# Quarterly Results

Q2 2022-23

Realising *ambitions*

together.

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# Contents



# Speakers

**Gerald Grimes**
Group CEO Designate

**Gary Beckett**
Group Managing Director and Chief Treasury Officer

**Chris Adams**
Group Finance Director

**Ryan Etchells**
Chief Commercial Officer

**Max Griffiths**
Group Head of Quantitative Risk

# Highlights

# Another robust and sustainable performance

**£637m**
Originations
(Q2 ‘22: £600m)

**£5.9bn**
Loan Book
(Q2 ‘22: £4.4bn)

**53.4%**
Loan Book LTV
(Q2 ‘22: 51.6%)

**£91.0m**
Underlying EBITDA [1]
(Q2 ‘22: £76.5m)

**£25.8m**
Underlying PBT [1]
(Q2 ‘22: £43.0m)

**£560m**
Cash receipts
(Q2 ‘22: £507m)

**£1.3bn**
Facility headroom
(Q2 ‘22: £1.5bn)

**£1.0bn**
Shareholder funds
(Q2 ‘22: £984m)

**“BB”**
TFSL S&P ratings upgrade in Oct 2022 (previously BB-)

[1] Adjusted in accordance with Appendix: Adjustments in respect of exceptional costs

**Robust performance in uncertain macro-economic environment**

- Loan book up to £5.9bn, as originations controlled, rates increased and LTVs remain prudent
- Group remains highly profitable, with underlying PBT of £25.8m (Q2 ‘22 £43.0m), after deducting ECL impairment provisions of £18.9m
- Strong cash flows and gearing remains conservative

**Business continues to perform well**

- Loan book arrears remain very low at 2.0% and LTVs very conservative at 53.4%
- Further strengthened funding with closing of £467m FABS warehouse
- S&P upgrade to ‘BB’, reflecting resilient earnings, capital buffers and asset quality
- Continued to deliver against strategic change and sustainability agendas

**Trading environment remains positive**

- Breadth of product offering provided diversification benefits and leaves us well positioned to capitalise going forward

**“Together delivered another robust performance in the quarter, growing the loan book while controlling origination volumes, increasing rates and maintaining prudent LTVs.”**

*Gerald Grimes*
Group CEO Designate

# Shaping Our Business For The Future

# A purpose driven and sustainable business model

## Our vision
To be the most valued lending company in the UK

## Our purpose
Realising people's ambitions by making finance work

## Our culture and values
A unique family-like culture and entrepreneurial spirit underpinned by strong embedded values:

- Respect for people
- Doing the right thing
- Being accountable

## We deploy our unique strengths and resources…

**Full service model**

**Unique family-like culture**

**Deep diverse funding**

**Established partnerships**

**Successful multi-cycle track record**

**Wealth of expertise**

## …to make finance work…

**Residential mortgages**

**Commercial term loans**

**Buy-to-let mortgages**

**Development finance**

**Bridging loans**

## …for all of our stakeholders

### Our customers and partners
We help our customers realise their ambitions by offering common sense solutions with speed and certainty, and being easy to do business with by putting ourselves in their shoes...

**Individuals and families**
to buy their dream homes

**Later life customers**
or helping the next generation to get on the property ladder

**Entrepreneurs**
to start and grow their businesses

**SMEs and businesses**
to solve problems, realise opportunities and create jobs

**Landlords**
to provide homes and build portfolios

**Developers**
to create communities for people to live and work in

### Our shareholder and investors

### Our colleagues

### Our communities

### Our regulators

# Shaping our business for the future: strategic focus and KPIs

## 1 Strategic focus

**Deliver the right experience for our customers**

### Update

- Revamped and redesigned website
- Digital Portal developed and being tested ahead of full rollout
- Enhanced customer experience in document management and collections
- New digital experience to support product launch later this year
- Continuing improvement of call handling infrastructure

### How are we doing?

Customer Experience Rating


## 2 Strategic focus

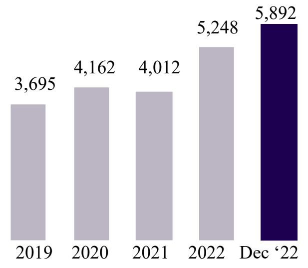
**Create an agile and rapidly scalable platform**

### Update

- Rolled out agile practices at scale across all change activities
- Embedding new ‘ABS Suite’ securitisation platform
- On track for modern compute and disk infrastructure implementation

### How are we doing?

Net loan book (£m)




## 3 Strategic focus

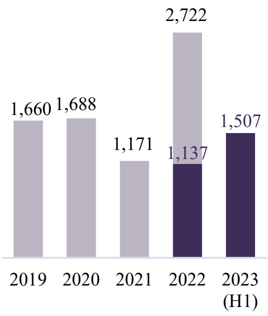
**Expand our addressable market and sustainability grow lending**

### Update

- Successfully reacted to volatile rate environment to protect customers, partners and business
- Controlled origination volumes at higher rates and prudent LTVs
- Well positioned to support our customers and take advantage of opportunities in 2023

### How are we doing?

Originations (£m) (1)




## 4 Strategic focus

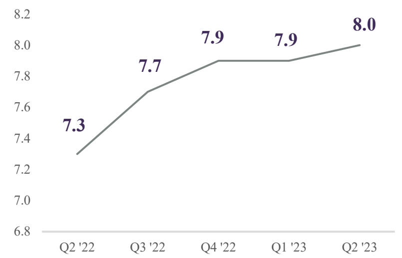
**Empower colleagues to grow and deliver value to our stakeholders**

### Update

- Learnfest 2022: week long initiative for all colleagues to learn and develop new skills from subject matter experts
- Rolled out new training programmes to support growth and performance for all colleagues

### How are we doing?

Colleague Health and Wellbeing Score




## 5 Strategic focus

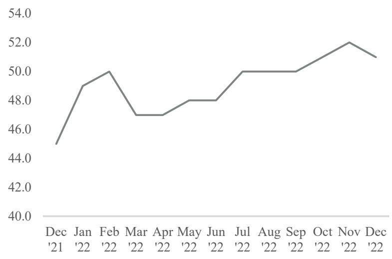
**Deliver on our Sustainability strategy**

### Update

- Strong progress made against ‘Our Planet’, ‘Our Customers’, ‘Our Colleagues’ and ‘Our Communities’ sustainability targets and measures

### How are we doing?

Net Promoter Scores: 2022

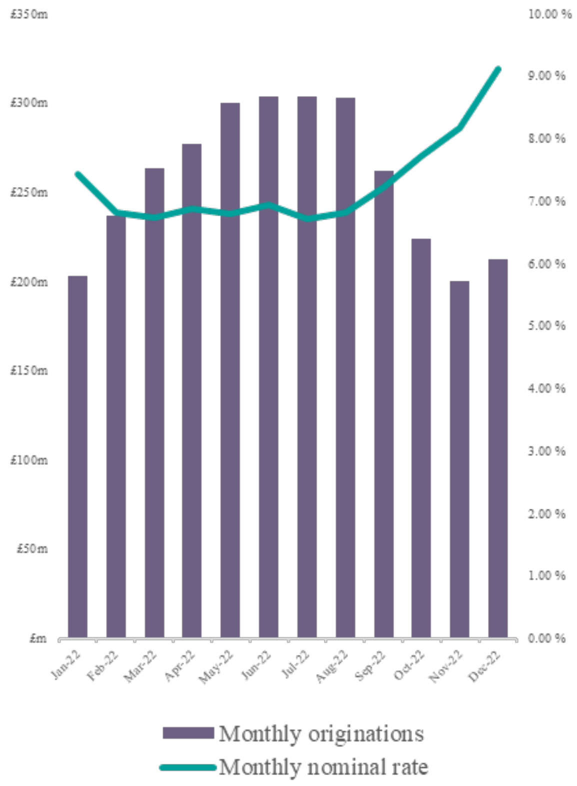



(1) 2022 originations split for comparability as follows H1: £1,137m and H2 £2,722m

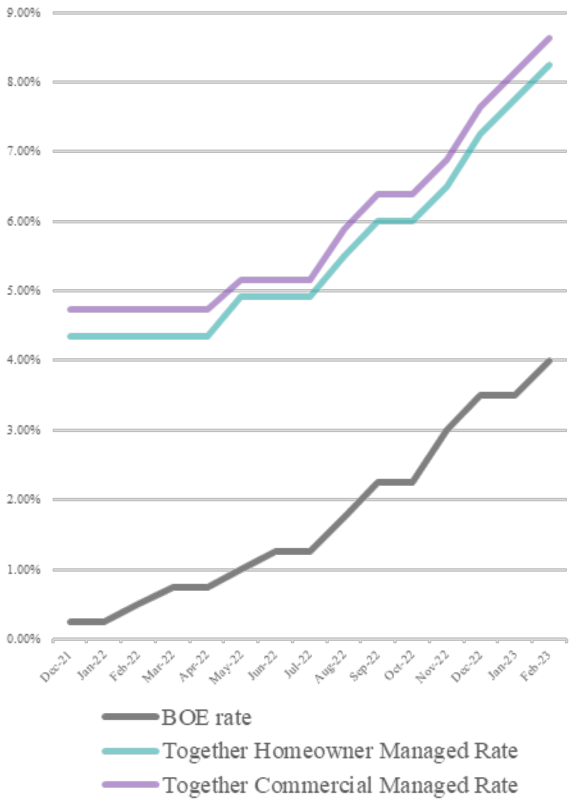
# Expanding our addressable markets and sustainably growing lending

## Responding to the changing rate environment

**2022 funding £s and funding nominal rate**



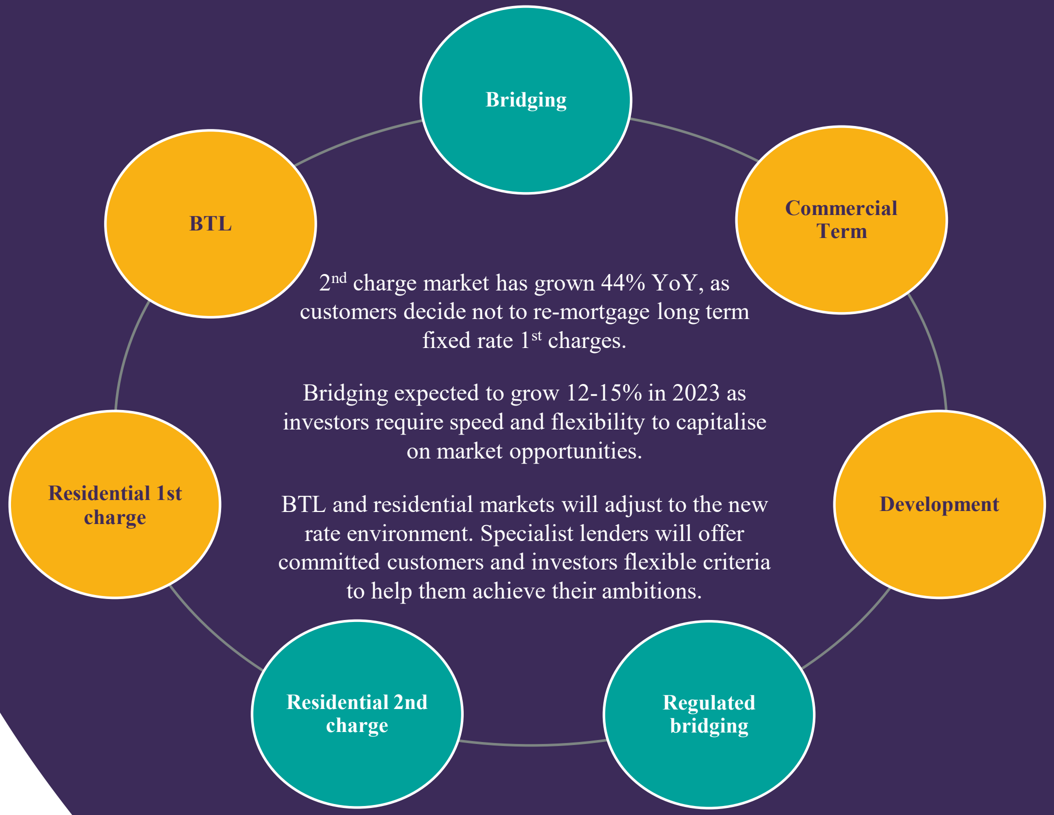

**2022 Together managed rates**




**Our broad product set and multi-channel distribution strategy allows us to capitalise on changing market dynamics**

The UK property market has seen challenges in late 2022 which we expect to continue into 2023. Experience tells us specialist markets grow and develop from economic turbulence. We are well placed to capitalise on these developments.

Our broad product and distribution presence allows Together to pivot lending focus with agility, reacting and responding as market dynamics change




2nd charge market has grown 44% YoY, as customers decide not to re-mortgage long term fixed rate 1st charges.

Bridging expected to grow 12-15% in 2023 as investors require speed and flexibility to capitalise on market opportunities.

BTL and residential markets will adjust to the new rate environment. Specialist lenders will offer committed customers and investors flexible criteria to help them achieve their ambitions.

# Delivering on our Sustainability strategy

## Our planet

### Targets and measures

- To reduce our carbon emissions from our own operations by 70% by 2027
- To reduce our direct energy consumption by 50% by 2030
- To be net zero for our own operations by 2030
- To be net zero for our direct and indirect emissions by 2050[1]

### Update

- Climate Risk Management Framework approved
- Climate Working Group established to progress ambitions to reduce emissions, consumption and become Net Zero
- Signed partnership with Inspired Energy to progress Net Zero ambitions, including disclosure of Scope 3 emissions
- No.1 Lake Side building changed to Zero Carbon electricity tariff, reducing emissions by 33%
- 65% of Together fleet electric or hybrid at 31 Dec ’22
- Food waste now being processed into biogas and used to generate electricity

## Our customers

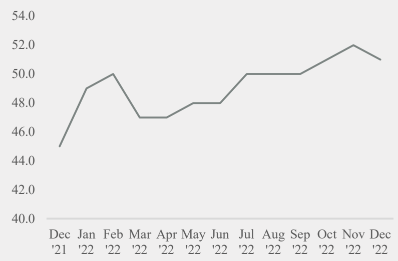
### Targets and measures

- To provide at least one green mortgage product for our customers by the end of 2023
- To establish a partnership with an industry specialist by the end of 2023 to link our customers to experts with insight and knowledge to help improve the energy efficiency of their homes

### Update

- External research agency engaged to better understand customer position in relation to a green mortgage product
- In discussions with industry specialist who are building a new tech platform to provide customers with a portal based experience
- Developing marketing campaign to help customers understand their energy efficiency
- Achieved ‘Crystal Mark’ accreditation from Plain English for post completion correspondence and website content
- Maintained over 4 out of 5 stars on Feefo, Trustpilot and Google

NPS scores 2022




1. This incorporates the following commitment made in the FY21 Annual Report and Accounts: all cars in the fleet to be electric or hybrid by 2025; all energy suppliers to be switched to green tariffs or sustainable energy sources by 2025

# Delivering on our Sustainability strategy

## Our colleagues

### Targets and measures

- 50% of senior management roles to be filled by women by 2026
- 20% of leadership positions to be filled by colleagues from underrepresented ethnic groups by 2025
- 20% of colleagues to be in the over 55 age bracket by 2026
- To retain silver accreditation for Investors in People and achieve gold accreditation by 2026

### Update

- 30% women in senior management positions at Dec ’22, up from 26% at Dec ‘21
- 3 new Togetherness groups formed, bringing total to 7 groups
- Colleague data system upgraded to include new/enhanced disability questions
- Completed D&I strategy review and established D&I policy matrix
- D&I Week for colleagues in Nov ‘22, to engage and increase awareness of our D&I ambitions
- Established Black History Month Committee to organise activities to mark the occasion
- Signed Race at Work Charter, joined Business Disability Forum and Age Accredited by 55/Redefined
- Sustainability Strategy launch week for colleagues in Jan ’23

## Our communities

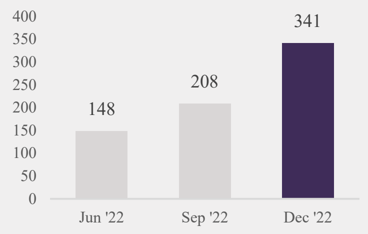
### Targets and measures

- We are committed to donating £1m to community projects in 2023
- 50% of colleague volunteering days to be used annually by 2025
- We will help finance 1,000 affordable properties by 2025
- We will sign the Sustainability Reporting Standard for Social Housing in 2023

### Update

- Approved plan to support charitable giving in excess of £1m
- 341 social housing properties financed by Dec ‘22
  - Securing homes for 1,207 tenants including key workers, vulnerable women and the elderly
- Signed Sustainability Reporting Standards for Social Housing
- Over 600 colleague volunteering hours used in Q4
- Supported ‘1,000 Beds for Christmas’ campaign
- Annual Christmas lunch for over 100 local pensioners
- Entered into partnership with Reaseheath College to offer students on-site construction experience

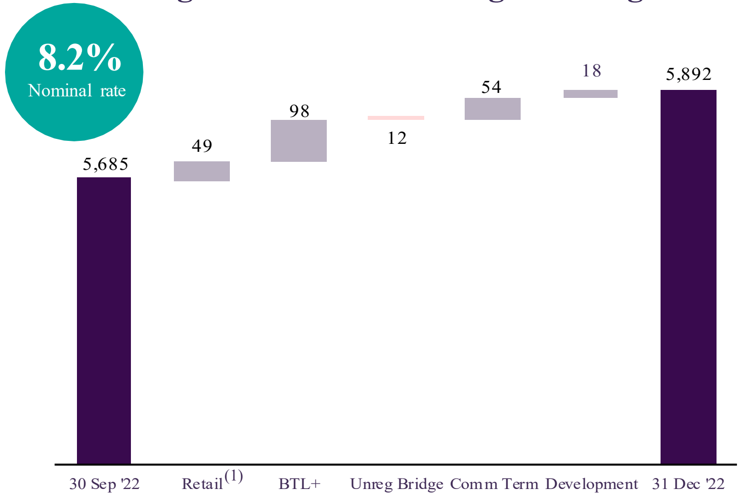
Affordable properties financed



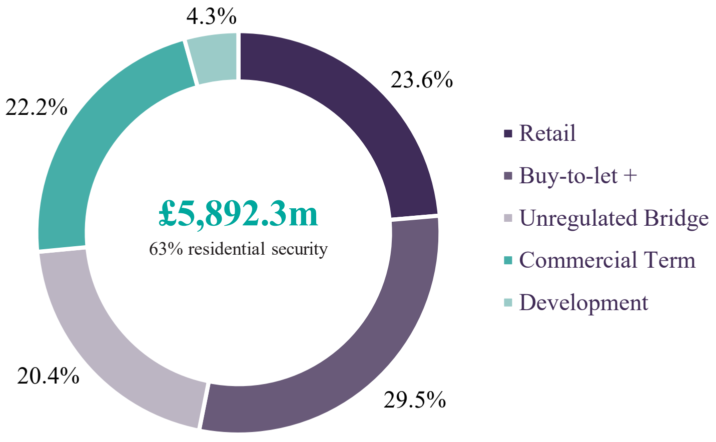
# Operating Review

# Robust originations driving continued loan book growth

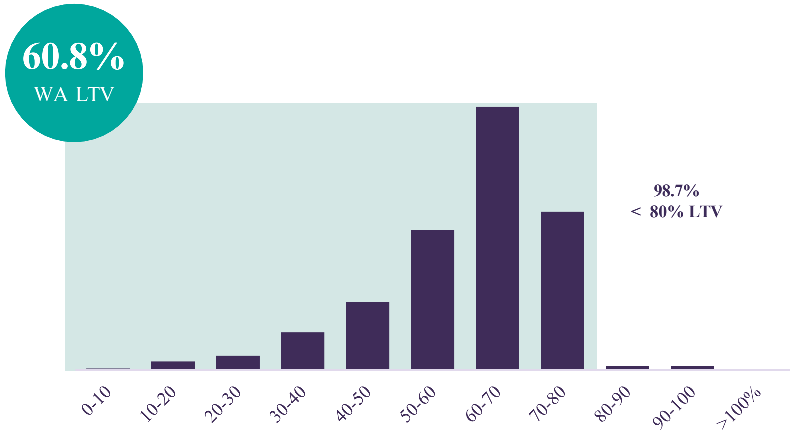
## Continued growth in new lending resulting in...



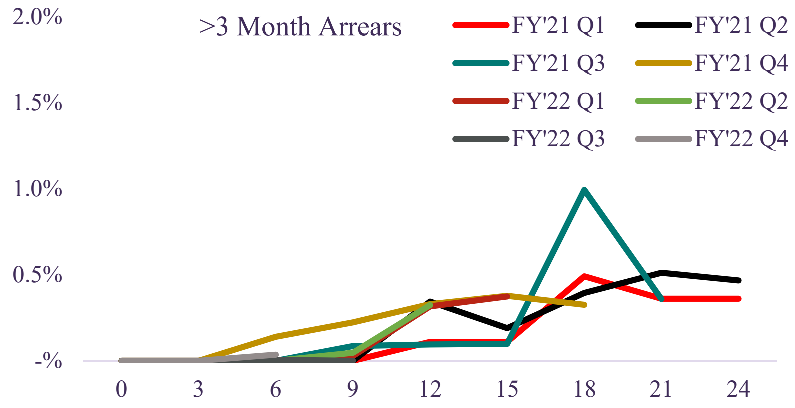

## …a diversified secured loan book…[2]




## … with continued conservative origination LTVs…




## …and robust asset quality




- Q2 '23 average monthly originations up 6.3% year-on-year to £212.5m (Q2 '22: £199.9m)
- New business nominal rate up noticeably to 8.2% (6.8% in the prior quarter)
- Robust credit quality maintained
  - Weighted average origination LTVs remain very conservative at 60.8% (Q2 '22: 61.4%)
  - Vintage delinquency remains low, consistent with prior period and continues to be monitored closely
- Almost half (46%) of originations in the quarter were derived from direct distribution channels
- Restarted fixed rate lending in October after short pause in September, post-market disruption

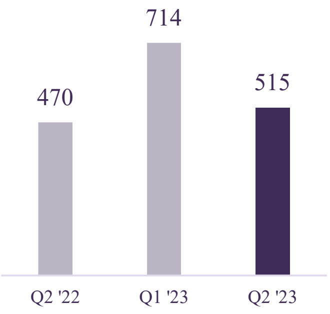


(1) Includes CBTL and Regulated Bridge accounting for £8.1m and £16.3m of Q1 '23 originations compared to £6.7m and £7.7m, respectively, in Q1 '22
(2) Loan book analysis for core operating subsidiaries is presented after allowances for impairments but excludes shortfall balances and related impairments, resulting in a small difference to the loan book carrying value in the statement of financial position.
(3) Origination balance of loans > 3months arrears divided by the total originated in the quarter

# Divisional update

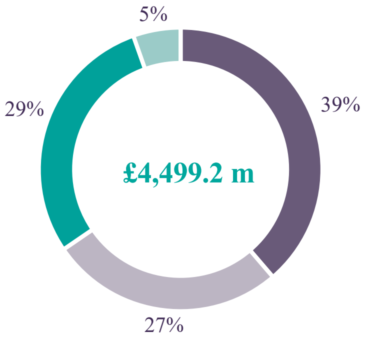
## Commercial Finance

### Originations £m




### Commercial loan book (1)

51% residential security




**52%** Direct Originations

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| ■ Buy-to-let | 146.4 | 8.0% | 57.4% |
| ■ Unreg. Bridge | 315.8 | 10.1% | 55.3% |
| ■ Commercial Term | 250.0 | 9.1% | 50.8% |
| ■ Development | 1,190.7 | 9.7% | 60.3% (2) |

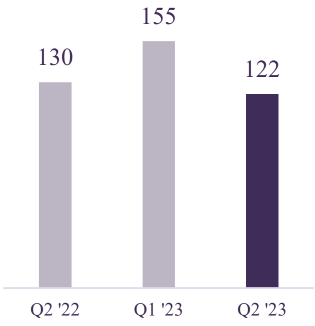
(1) Loan book analysis for core operating subsidiaries is presented after loss allowances
(2) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances

## Commercial Finance

- Strong quarterly originations, consistent with prior year quarter at £515m:
  - Nominal yields up across all products compared to previous quarter as funding cost pass-ons start to take effect
  - Bridge lending in particular was strong and is now back to pre-September levels
  - Continued focus on customer service, driving value in existing key direct relationships
- Continued loan book growth, up 3.6% to £4.5bn

## Personal Finance

### Originations £m




### Retail loan book (1)(2)

100% residential security


**23%** Direct Originations

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| ■ 1st Charge | 113.1 | 6.3% | 47.2% |
| ■ 2nd Charge | 49.4 | 7.8% | 49.7% |

(1) Loan book analysis for core operating subsidiaries is presented after loss allowances
(2) Including CBTL and Regulated Bridge, accounting for £83.4m and £38.6m respectively as at Dec '22 compared to £70.6m and £34.6m at Dec '21

## Personal Finance

- New lending totalling £122m during the quarter:
  - As with Commercial Finance, nominal yields up across all products compared to previous quarter
  - Continued focus on quality of lending at an appropriate rate of return and LTV
  - At the same time, maximising opportunities from retaining customers and introducer relationships
- Continued loan book growth, up 3.7% to £1.4bn

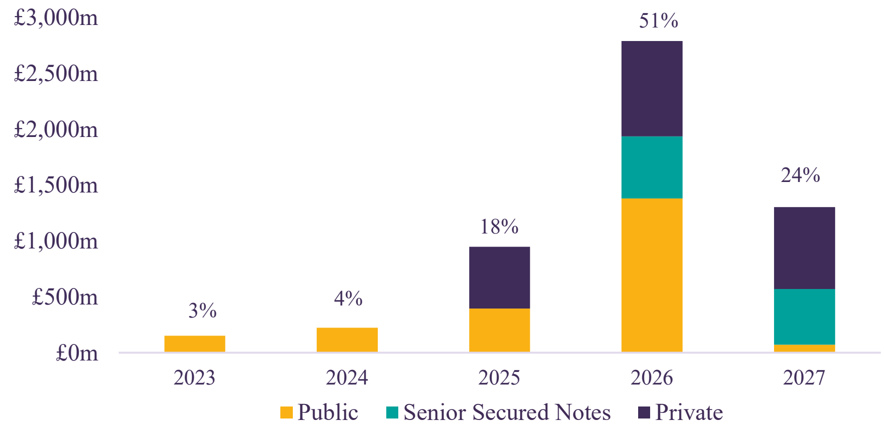
# Established issuer, diversified funding with depth of maturity

## Q1 ‘23: £467m raised or refinanced

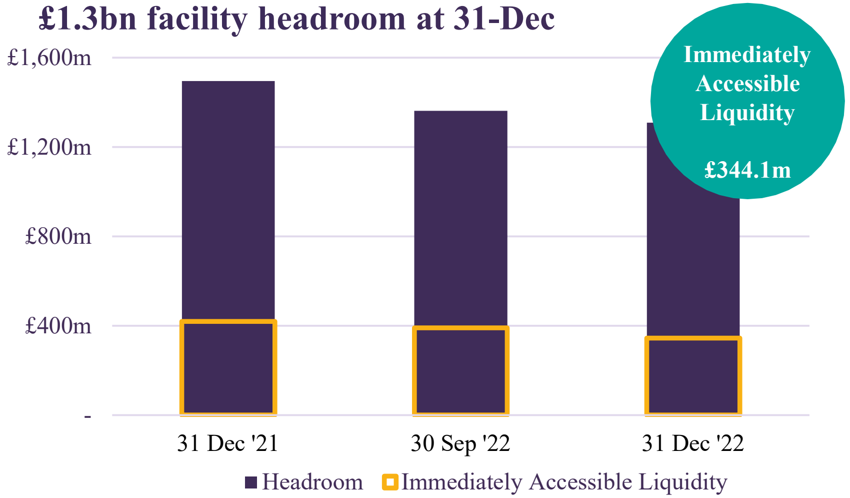

- £467.4 million warehouse facility for first charge owner occupied and buy-to-let loans secured against residential property
- Closely aligned to Group’s RMBS programme, providing additional funds to support property investors and home owners
- Facility matures in 2026

## 3.4 years average weighted maturity at 31-Dec(2)

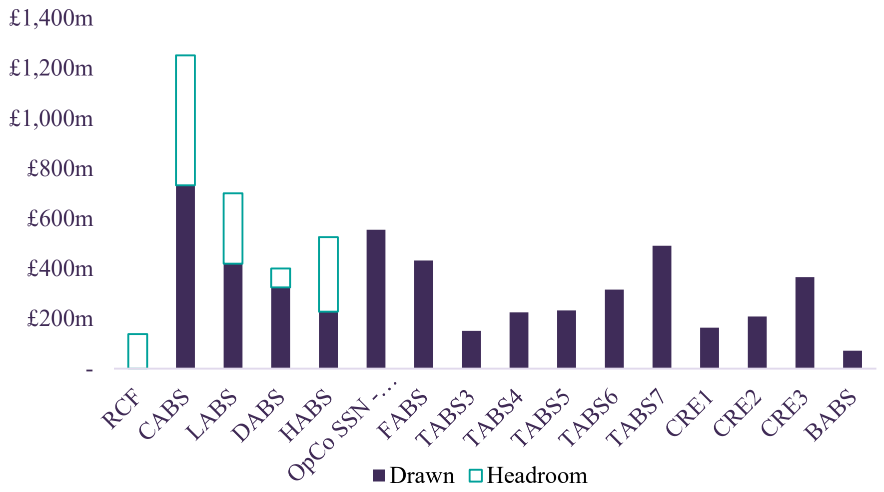
**Total facilities by maturity**




## £1.3bn facility headroom at 31-Dec




## Individual facility drawing and headroom at 31-Dec



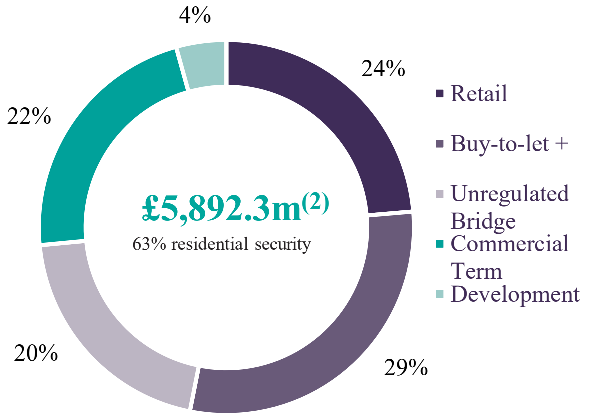

### Significant borrower group and bond investor protection afforded

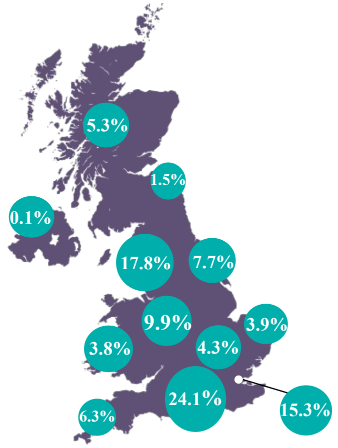
- Security package underpinned by:
  - £1.4bn secured loan portfolio
  - Retained subordinated loans and junior notes in public and private securitisations, totalling c£499m
  - Annual deferred purchase consideration due from public and private securitisations (c£156m per annum)
- Borrower group portfolio LTV of just 56.6% and gearing of 67.8% (implied borrower group “look-through” LTV of just 38.4%)
- Significant Senior Secured Note covenant headroom
- S&P upgraded TFSL to ‘BB’ whilst also upgrading the Senior Secured Notes and PIK Toggle Notes to ‘BB’ and ‘BB-’ respectively

(1) Based on total facility size except for TABS 2,3,4,5,6,7, CRE1, CRE2, CRE3 and BABS based on outstanding balance.
(2) Based on drawn balances – years are calendar years

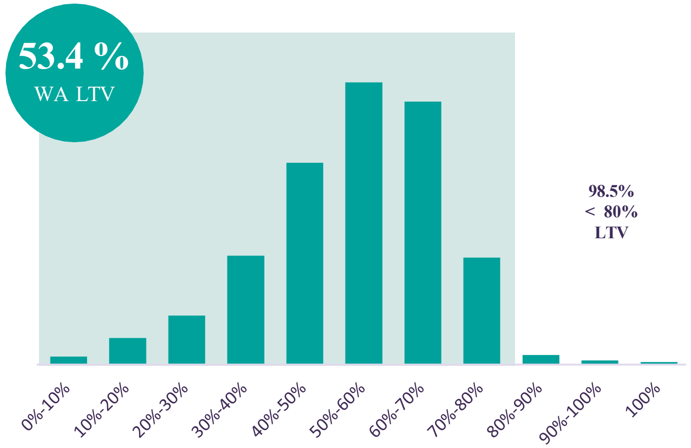
# Sustainable success built on solid foundations

## High quality loan book – diversified by product and geography…



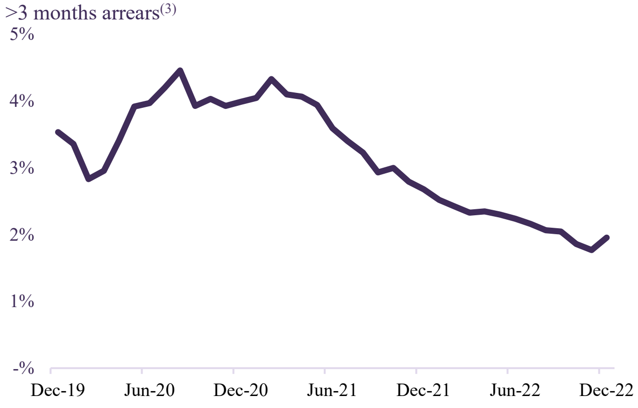

## …secured with low LTVs…



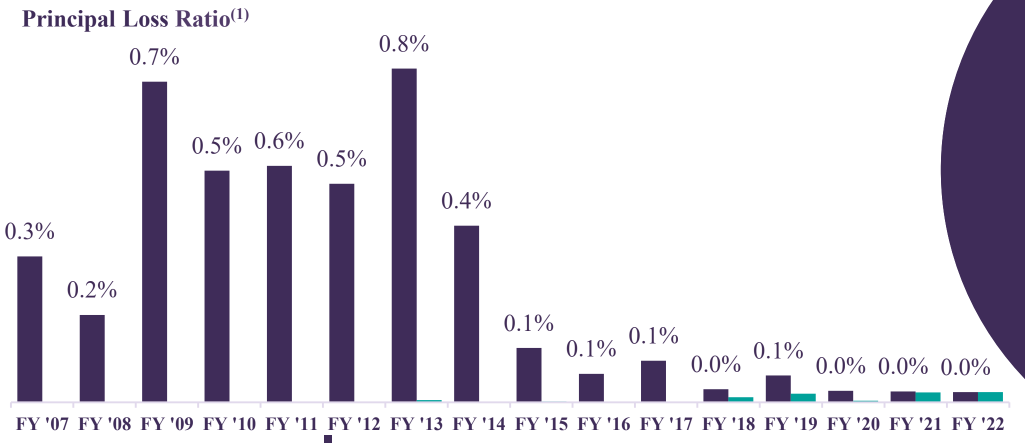

### Low levels of negative equity exposure

- Negative equity exposure £**36.7**m (0.9% of total loans, by value)
  - Compared to £110.8m of IFRS9 impairment allowances
- Only **£17.2m** additional Group exposure to negative equity from 20% fall in property values

## …continuing low arrears levels…




## …and consistently low levels of realised losses




### Low levels of realised losses

- Only 0.8% during financial crisis, reducing to negligible levels subsequently
- Loss ratios consistently below 0.03% since 2010

**Downside scenario analysis - IFRS9**

- 100% severe downside would increase impairment allowances by **£143.2m** compared to LTM Profit before tax and impairment charges of **£175.0m**

(1) Principal losses = total principal advances + 3rd party costs (i.e. foreclosure costs) less total receipts.
(2) Loan book analysis for core operating subsidiaries is presented after loss allowances
(3) Loans in arrears >3 months (incl. performing or non performing arrears) as % of total loan book excluding development loans, repossession, loans past term and non-serviced loans

# Remaining vigilant against the macroeconomic backdrop

## Key pillars of our strategic approach

**Customers**

Supporting our customers in uncertain times

**Our colleagues**

Enhancing our colleague value proposition

**Operations**

Agile response to changes in the operating environment

**Risk**

Prudent approach to risk mitigation and planning

# Financial Review

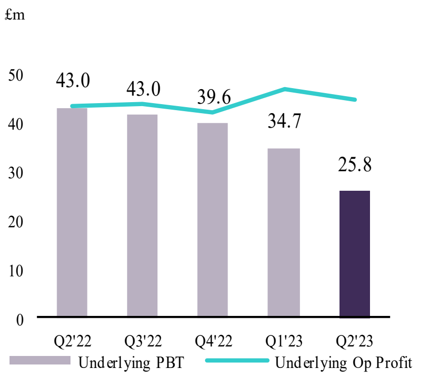
# A controlled financial performance for the quarter

## Results for the quarter

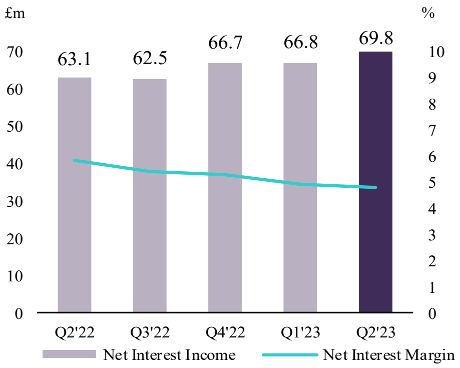
The results for the quarter to 31 December 2022 are summarised:

| | Q2'23 £m | Q1'23 £m | Q2'22 £m |
|---|---|---|---|
| **Net interest income** | **69.8** | 66.8 | 63.1 |
| Net fee and other income | **(0.3)** | 2.0 | 0.4 |
| **Operating income** | **69.5** | 68.8 | 63.5 |
| Administrative expenses | **(32.8)** | (19.2) | (23.1) |
| **Operating profit** | **36.7** | 49.6 | 40.4 |
| ***Underlying operating profit*** | ***44.7*** | *46.6* | *43.3* |
| Impairment losses | **(18.9)** | (11.9) | (0.3) |
| **Profit before tax** | **17.8** | 37.7 | 40.1 |
| ***Underlying profit before tax*** | ***25.8*** | *34.7* | *43.0* |

Underlying[3] profit before tax for the quarter takes into account increasing IFRS 9 ECL coverage levels during the quarter. Underlying operating profit was broadly consistent



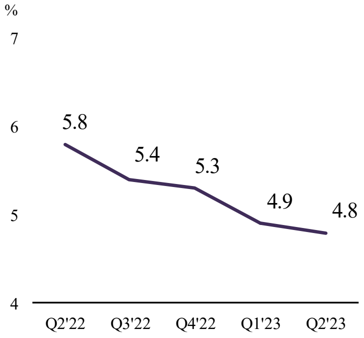

The Group's continued to grow its loan portfolio in the quarter and in turn its net interest income



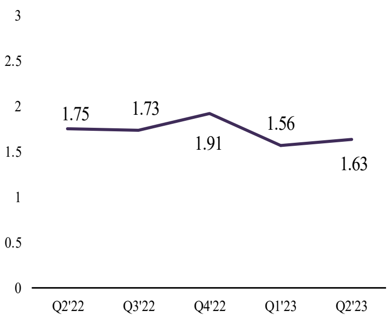

## Key profit-related performance indicators

| | Q2'23 | Q1'23 | Q2'22 |
|---|---|---|---|
| Net interest margin (%)[1] | **4.8** | **4.9** | 5.8 |
| Underlying net interest margin (%)[2] | **4.8** | **4.9** | 5.8 |
| Cost-to-income ratio (%)[1] | **47.2** | **28.0** | 36.5 |
| Underlying Cost-to-income ratio (%)[2] | **35.7** | **32.3** | 31.9 |
| Return on equity (%)[1,4] | **5.8** | **12.0** | 14.6 |
| Underlying return on equity (%)[2,4] | **8.3** | **11.1** | 15.6 |
| Cost-to-asset ratio (%)[1,4] | **2.2** | **1.3** | 2.0 |
| Underlying cost to asset ratio (%)[2,4] | **1.6** | **1.6** | 1.8 |
| Cost of risk[1] | **1.3** | **0.9** | 0.03 |

We still expect this downward trend in the Group's net interest margin to reverse, owing to actions in respect of repricing and customer rate pass-on. As can be seen, the rate of decline has slowed significantly this quarter as these actions start to have an impact




The Group's strong growth continues to see its underlying cost-asset ratio trending downwards and remains below pre-pandemic levels




(1) As defined within the appended Glossary
(2) Annualised quarterly underlying net interest margin shown in graph
(3) See Appendix ("Adjustments in respect of exceptional costs") for breakdown of exceptional items
(4) Calculated using annualised quarterly totals

**Continued resilience in our financial results, with continued focus on pricing and impairment provisioning**

- Underlying profitability before tax and impairments remains consistent in the face of a challenging external environment
- Net interest and operating income have continued to grow. Increased operating profit reflects focus on cost management
- The Group's actions to mitigate NIM compression, resulting from the wider rates environment, slowed down this trend
- Admin expenses include a one-off £8.4m charge relating to discretionary senior staff bonus payments
- IFRS 9 impairment and cost of risk continue to be significantly driven by broader macroeconomic factors as we increase coverage levels

# Strong balance sheet with significant asset cover

## Financial Position

The Group's closing financial position was as follows:

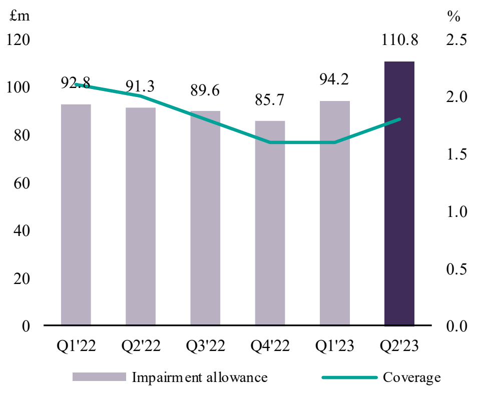
| | Q2'23 £m | Q1'23 £m | Q2'22 £m |
|---|---|---|---|
| Loans and advances to customers | **5,891.9** | 5,684.9 | 4,421.5 |
| Cash | **317.5** | 323.9 | 260.1 |
| Fixed and other assets | **106.1** | 109.5 | 62.4 |
| **Total assets** | **6,315.5** | 6,118.3 | 4,744.0 |
| Borrowings | **5,206.8** | 4,972.5 | 3,700.5 |
| Other liabilities | **95.2** | 84.3 | 89.5 |
| **Total liabilities** | **5,302.0** | 5,056.8 | 3,790.0 |
| **Total equity** | **1,013.5** | 1,061.5 | 954.0 |
| **Total equity and liabilities** | **6,315.5** | 6,118.3 | 4,744.0 |

## Key credit metrics

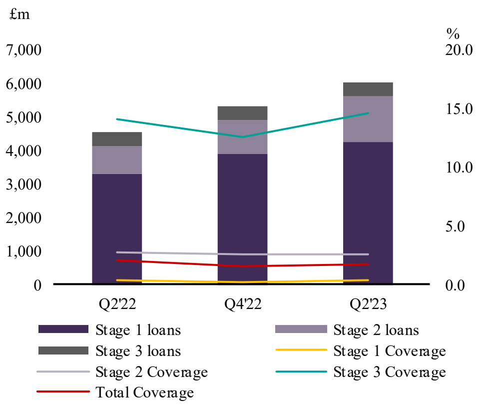
| | Consolidated group | | | Senior borrower group | | |
|---|---|---|---|---|---|---|
| | **Q2'23** | Q1'23 | Q2'22 | **Q2'23** | Q1'23 | Q2'22 |
| Gearing[1,3,5] | **82.3%** | 81.2% | 76.9% | 67.8% | 65.2% | 60.7% |
| EBITDA (£m)[5] | **83.0** | 91.3 | 73.6 | 36.3 | 55.9 | 57.5 |
| Underlying EBITDA (£m)[2] | **91.0** | 88.3 | 76.5 | 44.3 | 52.9 | 60.4 |
| Net debt : underlying EBITDA[2,4] | **13.4** | 13.1 | 11.2 | 5.5 | 4.7 | 4.0 |
| Gross debt : Shareholder funds[1,3] | **4.9** | 4.6 | 3.7 | 1.7 | 1.6 | 1.5 |
| Interest cover ratio[5] | **1.3** | 1.8 | 2.3 | 2.1 | 3.3 | 3.6 |
| Underlying interest cover ratio[2] | **1.4** | 1.7 | 2.4 | 2.6 | 3.2 | 3.8 |
| Asset cover (%)[1,3,5] | **44.4** | 42.1 | 40.0 | 38.4 | 36.2 | 32.2 |

(1) Subordinated shareholder loans and notes treated as equity
(2) See Appendix ("Adjustments in respect of exceptional costs") for breakdown of exceptional items
(3) Excludes lease liability classified as borrowings
(4) Calculated using annualised quarterly totals
(5) As defined within the appended Glossary

The Group continues to increase the level of allowances it holds against future expected credit losses, still owing in the main to macroeconomic uncertainty




ECL coverage (defined as total ECL as a percentage of gross loans) has increased slightly this quarter, in the context of a larger loan book, compared to the previous quarter:




### Strong, sustainable balance sheet growth

- Net loan book continues to reach record size, underpinned by controlled originations at prudent LTV levels
- IFRS 9 impairment provision coverage levels continue to increase, reflecting ongoing macroeconomic conditions and our cautious approach to potential future risks
- 100% weighting to the severe IFRS 9 downside scenario would increase impairment allowances by £143m, relative to LTM profit before impairment and tax charges of £175m and shareholder funds of over £1bn

# Prudent approach to impairment provisioning

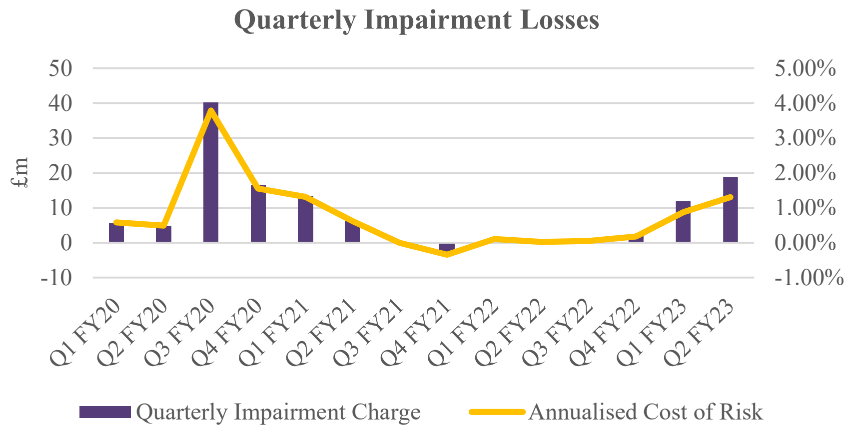
## Increased loss allowances owing to the macro environment

| | 31 December 2022 (£m) | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 & POCI | Total |
| Gross loans and advances | 4,236.5 | 1,348.5 | 417.7 | 6,002.7 |
| Loss allowance | (14.9) | (35.5) | (60.4) | (110.8) |
| | **4,221.6** | **1,313.0** | **357.3** | **5,891.9** |
| ECL coverage | 0.35% | 2.63% | 14.46% | 1.85% |

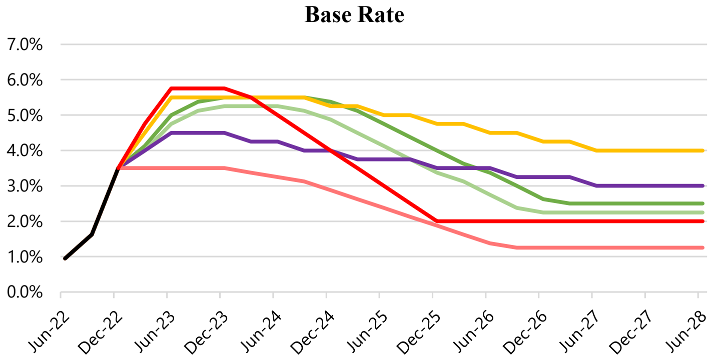
| | 30 September 2022 (£m) | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 & POCI | Total |
| Gross loans and advances | 4,072.5 | 1,306.6 | 400.0 | 5,779.1 |
| Loss allowance | (10.9) | (32.1) | (51.2) | (94.2) |
| | **4,061.6** | **1,274.5** | **348.8** | **5,684.9** |
| ECL coverage | 0.27% | 2.46% | 12.80% | 1.63% |

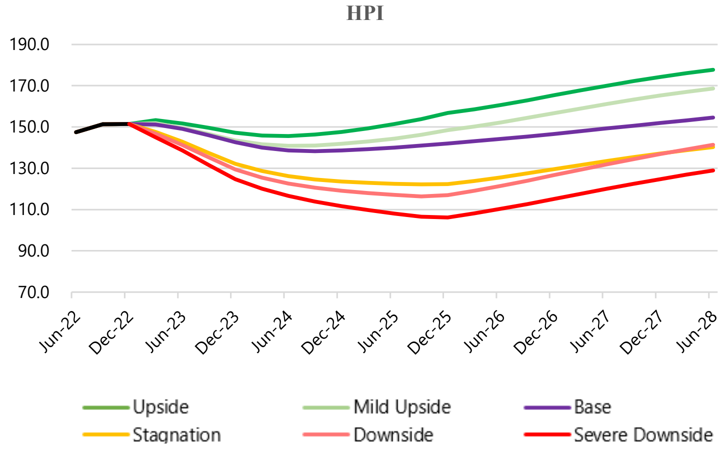
**Increased ECL provision coverage levels and charges**

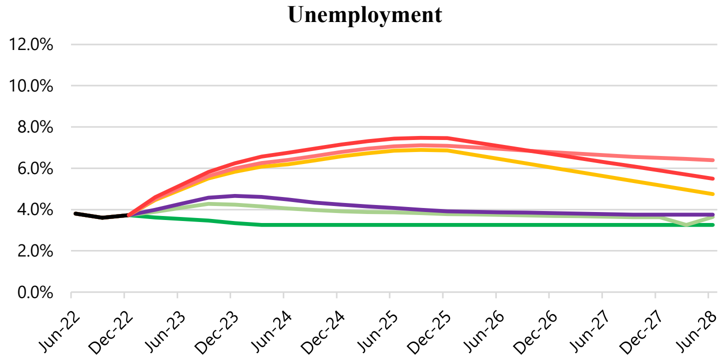
- Macroeconomic assumptions refreshed quarterly and reflect latest expectations
- Charge continues to be primarily driven by these forward looking assumptions
- Uptick in Q2 arrears owing to seasonality and subsequently reduced in January




## Latest key IFRS 9 economic scenario inputs



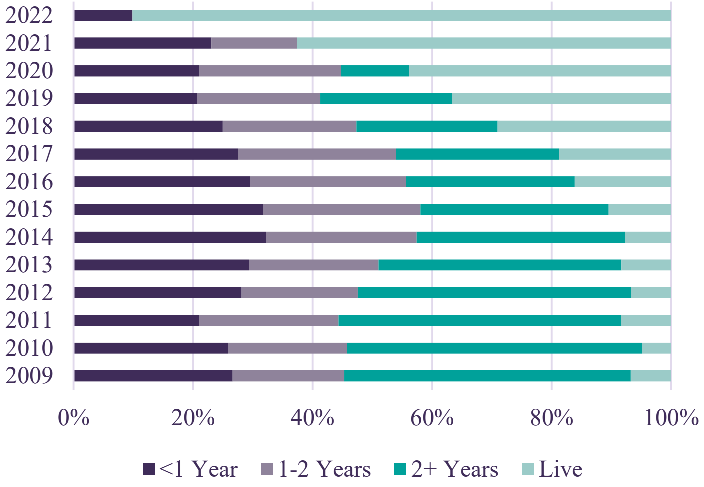



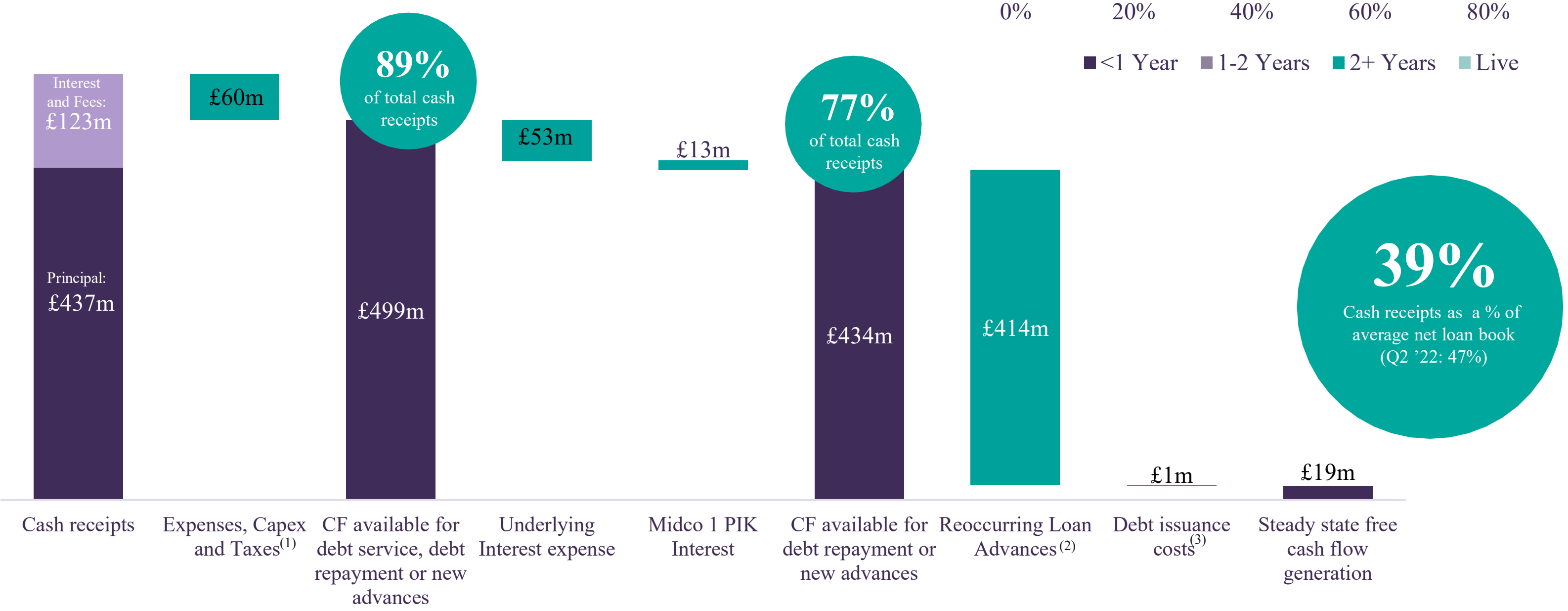
# High cash generation and cash flow

## Summary Consolidated Statement of Cash Flows

| | Q2'23 £m | Q1'23 £m | Q2'22 £m |
|---|---|---|---|
| **Net cash generated/(used in):** | | | |
| Operating activities | **(130.5)** | (368.5) | (117.3) |
| Investing activities | **(2.4)** | (1.5) | (1.2) |
| Financing activities | **126.5** | 429.4 | 168.1 |
| Net increase in cash and cash equivalents | **(6.4)** | 59.4 | 49.6 |
| **Cash and cash equivalents at the beginning of this period** | **323.9** | 264.5 | 210.5 |
| **Cash and cash equivalents at the end of this period** | **317.5** | 323.9 | 260.1 |

## Redemption rates (by loan vintage)




## Strong liquidity profile

- The Group manages liquidity to remain within defined risk appetites, and continues to hold elevated liquid cash levels relative to recent years
- This approach is supported by a series of successful financing transactions to increase and extend our funding facilities. This includes our new FABS transaction that occurred during the quarter
- Strong levels of liquidity and cash inflows facilitate consistent ability to service debt obligations

(1) Expenses principally represents staff costs and overheads as well as new business cost. Excludes the impact of discretionary dividends totalling £19.6m to the shareholder and £17.2m was paid to Bracken Midco 2 to fund the partial acquisition of certain D shares issued by the company. All dividends are included in the Summary Consolidated Statement of Cash Flows within Financing activities

(2) Reoccurring Loan Advances are loan advances required to maintain the size of the gross loan book at the beginning of period. Calculated as loans originated in the last twelve months less growth in loans & advances over the last twelve months

(3) Debt issuance costs adjusted proportionately to reflect costs associated with Reoccurring Loan Advances only

# Summary & Outlook

# Another robust and sustainable performance

**£637m**
Originations
(Q2 ‘22: £600m)

**£5.9bn**
Loan Book
(Q2 ‘22: £4.4bn)

**53.4%**
Loan Book LTV
(Q2 ‘22: 51.6%)

**£91.0m**
Underlying EBITDA [1]
(Q2 ‘22: £76.5m)

**£25.8m**
Underlying PBT [1]
(Q2 ‘22: £43.0m)

**£560m**
Cash receipts
(Q2 ‘22: £507m)

**£1.3bn**
Facility headroom
(Q2 ‘22: £1.5bn)

**£1.0bn**
Shareholder funds
(Q2 ‘22: £984m)

**“BB”**
TFSL S&P ratings
upgrade in Oct 2022
(previously BB-)

### Robust performance in uncertain macro-economic environment

- Loan book up to £5.9bn, as originations controlled, rates increased and LTVs remain prudent
- Group remains highly profitable, with underlying PBT of £25.8m (Q2 ‘22 £43.0m), after deducting ECL impairment provisions of £18.9m
- Strong cash flows and gearing remains conservative

### Business continues to perform well

- Loan book arrears remain very low at 2.0% and LTVs very conservative at 53.4%
- Further strengthened funding with closing of £467m FABS warehouse
- S&P upgrade to ‘BB’, reflecting resilient earnings, capital buffers and asset quality
- Continued to deliver against strategic change and sustainability agendas

### Trading environment remains positive

- Breadth of product offering provided diversification benefits and leaves us well positioned to capitalise going forward

### Outlook

- While inflation showing signs of trending lower and pace of interest rate rises has slowed, some economists are forecasting the UK economy could enter recession during 2023
- Increasing numbers of customers may look to specialist lenders for support

> **“With a clear purpose, a proven and well-funded model and a successful multi-cycle track record, Together is well placed to help many more customers realise their ambitions.”**
>
> *Gerald Grimes*
> Group CEO Designate

[1] Adjusted in accordance with Appendix: Adjustments in respect of exceptional costs

# Q&A

# Appendix

# Adjustments in respect of exceptional costs

| Metric | Q2 ‘23 | Q1 ‘23 | Q2 ’22 |
|---|---|---|---|
| EBITDA | 83.0 | 91.3 | 73.6 |
| Discretionary Bonus | 8.4 | - | - |
| Share Incentive Scheme Charges | - | - | 4.2 |
| Customer Redress Provisions | - | - | (1.3) |
| Strategic Review Costs | (0.4) | (3.0) | - |
| **Underlying EBITDA** | **91.0** | **88.3** | **76.5** |
| | | | |
| PBT | 17.8 | 37.7 | 40.1 |
| Discretionary Bonus | 8.4 | - | - |
| Share Incentive Scheme Charges | - | - | 4.2 |
| Customer Redress Provisions | - | - | (1.3) |
| Strategic Review Costs | (0.4) | (3.0) | - |
| **Underlying PBT** | **25.8** | **34.7** | **43.0** |
| | | | |
| Net Interest Income | 69.8 | 66.8 | 63.1 |
| **Underlying Net Interest Income** | **69.8** | **66.8** | **63.1** |
| | | | |
| Net Operating Income | 69.5 | 68.8 | 63.5 |
| **Underlying Net Operating Income** | **69.5** | **68.8** | **63.5** |
| | | | |
| Administrative Expenses | 32.8 | 19.3 | 23.1 |
| Discretionary Bonus | (8.4) | - | - |
| Share Incentive Scheme Charges | - | - | (4.2) |
| Customer Redress Provisions | - | - | 1.3 |
| Strategic Review Costs | 0.4 | 3.0 | - |
| **Underlying Administrative Expenses** | **24.8** | **22.3** | **20.2** |

# Funding Structure as at 31st Dec 2022

**Bracken Midco1 Plc**
**Senior PIK Toggle Notes 2027 (6yr NC2)**
**£380m**
**S&P: BB-; Fitch: B**

**Together Financial Services Limited**

**Together Commercial Finance**
(unregulated)
BTL+, Commercial term, Bridging Loans, Developments

**Together Personal Finance**
(FCA regulated)
1st & 2nd Lien Mortgages, Regulated Bridging Loans, Consumer BTL

**Bonds and Bank Facilities**

**SSN 2026**
*6yr NC2*
***£555m***
*S&P BB; Fitch: BB-*

**SSN 2027**
*6yr NC2*
***£500m***
*S&P BB; Fitch: BB-*

**RCF 2026**
***£138.3m** Commitment*

**Public RMBS**

**TABS3**
***£129.9**m rated notes(1)(2) – 59.1% rated AAA*

**TABS4**
***£188.0**m rated notes(1)(2) – 69.8% rated AAA*

**TABS5**
***£216.5**m rated notes(1)(2) – 91.1% rated AAA*

**TABS6**
***£259.3**m rated notes(1)(2) – 86.2% rated AAA*

**TABS7**
***£453.2**m rated notes(1)(2) – 89.1% rated AAA*

**CRE1**
***£147.8**m rated notes(1)(2) – 76.6% rated AAA*

**CRE2**
***£186.1**m rated notes(1)(2) –76.9% rated AAA*

**CRE3**
***£339.2**m rated notes(1)(2) – 88.8% rated AAA*

*Figures as at 31 Dec'22 reflecting amortisation of facilities*

**Private Securitisations**

**CABS 2027**
***£1,251** Commitment*
*Moody's: Aa2(sf); DBRS: AA(sf)(1)*

**LABS 2026**
***£700m** Commitment*

**DABS 2 2025**
***£400m** Commitment*

**HABS 2025**
***£525m** Commitment*

**BABS 2027**
***£71.5m** Commitment (2)*

**FABS 2026**
***£467m** Commitment*

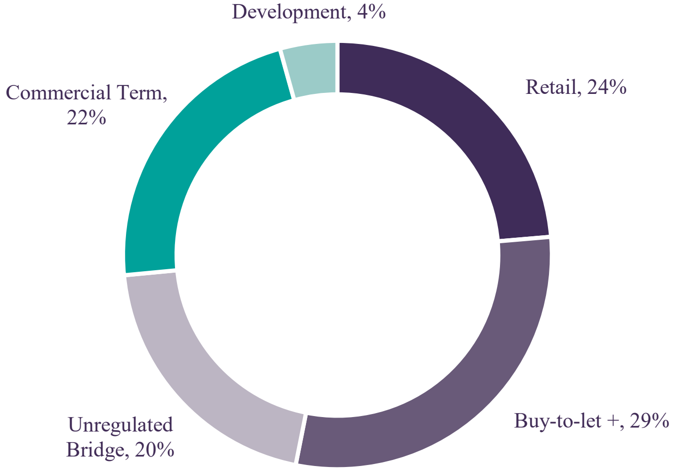
**Total shareholder funding £1,046.0m(3)**
**(Borrower Group: £625.0m)(3)**

(1) Rating in respect to the senior notes only
(2) As at 31 Dec 2022, net of cash receipts received in the month to be applied to reduce notes. Brooks ABS reflects the current senior note position. Brooks ABS is an amortising (non revolving) facility
(3) Includes shareholder debt

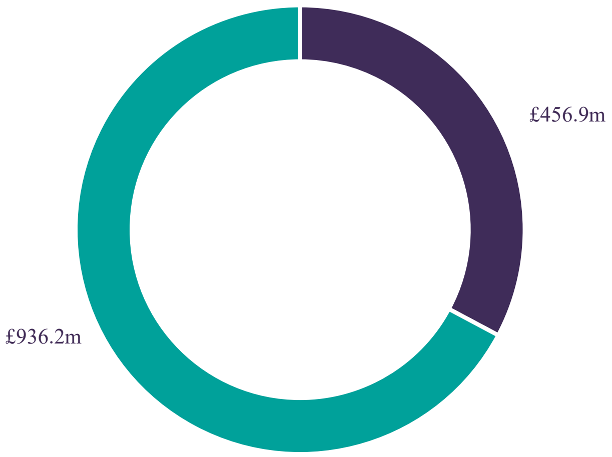
# Diversified Loan Book – Consolidated Group

## Loan portfolio breakdown by loan purpose

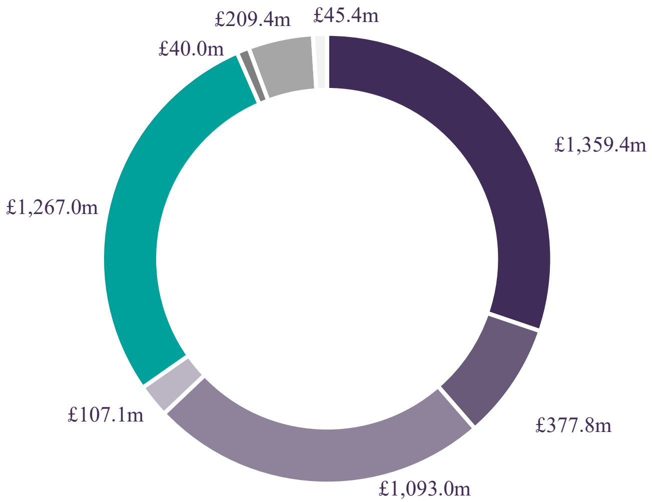
Total (1) £5,892.3m




## Retail loan book breakdown




## Commercial loan book breakdown




### 63% secured on residential security

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| **Retail** | 79.5 | 6.8% | 48.0% |
| **Commercial** | 213.2 | 9.0% | 55.1% |
| **Total** | **152.5** | **8.5%** | **53.4%** |

### 100% secured on residential security

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| ■ **1st Charge** | 113.1 | 6.3% | 47.2% |
| ■ **2nd Charge** | 49.4 | 7.8% | 49.7%(2) |

### 51% secured on residential security

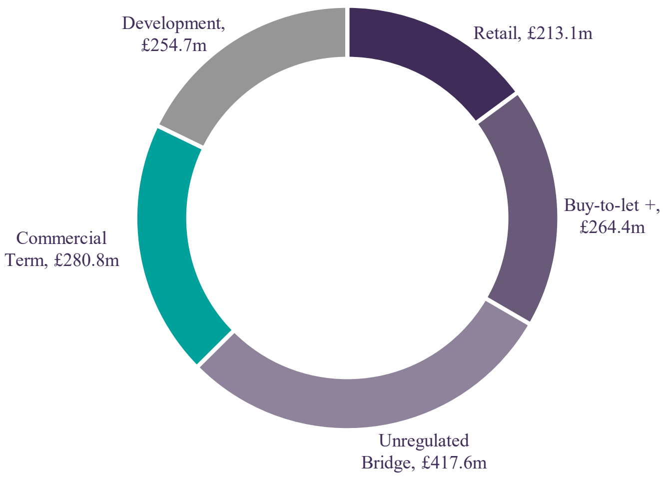
| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| ■ Buy-to-let 1st Chg. | 185.6 | 7.6% | 58.8% |
| ■ Buy-to-let 2nd Chg. | 83.2 | 9.5% | 52.2%(3) |
| ■ Unreg. Bridge 1st Chg. | 328.8 | 10.0% | 55.8% |
| ■ Unreg. Bridge 2nd Chg. | 225.1 | 11.0% | 50.9%(4) |
| ■ Comm. Term 1st Chg. | 254.3 | 9.1% | 51.0% |
| ■ Comm. Term 2nd Chg. | 162.1 | 9.5% | 44.4%(5) |
| ■ Development 1st Chg. | 1,434.3 | 9.4% | 62.9% |
| ■ Development 2nd Chg. | 667.7 | 11.0% | 48.7%(6)(7) |

(1) Loan book analysis for core operating subsidiaries is presented after allowances for impairments.
(2) The 1st charge attachment point for the 2nd charge retail loan book is 35.1%
(3) The 1st charge attachment point for the 2nd charge buy-to-let+ loan book is 33.2%
(4) The 1st charge attachment point for the 2nd charge unregulated bridge loan book is 24.9%
(5) The 1st charge attachment point for the 2nd charge commercial term loan book is 23.0%
(6) The 1st charge attachment point for the 2nd charge development loan book is 15.7%
(7) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances

# Diversified Loan Book – Senior Borrower Group

### Loan portfolio breakdown by loan purpose

Total [1] £1,430.6m




### 44% secured on residential security

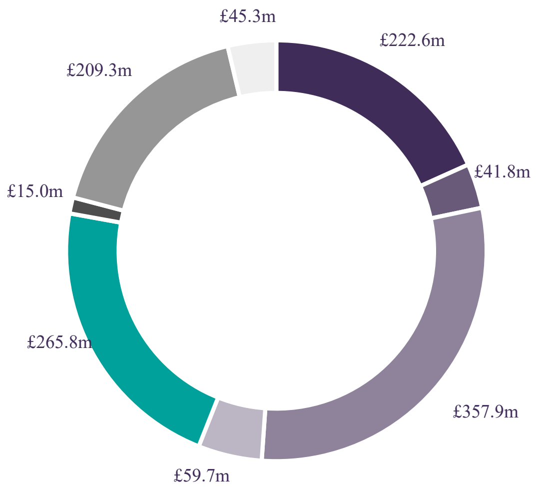
| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| **Retail** | 80.2 | 6.7% | 53.9% |
| **Commercial** | 379.6 | 9.0% | 57.1% |
| **Total** | **243.9** | **8.7%** | **56.6%** |

### Retail loan book breakdown


### 100% secured on residential security

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| **1st Charge** | 141.1 | 6.8% | 54.2% |
| **2nd Charge** | 47.0 | 6.6% | 53.4%(2) |

### Commercial loan book breakdown




### 35% secured on residential security

| Total Loan Book | Average Loan Size £k | WA Nominal Rate | WA Indexed LTV |
|---|---|---|---|
| Buy-to-let 1st Chg. | 257.4 | 6.9% | 64.0% |
| Buy-to-let 2nd Chg. | 71.4 | 9.58% | 48.8%(3) |
| Unreg. Bridge 1st Chg. | 484.9 | 10.3% | 54.3% |
| Unreg. Bridge 2nd Chg. | 269.1 | 11.0% | 45.5%(4) |
| Comm. Term 1st Chg. | 494.9 | 8.1% | 56.2% |
| Comm. Term 2nd Chg. | 313.2 | 8.3% | 50.3%(5) |
| Development 1st Chg. | 1,443.7 | 9.4% | 62.9% |
| Development 2nd Chg. | 676.7 | 11.0% | 48.7%(6) (7) |

(1) Loan book analysis for core operating subsidiaries is presented after allowances for impairments.
(2) The 1st charge attachment point for the 2nd charge retail loan book is 37.4%
(3) The 1st charge attachment point for the 2nd charge buy-to-let+ loan book is 29.8%
(4) The 1st charge attachment point for the 2nd charge unregulated bridge loan book is 24.4%
(5) The 1st charge attachment point for the 2nd charge commercial term loan book is 25.3%
(6) The 1st charge attachment point for the 2nd charge development loan book is 15.6%
(7) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances

# Glossary

| Term | Definitions |
|---|---|
| **Accessible liquidity** | Includes Borrower Group unrestricted cash, undrawn available commitments under the RCF and cash available from securitisations through sale of existing eligible assets and takes into account the gearing constraints under our SSN indentures and RCF. |
| **Asset cover ratio** | Calculated as net debt, divided by the value of net loans and advances to customers, multiplied by the weighted average indexed LTV of net loans and advances to customers. |
| **Cost of risk** | Impairment charge expressed as a percentage of the average of the opening and closing gross loans and advances to customers. |
| **Cost to asset ratio** | Administrative expenses expressed as a percentage of the average of the opening and closing total assets. |
| **Cost to income ratio** | Administrative expenses including depreciation and amortisation divided by operating income. |
| **EBITDA** | Profit before taxation adding back interest payable and similar charges and depreciation and amortisation. |
| **Facility headroom** | Represents undrawn amounts on existing facilities including private securitisations and undrawn RCF through sale of existing and origination of new eligible assets. |
| **Gearing** | Net debt expressed as a percentage of loans and advances to customers. |
| **Gross debt** | Gross debt consists of certain borrowings facilities excluding any premiums. |
| **Interest cover ratio** | Represents EBITDA divided by interest payable expense. |
| **Net debt** | Net debt consists of certain borrowings facilities excluding any premiums, less cash and cash equivalents. |
| **Net interest margin** | Net interest income as a percentage of the average of the opening and closing net loans and advances to customers. |
| **Reoccurring loan advances** | Reoccurring loan advances are loan advances required to maintain the size of the gross loan book at the beginning of period, calculated as loans originated in the last 12 months less growth in loans & advances over the last 12 months. |
| **Return on equity** | Calculated as the return to shareholder funds expressed as a percentage of the average of the opening and closing shareholder funds. |
| **Shareholder funds** | This is equity plus subordinated shareholder loans. |

Investor.Relations@togethermoney.com

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