

Together Financial Services Limited

26th November 2021

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 quarter ended September 30, 2021.

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

"Together has maintained the positive momentum from last year with another strong performance in the quarter to 30 September 2021. Average monthly lending was up 21.9% on the previous quarter at £179m, with originations in September rising above pre-pandemic levels to £202m. This resulted in the loan book increasing by 5.4% to end the quarter at £4.2bn.

"In parallel, we have further increased the diversity, liquidity and maturity of our funding, raising or refinancing over £1.4bn since June 2021. Most recently, we refinanced the Senior PIK toggle notes¹ and issued an additional £120 million of our 2026 bonds, in a transaction that was upsized by £20 million, underlying the quality of our loan book and the strong levels of investor support for Together.

"Following a strong recovery over the summer, UK economic growth slowed during the quarter to 30 September as Covid-19 support schemes were withdrawn, although the outlook remains broadly positive. While we have seen a spike in inflation and some commentators are forecasting that interest rates will rise from the current record lows, we are also seeing signs of a consumer recovery. As we shape our business for an exciting future, we continue to believe that Together is well placed to help increasing numbers of customers to realise their ambitions and to play our part in supporting the UK's economic recovery."

Financial performance: quarter ended September 30, 2021

- Group loan book of £4.2bn, up 5.7% compared with £4.0bn at September 30, 2020, and up 5.4% compared with £4.0bn at June 30, 2021
- Weighted average indexed LTV² remaining very conservative at 52.4% (Q1'21: 52.4%; Q4'21: 52.1%)
- Average monthly loan originations of £179.0m, up 310.6% in the quarter compared with £43.6m in Q1'21 and up 21.9% when compared with £146.9m in Q4'21 as the Group continued to increase lending volume
 - September 2021 loan originations exceeded £202m, rising above pre-pandemic levels
 - Weighted average origination LTVs remain conservative at 60.1% (Q1'21: 56.4%; Q4'21: 61.2%)
- Interest receivable and similar income of £93.3m, down 2.2% compared with £95.3m in Q1'21, due to a reduction in yield across the loan portfolio, although up 0.5% compared with £92.8m in Q4'21.
- Underlying net interest margin remained attractive at 6.1%, when compared with 6.4% in Q1'21 and 6.3% at Q4'21
- Annualised cost of risk has decreased to 0.1% when compared with 1.3% in Q1'21 due to a reduced impairment charge during the year as a result of the improved macroeconomic outlook (Q4'21: -0.4%)

¹ Senior PIK toggle notes of £368.2 million refinanced by Bracken Midco1 PLC level, an intermediate parent of Together Financial Services Limited

² During the previous year (Q2'21) the Group transitioned to an updated house-price index applied to collateral valuations resulting from an update to the methodology applied by IHT Markit, the owner and administrator of the Halifax House Price Index. Comparatives for the prior year comparable quarter (Q1'21) have not been updated.

- Underlying profit before tax was up 14.5% to £38.8m when compared with £33.9m in Q1'21 and up 15.1% when compared with £33.7m in Q4'21
- Cash generation remained robust, with cash receipts of £420.8m, up 11.5% compared with £377.3m in Q1'21 although down 8.2% compared with £458.5m in Q4'21, as redemptions declined following the conclusion of the stamp duty holiday
- Dividend paid in Q1'22 primarily to cash service the interest due on the Senior PIK Toggle Notes of Bracken Midco1 plc

Key metrics	Q1 2022	Q1 2021	Q4 2021
Interest receivable and similar income (£m)	93.3	95.3	92.8
Underlying interest cover ratio ^{**3}	2.3:1	2.2:1	2.2:1
Interest cover ratio [*]	2.3:1	2.1:1	2.3:1
Underlying net interest margin ^{**3} (%)	6.1	6.4	6.3
Net interest margin ^{**} (%)	6.1	6.4	6.3
Underlying cost-to-income ratio ^{**3} (%)	36.9	29.6	53.0
Cost-to-income ratio [*] (%)	37.1	31.8	44.9
Cost of risk ^{**} (%)	0.1	1.3	(0.3)
Underlying profit before taxation ³ (£m)	38.8	33.9	33.7
Profit before taxation (£m)	38.7	32.4	38.9
Underlying EBITDA ^{*3} (£m)	70.9	65.4	65.1
Loans and advances to customers (£m)	4,227.8	4,000.8	4,011.9
Net debt gearing (%)	76.2	77.2	75.6
Shareholder funds ⁴ (m)	942.8	858.3	937.0
Underlying return on equity ^{**3} (%)	13.6	13.8	13.7
Return on equity ^{**} (%)	13.5	13.2	15.7

*Calculation based on a 3 month period

**Calculation based on a 3 month period and annualised

Shaping the business for the future

- Progressed a number of key modernisation and transformation projects to streamline application journeys, improve user experiences for our customers and intermediaries and increase operational efficiency including:
 - Upgrading and redesigning the Together website in line with customer feedback;
 - Building a customer service portal to improve the customer journey with end-to-end registration, account overview screen, document repository and full account servicing capability;
 - The introduction of a fully operational Paperless Direct Debit solution in September 2021, improving the quality of service and data integrity for customers, simplifying the Direct Debit process and significantly reducing manual intervention;
 - The adoption of a new Change Delivery methodology across Together.
- Continued progression with the development of formal ESG strategy following the appointment of an ESG consultancy, in line with our purpose and vision for the future
- Successful colleague launch of Together's new vision and purpose

³ Q1'22 underlying metrics include adjustments to exclude £0.1m of customer provisions charge (Q1'21 excluded £1.5m redundancy costs, Q4'21 excluded £5.0m customer redress release along with £0.2m redundancy costs provision release)

⁴ Includes subordinated shareholder loans of £29.8m (Q1'21: £28.8m, Q4'21: £29.3)

Continued increase in diversity, liquidity and maturity of funding

- Over £1.4bn raised or refinanced across 5 transactions since Jun '21:
 - Jul'21: launched £96.2m Brooks ABS, the Group's 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: priced inaugural 1st charge only RMBS, Together ABS 2021-1ST1, for £318m;
 - 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%;
 - 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.
- Facility Headroom increased to £1,466m at 30 Sep '21 (30 Sep'20: £872m) and immediately accessible liquidity of £448m at 30 Sep'21 (30 Sep'20: £300m)

Q1 2021/22 results presentation

Together will be presenting its Q1 2021/22 results via audio webcast on Monday 29th November, at 14:00 GMT (8:00 EST), for the quarter ended September 30, 2021.

The presentation is expected to last for approximately 30 minutes, followed by a Q&A, and will be hosted by Gary Beckett (Group Managing Director & Chief Treasury Officer), Mike Davies (Director of Corporate Affairs) and Jordan Foster (Director of Strategic Finance).

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

Step 1: Access the Q1 21/22 results webcast

<https://slideassist.webcasts.com/starthere.jsp?ei=1515778>

Step 2: Dial in to the audio for the webcast using the following details:

- Passcode: 990976
- From the UK: +44 (0)330 336 9104 / 0800 358 6374
- From outside the UK: +1 929-477-0630 / 866-519-2796

Please follow both steps above in order to access the audio and visual for the quarter.

For further enquires please contact:

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About Together

Established in 1974, Together has been bringing common sense to the UK specialist lending market for over 45 years. Our expertise in lending means we can look beyond mainstream lending criteria to take an individual view of customers' needs and treat each application on its own merits.

We offer a wide range of specifically designed products, including short-term finance, auction finance, residential, buy-to-let and commercial mortgages and secured loans through our established distribution network.

In 2019, we placed 52nd in the Sunday Times Top 100 Best Companies to Work for and were also named in the Sunday Times Top Track 250 for the fourth time, placing 111th in the league table for growth and 4th for profitability. Together is the trading name of Together Financial Services Limited, which has its registered office address at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.