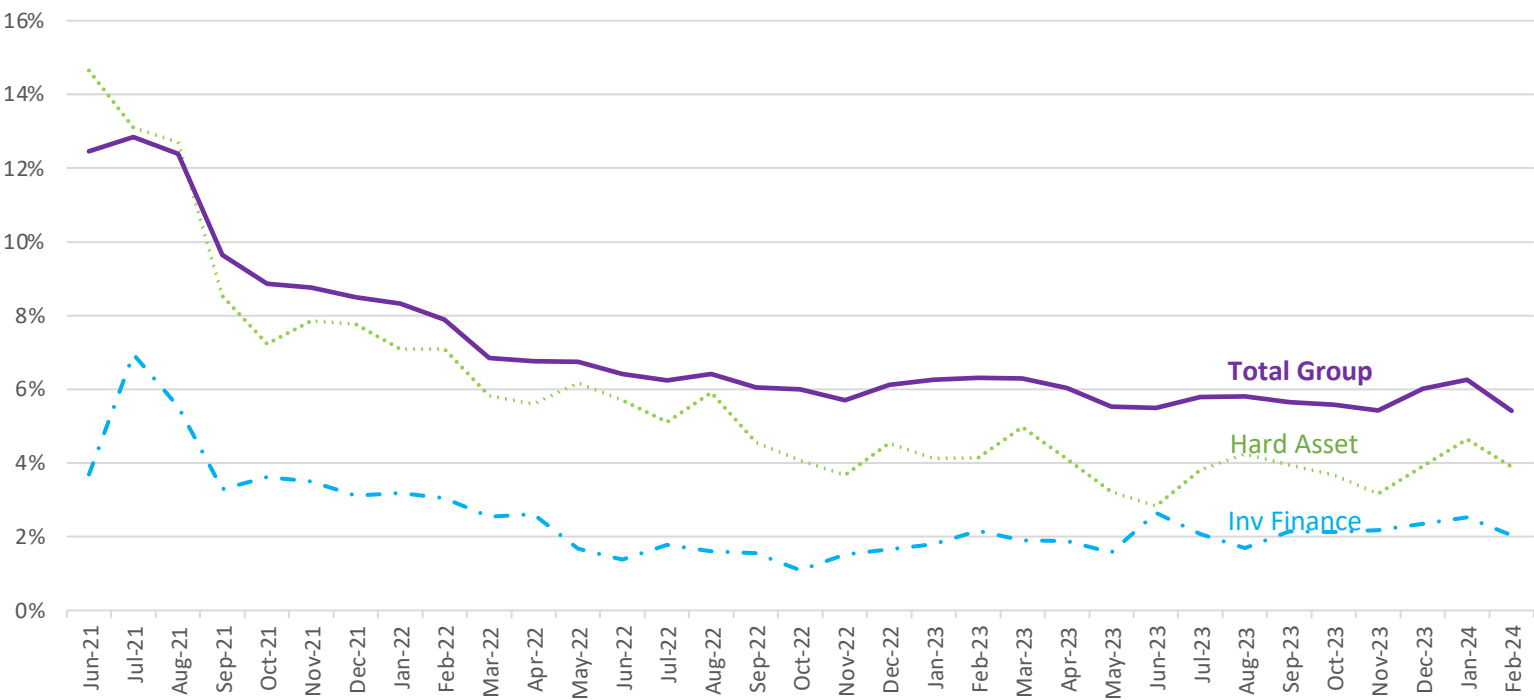
	£'m
May 21	£28.4
May 22	£30.5
May 23	£34.2
Feb 24 (unaudited)	£37.6

Tangible Assets stand at £65.0m as at 29 February 2024.

After removing goodwill and intangible assets, Net Tangible Assets are £37.6m.

Net Arrears:

Consistently around c6% 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 around 6%. They have remained at around this 6% level now for nearly two years.

IF and Hard Asset, the two main focusses of the Group’s growth strategy, have arrears of approximately just 2% and 4% respectively as at 29 February 2024.

Funding and Other Medium-Term Plan Metrics

Significant headroom for growth; larger, more secured and well spread client base

Funding Lines at 29 February 2024

Key Live Funding Lines - £m	Facility	Usage	Headroom
Bank Overdraft	1.0	0	1.0
Block Funding lines (no non-utilisation fees)	105.5	83.4	22.1
Secured Loan Note	3.5	1.4	2.1
Back-to-back facility (includes £8m Accordian)	50.0	38.1	11.9
Total Funding Facilities	160.0	122.9	37.1

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



Aldermore



Novuna

SIEMENS



Other medium term plan metrics:

i. Larger, more secured lending:

Average deal size in Hard Asset of £49k in Feb '24 compared to £14k at start of strategy . An increase of approx 250%.

Hard Asset and IF account for nearly 75% of the lending portfolio compared approximately 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 c3% of the total net exposure.

SECTION FOUR

SUMMARY AND OUTLOOK





Summary

- 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
- Lending book continues to grow quarter on quarter while arrears remain well controlled
- Positive financial performance with 5 profit upgrades in past 18 months. Most recent 5th March to PBT of £5.7m

Outlook

- Significant further growth in PBT anticipated for FY24/25 and FY25/26 due to compound nature of lending book
- Net Tangible Assets of over £37.6m at 29 February 2024 and growing month-on-month
- Market beginning to take notice with Share Price increased c70% in the last year while the AIM All-share index down c10% over the same period)
- Market conditions are challenging but this presents opportunities for alternative lenders