

Together Financial Services Limited

20th September 2022

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading specialist mortgage and secured loan providers, is pleased to announce its results for the year ended June 30, 2022.

Commenting on today's results, Gerald Grimes, Group CEO Designate of Together, said:

"Together delivered another very strong performance in the year to 30 June as we capitalised on our diverse proposition to increase lending to a wide range of customers, growing our loan book to a new high of £5.3bn and achieving underlying profit before tax of £162.7m. This growth was achieved in a controlled and sustainable way, in line with our strategy and prudent risk appetite, with our loan book average LTV remaining at a very conservative 51.5% and our arrears consistently low.

"We continued to make great progress in implementing our strategic agenda to deliver transformational change, drive efficiency benefits to further enhance the experience for our customers and create an agile and rapidly scalable platform to set the business up for the next phase of its growth. This included expanding our channels to increase access to our markets to sustainably grow our lending, formalising our ESG strategy to help deliver our environmental and social responsibilities in line with our purpose and vision and empowering our colleagues to grow and deliver value to our stakeholders. To support our expected growth opportunities we also raised or refinanced over £4.1bn of facilities during the year.

"The UK's economic outlook has become more uncertain as global supply chain disruption and rising inflation have led to a tightening of monetary policy and increasing interest rates. As a result of these headwinds many more customers may find themselves underserved by mainstream lenders and look to specialist lenders to help them to solve problems and realise opportunities. With a multi-cycle track record, a clear purpose, our transformation programmes well underway and strong diversified funding in place, Together remains well placed to help increasing numbers of customers realise their ambitions and to play our part in supporting the UK economy."

Financial highlights: year ended June 30, 2022

- Record originations driving strong loan book growth
 - Average monthly loan originations of £226.8m, up 132.5% (2021: £97.6m)
 - Weighted average origination LTVs remain conservative at 61.0% (2021: 59.8%)
 - New lending exceeded £300m in May (£300.1m) and June (£304.1m)
 - Group net loan book increased 30.8% to £5.2bn (2021: £4.0bn)
 - Weighted average indexed LTV remains very conservative at 51.5% (2021: 52.1%)
 - Impairment coverages remain very low at 1.6% (2021: 2.5%) reflecting quality of loan portfolio
- Another robust financial performance
 - Interest receivable and similar income up 6.1% at £393.4m (2021: £370.9m)
 - Underlying net interest margin remains attractive at 5.5% (2021: 6.2%), with compression during the year reflecting a change in product mix and the impact of the extent and timing of rising interest rates
 - Annualised cost of risk has decreased to 0.1% (2021: 0.4%) due to a reduced impairment charge during the year.

- Underlying profit before tax was up 8.7% to £162.7m (2021: £149.7m)

Cash generation remains robust, with cash receipts of £1.9bn (2021: £1.7bn) as redemption levels remained strong

Key metrics	2022	2021
Interest receivable and similar income (£m)	393.4	370.9
Underlying interest cover ratio ¹	2.2:1	2.3:1
Interest cover ratio	2.1:1	2.3:1
Underlying net interest margin ² (%)	5.5	6.2
Net interest margin (%)	5.5	6.1
Underlying cost-to-income ratio ¹ (%)	35.1	35.9
Cost-to-income ratio (%)	39.4	34.1
Cost of risk (%)	0.1	0.4
Underlying profit before taxation ¹ (£m)	162.7	149.7
Profit before taxation (£m)	151.5	150.3
Underlying EBITDA ¹	306.5	272.6
Loans and advances to customers ⁴ (£m)	5,247.9	4,011.9
Net debt gearing (%)	79.7	75.6
Shareholder funds ³ (£m)	1,030.0	937.0
Underlying return on equity ¹ (%)	13.8	14.5
Return on equity (%)	12.9	14.7

Operational highlights

- Shaping our business for an exciting future
 - Strong progress in embedding and bringing our new purpose to life across Together
 - Successfully revised and expanded our sales channels to increase our addressable market to sustainably grow lending
 - Continued to implement our transformational change agenda with focus on:
 - Delivering the right experience for our customers by transforming the application journey and allowing colleagues to refocus where they can best utilise their experience and expertise
 - Enabling a scalable cost base to allow Together to enter new markets with different price points, complementing our already-established service, speed and distinctive product offering
 - Building our capacity to increase agility and flexibility to reduce the time from idea to implementation and remove barriers to scalability
 - Launched new corporate website providing a new and improved online customer journey
- Formalising our approach to sustainability
 - Developed a comprehensive ESG strategy that builds on our ongoing work and recognises the overarching importance of our environmental and social responsibilities in line with our purpose and vision
 - Identified targets and measures for four key priority areas; our planet, our customers, our colleagues and our community, which are all underpinned by strong governance

¹ June 30, 2022 excluded £1.2m customer redress provision release, £7.9m costs associated with a strategic review of the business and a £4.5m share-based payment charge whilst June 30, 2021 excluded £8.2m customer redress provision release, £1.7m redundancy costs and £5.9m interest payable relating to the refinance of the 2024 SSN.

² There are no exceptional items impacting upon net interest income recorded in the current year to June 30 2022 however in the prior year to June 30 2021, net interest income excluded £5.9m costs associated with the refinancing of the 2024 SSN.

³ Includes subordinated shareholder loans of £31.4m (2021: £29.3m).

⁴ Net loan book is the net of gross loans and advances to customers and impairment allowances.

- Devised a Diversity and Inclusion strategy, committing to targets focused on gender, age, ethnicity and disability by 2026
- Published our first Sustainability Report setting out our approach to sustainability

Funding highlights

- Significantly increased the scale, diversity and maturity of our funding
 - Successfully raised or refinanced £4.1bn of facilities across 9 transactions to support the Group's growth ambitions:
 - Jul'21: launched £96.2m BABS, our first dedicated facility for non-performing loans;
 - Sep'21: refinanced £525m HABS small balance commercial real estate warehouse facility extending maturity to September 2025;
 - Sep'21: issued inaugural 1st charge only RMBS, TABS 5, for £318m;
 - Nov'21: issued additional £120 million in aggregate principal amount of 4 7/8% Senior Secured Notes due 2026 at issue price of 100.5%, upsized in market from £100 million;
 - Dec'21: Delta ABS 2 upsized from £200m to £400m;
 - Mar'22: £1.25bn CABS facility refinanced as CABS 2, extending maturity from Sep '23 to Mar '27 with significantly improved commercial terms;
 - Apr'22: refinanced LABS securitisation, upsizing facility from £500m to £700m with improved commercial terms and maturity extended from Oct '23 to Apr '26;
 - May'22: issued our £349m inaugural second charge-only RMBS;and
 - Jun'22: issued third public small balance commercial real estate, CRE 3, for £365.2m.
 - Additionally, in Nov'21 Bracken Midco1 PLC successfully issued £380m 2027 Senior PIK Toggle Notes as part of the refinancing of its existing £368.2 million aggregate principal amount of Senior PIK Toggle Notes due 2023, reducing cash coupon from 8.875% to 6.75%.
 - Facility Headroom of £1.4bn at June 30, 2022 (June 30, 2021: £1.4bn) and accessible liquidity of £406.9m at June 30, 2022 (June 30, 2021: £453.0m).
 - Weighted average maturity of the Group's funding profile was 3.9 years as at June 30, 2022 based on amounts drawn.
 - Maintained fund raising and refinancing momentum post year end:
 - Jul'22: issued £499.4m TABS 7, our largest ever RMBS
 - Sep'22: amended and restated BABS facility, adding an additional £24m of funding and extending maturity to Mar' 27
 - Sep'22: Upsized our revolving credit facility from £ 71.9m to £138.25m, extending maturity to Sep'26
- Positive actions taken have resulted in improved corporate credit ratings
 - Oct '21: Outlook revised from negative to stable by Fitch
 - Jan '22: Outlook revised from stable to positive by S&P

Full Year 2021/22 results presentation

Together will be presenting its Full Year 2021/22 results via audio webcast today at **14:00 BST (9:00 EST)**, for the year ended June 30, 2022.

The presentation for analysts and investors is expected to last for approximately 30 minutes, followed by a Q&A.

The slides will be available on the Investor Relations website (<https://investors.togethermoney.com/>) ahead of the presentation.

The live audio webcast will be available via the following link:

<https://www.investis-live.com/together/62fa074414e0821200620f9b/mkkk>

It will also be accessible via a live conference call:

- Access code: 726016
- From the UK: 020 3936 2999 / 0800 640 6441
- From outside the UK: +44 20 3936 2999

For further enquires please contact:

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About Together

One of the UK's leading specialist lenders, Together has been making finance work to help our customers realise their ambitions for nearly 50 years.

A strong, diverse and financially inclusive lender, we support a wide range of underserved customers including the self-employed, those with more complex incomes, in later life or with thin or impaired credit, landlords and SME and business customers. We offer our customers a wide range of flexible lending products including short-term finance, auction finance, residential, buy-to-let and commercial mortgages, secured loans and development finance.

Our expertise in lending means we can look beyond mainstream lending criteria to consider individual circumstances and treat each application on its own merits to help our customers solve problems and realise opportunities.

Together is the trading name of Together Financial Services Limited, which has its registered office address at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.