50 years of realising ambitions.

Annual Report and Accounts for the year ended 30 June 2024

Experts in property lending, Together has been making finance work to help customers realise their ambitions for 50 years.

Strategic report

Corporate governance

Risk management

Financial statements

Appendices

Our highlights in the year.

Celebrating 50 years of success...

£200.9m
(2023: £163.6m)
Underlying profit before tax

£194.0m
(2023: £158.6m)
Statutory profit before tax

£248.1m
(2023: £201.0m)
Operating profit

...whilst growing sustainably with low LTVs and strong returns

£7.4bn
(2023: £6.4bn)
Loans and advances to customers

£249.6m
(2023: £233.1m)
Average monthly originations

55.7%
(2023: 55.3%)
Weighted-average indexed LTV

5.4%
(2023: 5.2%)
Net interest margin

...and continuing to deliver for our customers and people.

75%
(2023: 75%)
% of customer reviews rated 5*

Employer of the Year
(UK Silver Investors in People 250+)

CCA accredited

* Based on 556 (2023: 673) reviews collated by Feefo, Trustpilot and Google Review during FY24.

Our purpose & vision.

Our purpose

Realising people's ambitions by making finance work

Our vision

To be the most valued lending company in the UK

Delivering for our stakeholders

We aim to deliver for each of our stakeholder groups, to provide enterprise value and meet their diverse needs and expectations.

- Delivering the right experience for our customers and introducers
- Empowering our colleagues to grow and deliver value
- Maintaining proactive relationships with our regulators
- Creating long-term value for our shareholder and investors
- Delivering on our sustainability strategy

Guided by our values

Doing the right thing

We make common-sense decisions and support our communities

Being accountable

We aim to deliver what we say we are going to deliver

Respect for people

We always strive to treat our stakeholders in the right way

Our proven model.

Our successful 50 year track record is driven by our culture, expertise, common sense approach and strong established relationships.

Common-sense decisions driven by real people	Established customer and introducer relationships	Deep property lending expertise
Flexible lending criteria	Full service in-house model	Strong and diversified funding

Buy-to-let

For customers ranging from single-property accidental landlords to professional portfolio landlords

> See page 20

Commercial term

1st and 2nd charge loans secured on a variety of property types to support business growth

> See page 24

Development

Tailored finance for residential new-builds and conversions, and commercial constructions

> See page 28

Bridging

Loans for residential and commercial property acquisitions

> See page 22

Residential

1st and 2nd charge mortgages for owner-occupiers

> See page 26

"We have built a business model that is resilient and sustainable, underpinned by a unique family-like culture."

50 years of realising ambitions.

As we celebrate 50 years in business, I am pleased to report that Together continues to perform strongly and to deliver value to our stakeholders.

Since the Group was founded in 1974, it has successfully traded through a number of economic cycles, including the global financial crisis and the coronavirus pandemic. By focusing on helping our customers to realise their property ambitions, empowering our colleagues to grow and deliver value, and supporting our communities, we have built a business model that is resilient and sustainable, underpinned by a unique family-like culture.

Today, Together is one of the UK's leading non-bank relationship lenders with over 750 employees supporting a wide range of underserved customers including individuals, families, entrepreneurs, SMEs, businesses, and property investors. Our unique distribution model, which serves customers via direct and intermediary channels, together with our focus on supporting our customers throughout the life of their loan, has resulted in us building a high quality, diversified £7.4bn secured loan book with very prudent LTVs and attractive margins.

Our loan book is underpinned by a well-established funding structure with a combination of bonds, securitisations and shareholder equity, and we are successful repeat issuers in the bond and public residential and commercial mortgage-backed securitisation markets.

The success we have achieved over the last 50 years would not have been possible without the commitment and dedication of our employees and, on behalf of the Board, I would like to thank all of my colleagues for their valued contribution to the Group's past and future success.

> For more information about our success over the last 50 years, see the Founder and CEO's Statement on page 6.

Another strong performance

Together delivered another strong performance in the year to 30 June 2024, growing our loan book to a new high of £7.4bn and delivering an attractive net interest margin of 5.4%. The Group remained highly profitable and cash generative, despite some increases in arrears, as seen across the market, with underlying profit before tax of £200.9m, statutory profit before tax of £194.0m, and Group cash receipts of £2.7bn during the year. We also maintained 75% five-star customer ratings, achieved CCA Global accreditation for excellence in customer experience, and were awarded 'UK Employer of the Year' in our category by Investors in People.

“As we celebrate our 50th anniversary, we remain optimistic about the future.”

We further strengthened and diversified our funding mix, raising or refinancing over £3.2bn of facilities during the year. This included issuing a £450m bond with a 2030 maturity to support the refinancing of our 2026 bond, successfully issuing four residential mortgage-backed securitisations and another commercial real estate mortgage-backed securitisation, and launching our first securitisation facility to support development finance lending.

> For more details about our performance see the Market and operating review on page 18 and the Financial review on page 30.

We remain committed to providing value to all our stakeholders via our sustainability strategy. During the year, we rolled out a trial with an industry specialist to help our customers and colleagues improve the efficiency of their properties. We have now financed over 1,000 affordable properties and, in the process, supported more than 5,000 tenants including vulnerable adults, low-income families, elderly, homeless, refugees and children. We also maintained our long-standing commitment to our communities, again deploying £1m during the year.

> For more details about our progress against our Sustainability strategy, see the Sustainability section on page 38.

Shaping Together for the next 50 years

We continue to shape our business for the future, and in the year the Board have approved an investment programme to transform and future-proof our business, which has now commenced. This investment programme will deliver a modern, adaptable platform, transforming end-to-end customer and intermediary journeys and positioning Together for the next stage of its growth journey.

> For more details about our modernisation and transformation programme, see our ‘Looking to the future’ feature on page 14.

As well as this, over the last 12 months, the Board has focused on:

- Ensuring the Group’s strategy remains in line with our purpose and delivers stakeholder value; and
- Reviewing the composition of our Boards and governance structures, including establishing a Board Transformation Steering Committee chaired by Jon Hogan, a non-executive Director of Together Personal Finance, to oversee our transformation project.

“We have approved an investment programme to transform and future-proof our business.”

Our Executive team is comprised of a well-balanced mix of colleagues who have been at Together for many years and who encapsulate the Group’s DNA, others who have been promoted from within the business, and new colleagues who bring different skills and experience gained in other organisations. We continued to invest in our management team during the year, with John Barker joining the Executive team, bringing a wealth of leadership experience.

I am also delighted to announce that Richard Rowntree will join Together as the new CEO in early 2025. Richard brings extensive experience in banking and will further strengthen our executive management team. Henry, our current CEO and founder, will take on the new role of Executive Vice Chairman, continuing his active role in guiding the Board in achieving the long term strategy of Together, and I am confident he and Richard will form a great team to take the Group forward.

On behalf of the Board, I would like to thank Gerald Grimes who stood down as Group CEO Designate in March to pursue other personal ambitions, and would like to thank Gary Beckett who has taken on a number of Gerald’s responsibilities in the interim period.

Finally, I would like to thank Pete Ball, who stepped down from his position in the Executive team and from the Board in the spring.

> For more details about our Board and Executive Committee, see the Corporate governance report on page 60.

During the year we progressed our Diversity, Equity and Inclusion (DEI) ambitions and continue to review the composition of our Group and Personal Finance boards to ensure that we have the right governance structures and mix of experience, skills and diversity to support the future growth plans of the business. We have also made enhancements to our internal processes to support DEI at Together to remove barriers and allow all colleagues to realise their full potential.

Following detailed planning last year, we were well prepared for the FCA’s Consumer Duty when it came into force in July 2023, successfully implementing our plans across the regulated business.

Looking ahead

While inflation has continued to fall from its 40-year peak and reached the Bank of England’s 2% target resulting in the first interest rate cut in 4 years in August 2024, economic growth is expected to remain modest for the next few years. In addition, geopolitical tensions remain high in several areas of the world.

Despite the prevailing uncertainties, we believe that changes in the social and economic environment, along with further consolidation and automation within financial services, will lead to many more customers finding themselves underserved by mainstream lenders and looking to specialist lenders, like Together, for support.

As we celebrate our 50th anniversary, we remain optimistic about the future and will continue to be there to help our customers realise their property ambitions and to play our part in supporting the UK economy as we have done for the last 50 years.

Mike McTighe
Chair

Celebrating 50 years of relationship lending.

It is incredible to think that it has been almost 50 years since I wrote our first mortgage loan for a fireman from Oldham. In 1974, we worked out of a small office in the back of my father's factory, relying on relationships and adverts in the Yellow Pages to attract customers, and our lending was supported by a small facility with a high street bank.

As the business grew over the next two decades, there was a need to move to larger premises in Manchester city centre to support the expansion. I have always believed in supporting young people in building their careers, and two of my longest-serving colleagues joined the business during this period; Marc Goldberg as an assistant in 1989 and Gary Beckett in our finance team in 1994. Marc is now CEO of Sales and Distribution and Gary is Group Managing Director and Chief Treasury Officer.

As more and more customers came to us to help them realise their property ambitions, we introduced new lending products, including launching our first bridging product in 1985 and our auction finance proposition in 2003. We also expanded our product set to include second-charge mortgages, commercial term loans and development finance.

We built relationships with a wide range of brokers, accountants, lawyers and other intermediaries, many of whom we still work closely with on a day-to-day basis. We also expanded the number of banks in our banking facility, building the supportive relationships that still endure today.

Expanding and rebranding our business

In 2007, we launched our first securitisation facility, CABS, which is still a key part of our funding structure today. In 2008, we launched our graduate and apprentice programme, our Together Academy, which has seen many colleagues progress through the business, including Ryan Etchells who was in our first intake and is now Chief Commercial Officer. Our graduates and apprentices are the future of this business and I am so proud to support them in their development and career progression.

> For more information about our Together Academy, see '50 years of investing in our colleagues' on page 12.

> "As we celebrate our 50th anniversary, the exciting news is that we are only halfway through our 100-year plan."

In 2012, we moved to our current office in Cheadle, and in 2015, consolidated our businesses under the Together brand. Over the next ten years we continued to grow our loan book and to expand our relationships with our customers, business partners, banks and investors, which have been a key part of our success. We also continued to diversify our funding, including issuing our first senior secured notes in 2013 and our first public residential mortgage-backed securitisation in 2017.

One of the UK's leading non-bank relationship lenders

Today we have a £7.4bn loan book, over 750 colleagues, an experienced management team and a high-quality board of directors. We lend over £3bn a year to help our customers realise their ambitions, with around half of our business coming to us direct. We have a strong and diversified funding base supported by over 100 banks and investors, and over £1bn of shareholder equity which has been reinvested into the business. We also deploy £1m a year to support our local communities.

We have successfully traded through multiple economic cycles including the 1980s recession, the Global Financial Crisis of 2008, the Covid-19 Pandemic of 2020-21 and the recent cost-of-living crisis, underlining the strength and sustainability of our business model.

Over the years, we have formed relationships that you can bank on and the culture we have fostered is something that I am particularly proud of. Our success and longevity would not have been possible without the commitment and dedication of all our colleagues and the support of our customers, intermediaries, banks and investors. I would like to thank them all for their loyalty.

As we celebrate our 50th anniversary, the exciting news is that we are only halfway through our 100-year plan. Looking to the future, we have just commenced a project to transform our lending platforms to further improve the experience for our customers, brokers and colleagues, enhance our scalability and future-proof our business.

> For more information about our transformation programme, see our 'Looking to the future' feature on page 14.

We have also recently launched into the mortgage networks & clubs, which account for around 70% of the intermediary mortgage market in the UK, and we are continuing to expand relationship lending to our corporate customers.

I am genuinely more excited than ever about the future for Together. I would like to take this opportunity to thank all of our directors, colleagues and lenders who have supported us over many years.

Henry Moser
Founder and Group Chief Executive Officer

Celebrating 50 years of realising ambitions.

1974
Business founded by Henry Moser in Ancoats, Manchester

1975
First mortgage advanced on a property in Oldham, Greater Manchester

1985
Advanced our first bridging loan

2003
Launched our first short-term auction finance product

2004
Started FCA regulated lending

2007
First asset-backed securitisation issuance

2008
Graduate & apprentice programme launched

2012
Moved to new headquarters in Cheadle, Greater Manchester

2013
First senior secured notes issuance

2015
Rebranded as Together

2017
Issued first public mortgage-backed securitisation facility

2018 & 2019
Sunday Times Top 100 Best Companies to work for

2023
Landmark £1m charitable deployment in the community

2024
Proudly celebrating our 50th year

Celebrating 50 years of realising ambitions

Q&A

with Marc Goldberg & Gary Beckett

Executive Committee members, Marc Goldberg and Gary Beckett, who have been with the business for 35 and 30 years respectively, discuss Together's success and what makes the business special.

What is the secret of Together's success over the last 50 years?

Gary: We always put the customer at the heart of everything we do, and try to deliver good outcomes to their timescales, no matter how difficult it is. This, combined with our deep property expertise, our focus on relationships, a common-sense approach and a constant drive to improve our service, has helped us build the business we have today. None of our success would have been possible without our amazing colleagues, who go the extra mile to help our customers realise their property ambitions.

Why is Together a special place to work?

Marc: We are like a family, with an entrepreneurial spirit and a strong work ethic. We genuinely care about doing the right thing for our customers, our investors, our communities and each other. Unlike some other lenders, we don't just do what the computer tells us to do. We are real people, making real decisions to help customers with real opportunities and problems. This focus on customer service runs from our founder all the way through the business.

> "We always put the customer at the heart of what we do. This has helped us to build the business we have today."
>
> **Marc Goldberg, CEO Sales & Distribution**

The longevity of our colleague base highlights our family-like culture, with around one-third of our people having been with the business for five years or more and quite a few who have been with Together for over 20 years.

What events stand out in your time at Together?

Gary: There have been quite a number of highlights and challenges over the years. Becoming FCA regulated in 2004, achieving a £1bn loan book and then £1bn of retained earnings, launching our first private and public securitisations facilities in 2007 and 2017 respectively, and issuing our first bond in 2013. Being listed as one of the UK's Best Companies to Work For in 2018, and winning the award for Employer of the Year in our category by Investors in People during this financial year, along with attending our many Long Service Awards where we get the opportunity to say thank you to our colleagues.

We have also successfully weathered multiple economic cycles, including the Global Financial Crisis of 2008 and the Covid-19 Pandemic of 2020, proving the strength and resilience of our business.

How excited are you about the future?

Marc: Our markets are growing. This year we launched our first national advertising campaign and we have entered the UK mortgage networks and clubs which represent around 70% of the intermediary mortgage market in the UK.

We have also combined our sales teams to more effectively promote all of our products to new and existing customers, and we are making a major investment over the next few years in transforming and future-proofing our technology platform to create a modern, agile and scalable back office, lending and services platform. This will support our aim to be the best service provider across the whole life cycle of the customer journey, further expanding our distribution and enhancing operational efficiency, returns and scalability.

With the knowledge, experience and people we have, and the technology we will have, we will continue to grow and help even more customers realise their ambitions. That's exciting.

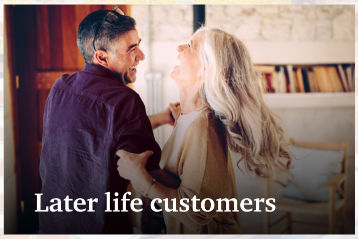
> "We have successfully weathered multiple economic cycles, proving the strength and resilience of our business."
>
> **Gary Beckett, Group Managing Director and Chief Treasury Officer**

Celebrating 50 years of realising ambitions *continued*

50 years of realising customers' ambitions.

Our customer types

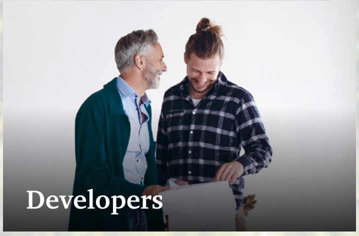

Individuals and families


Later life customers


Entrepreneurs


SMEs and businesses


Landlords


Developers

Why customers come to a specialist lender

As the jobs we do, the properties we live and work in, and how we buy are changing, increasing numbers of customers are falling outside the highly automated and restrictive criteria of high street banks. Specialist lenders are able to assess borrowers on a case-by-case basis, providing solutions that are more tailored to customers with one or more of the following:

Non-standard income or employment type

Specialist lenders provide solutions to a wider range of customers, including those with complex or multiple incomes, who are self-employed, are SME's, those who may earn large bonuses or overtime, receive investment income, are approaching or in retirement, or who have other non-standard sources of income.

Non-standard property and construction type

Specialist lenders are able to help customers wishing to purchase non-standard property, including semi-commercial, non-standard construction, conversion from original use, ex-local authority, incomplete or uninhabitable properties, homes in multiple occupancy and where multiple properties are provided as security.

A range of purchasing situations

Specialist lenders can lend to customers in more complex purchasing situations, including shared ownership, right to buy, shared equity, gifted deposits, builders' deposits and the Forces' Help to Buy scheme, whilst also offering speed and service.

Thin or impaired credit

Specialist lenders are able to support customers with thin or impaired credit histories, for example, those who have recently moved to the UK and who have no, or little, credit profile, those with previous secured or unsecured arrears, defaults or outstanding CCJs, or who are on debt management plans.

Why customers choose Together

There are significant opportunities to realise your property ambitions if you have the right funding partner who shares your vision. Customers come to Together because we help real people achieve their property ambitions, by making finance work for the real world.

Reputation & experience

We have been using our expertise in property lending to help our customers achieve their ambitions for 50 years. Our constant focus on delivering great customer outcomes with speed and certainty has enabled us to become one of the UK's leading and most trusted specialist lenders.

Agility to deliver quickly

We pride ourselves on being flexible and responding quickly to the needs of our customers. We offer common sense solutions via a broad range of flexible products and go the extra mile to help our customers realise opportunities and solve problems within their timescales, without compromising on quality.

Long-term relationships

Having been in business for 50 years, we understand the value of building strong long-term relationships. Many of our customers come back to us repeatedly and we have been working with some of our brokers and other partners for decades. We value and nurture these relationships and recognise the part they have played in making us the business we are today.

> "Together understood what we wanted to do, and we felt like we had a partnership we could trust throughout the entire process."
>
> Together customer

Certainty of funding

Certainty of funding is critical when you are trying to realise property opportunities. Customers need to know that they will receive the funds they need, when they need them, and without delays. When we make a decision we commit to it, and we have the depth, diversity and flexibility of funding to support our lending decisions.

Real people, real decisions

We don't just do what a computer tells us to do. We are real people using our experience and common sense to make real decisions to help our customers achieve their property ambitions.

Celebrating 50 years of realising ambitions *continued*

50 years of investing in our colleagues.

The success we have achieved would not have been possible without the drive and dedication of our colleagues, who go the extra mile to deliver positive outcomes for our customers.

We aim to provide the right blend of training, engagement and development for our colleagues, and were delighted to be awarded 'Employer of the Year' in our category this year by Investors in People.

Our commitment to developing our colleagues is illustrated by the active Learning & Development programme which we run across all levels of the business. This includes our annual 'Learnfest', which this year saw over 1,000 attendances at events and activities across the week-long learning initiative. We also provided mandatory mental health awareness training for all people managers and 'Moments that Matter' 1:1 training for all managers across the business during the year.

Diversity, equity and inclusion (DEI) remains an important area for our organisation as we continue to remove any barriers and allow our colleagues to reach their full potential. This year we have made significant enhancements to support DEI, from internal DEI education sessions to improved recruitment practices, and enhancements to our Maternity, Adoption and Paternity policies.

> "As an organisation, we recognise the importance of investing in our people to achieve their ambitions and grow the talent pipeline."
>
> Kevin Fisher
> Chief People Officer

We have also rolled out a contact/returners programme for colleagues who will be experiencing long-term absence from the business to ensure they are fully supported through the transition away from the business, the duration of their time away and their subsequent return.

We are committed to supporting our colleagues, and this year we further enhanced our Employee Value Proposition by adding a permanent £2,000 fuel allowance to their basic salary, in addition to an annual percentage increase for most colleagues.

Together Academy

Combining our graduate and apprenticeship schemes, our Together Academy is designed to further future-proof our business by nurturing talent, and is a key area of pride for the business.

Launched over 15 years ago, the academy has seen over 75 graduates and 24 apprentices enrolled, with a number of colleagues progressing to senior roles in the organisation.

The Academy was created to offer young people work opportunities and to help guide them through the early stages of their careers through our structured programmes. By being at the heart of major projects that create tangible outcomes, the schemes are designed to help build experience and confidence in the workplace whilst gaining recognised qualifications.

As a result, the Academy provides a diverse candidate pool to address core competencies and is used to identify and create opportunities where we see future skills needs within the business.

This year we have recruited a further 12 graduates and 2 apprentices.

> "The Academy has taught me many valuable skills, and given me some great opportunities to develop my career."
>
> Finance Graduate

Looking to the future.

As we celebrate 50 years of success as one of the UK's leading specialist lenders, we see an exciting opportunity to take the business to new heights.

Our continuing growth and profitable returns has built a solid foundation which has provided us with the opportunity to invest in our future and to deliver on our long term ambitions.

Therefore in the year we have initiated a transformation project to create a new modern, agile and scalable lending platform tailored for our business needs.

This aims to build upon the foundations that have already been set, with our common-sense approach, and our deep property expertise that allows us to realise ambitions for our customers.

We have brought together a group of experienced colleagues who understand the ins and outs of our business, along with 3rd party partners who are experienced in delivering transformation, to create a system that can set us up for an exciting future.

The investment was reviewed and approved by the Board in the year, with a Board Transformation Steering Committee set up to manage the successful delivery, with a key focus on:

- managing delivery against our Board approved business plan;
- embedding appropriate transformation risk management including use of 3 lines of defence;
- managing costs and delivery timescales to enable us to maximise value for money;
- implementing the appropriate governance routes to manage the project; and
- managing a smooth transition from the systems that have delivered our past success.

The project is now in its delivery phase, implementing the plans that have been put in place, with regular updates on progress being provided to the Board.

This investment is an exciting next step in our journey to set us up for the future, and allow us to realise ambitions for even more customers, whilst build on our proven business model that has brought us 50 years of success.

"We have initiated a transformation project to create a modern, agile and scalable lending platform."

Andrea Dalton, Chief Transformation Officer

Our transformation opportunity.

Allowing **scalable** growth to meet future business ambition

Agile systems that allow us to **capitalise on market opportunities**

Automation to free up our people to make common sense decisions

Customer-first focused system to enhance their experience

Further system embedded controls, **enhancing our risk management**

Simplified **data management and analysis**

Celebrating 50 years of realising ambitions *continued*

Investing in our brand.

Watch our campaign video

> togethermoney.com/opening-doors

Celebrating our 50th anniversary makes 2024 a milestone year for Together and a great opportunity to reflect on our five decades of knowledge, expertise and people-focused approach.

It has also been a great opportunity to take on our first national brand campaign, 'Opening doors since 1974', simultaneously marking our 50th year, amplifying our brand with new customers, and helping to raise awareness of how we help people and businesses when an opportunity knocks - even when other doors won't open.

'Opening doors' was a targeted campaign which aimed to reach new direct customers by showing how Together can end their frustration with realising their property ambitions, solving problems for our customers.

The campaign was executed through on-demand TV, social media, trade media and digital marketing, targeting over eight million high net worth and self-employed retail customers through regional campaigns, and over nine million landlords and property developers nationally.

It aimed to broaden our visibility with the right people and build our brand recognition with them, whilst gaining further trust and credibility with those who may be less familiar with our brand.

Early indications are that the campaign has increased not only awareness of our brand, but also customers' preference for choosing Together as a result of our familiarity to target audiences.

> **"This is a milestone year for Together and the right time to really amplify our brand."**
>
> **Ryan Etchells,**
> **Chief Commercial Officer**

Our review of the specialist lending market.

Our 50 years of lending has allowed us to become property experts, identifying key trends across the market, and using our expertise to identify opportunities.

We operate across a number of markets, with products designed to meet the needs of customers who are excluded from the wider market. Our product range has been developed through multiple economic cycles, and our agility allows us to react to changes in the economy and in the wider market.

In this market and operating review, we take a deep dive into our five main markets, looking at the current trends in those markets, the competitive environment, and how Together is able to use its property expertise to serve those who are underserved by others.

In each of our five markets, we provide indications of market sizes and our addressable market, which are based on publicly available information and our experienced management team's expertise. This review also highlights some of the operational achievements and progress we have made in the year, from the launch of our Networks and Clubs proposition to our CCA accreditation.

In a changing mortgage market, Together is well positioned to service customers who will benefit from our specialised products and service.

Our five markets

Buy-to-let
> See page 20

Bridging
> See page 22

Commercial term
> See page 24

Residential
> See page 26

Development
> See page 28

Average LTV of originations
59.0%
2023: 61.0%

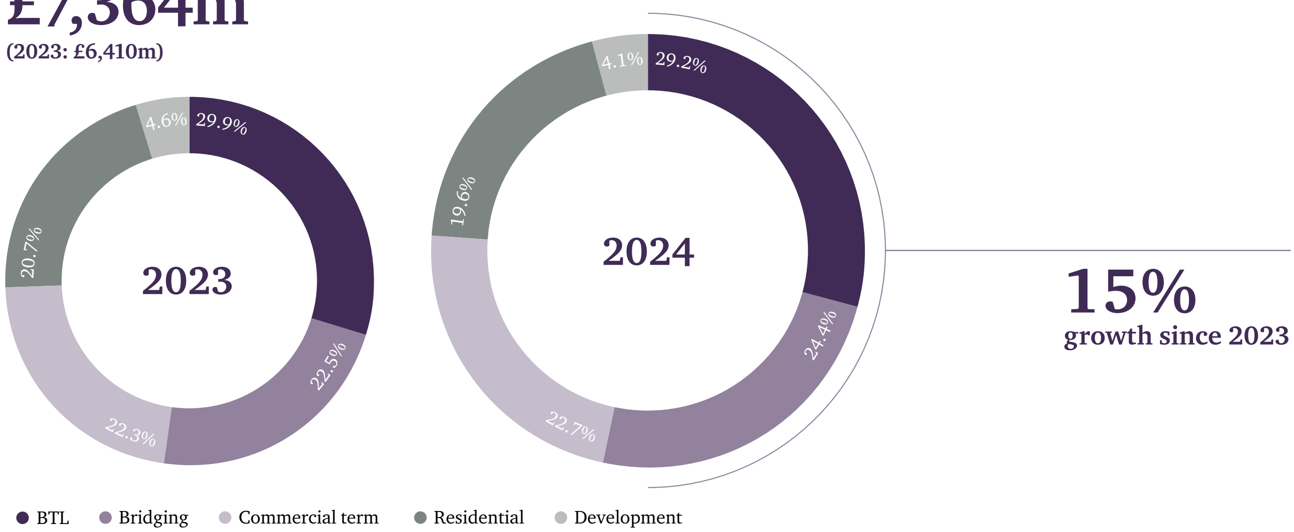
Monthly originations
£249.6m
2023: £233.1m

Net interest margin
5.4%
2023: 5.2%

Annual cash receipts
£2.7bn
2023: £2.2bn

Together's loan book by product

£7,364m
(2023: £6,410m)



Trends impacting our market

Uncertain economic times can create opportunities for the Group to realise ambitions for prospective customers who may not be supported elsewhere in the market. A range of products designed to service the market in which the Group operates is detailed on the following pages.

The UK macroeconomic environment has seen more stability during this financial year, but with some continuing challenges.

Below are three of the key macroeconomic factors that impact the markets in which we operate, and how the Group manages against the risks and can be agile to realise opportunities.

Interest rates

The UK lending market has had to adjust to the rapid shift away from the ultra-low interest rate environment of the last decade, with higher costs of borrowing for both lenders and consumers. This financial year has seen more rate stability, although at higher levels than over the last decade, with the Bank of England's Base Rate remaining at 5.25% for the majority of the financial year.

With these higher costs of borrowing both for the Group and for our customers, Together has had to be agile with repricing products at the right level, as well as ensuring funding is secured at the right price to deliver the appropriate level of returns. Further information on our net interest margin in the year has been included on page 32.

These higher costs of borrowing can impact the affordability of lending for customers, which has slowed some growth in the mortgage market and can lead to some tightening of lending criteria particularly where changes are applied to all loans processed via automated models which are more commonly used by the larger institutions. This can create opportunities for specialist lenders who are able to be more flexible and make case-by-case decisions regarding those who are underserved by other lenders.

House prices

House prices on the whole have remained more resilient than previous market forecasts, likely as a result of the ongoing shortage of housing stock in the market which leads to demand outstripping supply.

However, challenges remain in relation to price falls on certain property types and in some regions. Together protects against this risk by means of its long-standing principle of lending at conservative LTVs, which gives the Group protection from property price falls.

Inflation

After the recent periods of higher inflation in the UK, the rate of inflation has now reduced to the Bank of England's target of 2.0% in the year to June 2024, down from 7.9% in the prior year, although the previous high inflation has led to a permanent increase in costs for businesses and consumers which can present affordability challenges.

The Group has the tools to support customers who are facing cost pressures, focusing on delivering good customer outcomes and supporting vulnerable customers. When making lending decisions, the Group assesses affordability for its prospective customers, considering the impact of higher cost of living and high interest rates, along with undertaking appropriate stress testing, ensuring sustainable and controlled growth of our mortgage book.

Buy-to-let

Market review

The private rented sector provides housing to around 4.6m households across the UK with c2.0m mortgages outstanding. The buy-to-let (BTL) market was forecast to soften in 2023 from c.£5bn to c.£43bn; however, it contracted sharply through the year to deliver lending of c.£29bn.

The BTL market remains commoditised (i.e. high volume, standard products for mainstream properties) and segmented by price. High-street lenders dominate through their ability to leverage their national brands and current-account relationships with customers. Supported by their retail funding, they can offer lower rates in less complex situations, such as 'vanilla' properties or small portfolios.

Approximately a quarter of the market is addressed by challenger banks via networks and clubs of individual brokers. Like the high-street lenders, these banks increasingly use technology to automate their underwriting and reduce customer effort, but whilst they have more relaxed criteria they still have relatively limited flexibility on credit criteria, customer profile and product characteristics.

Specialist lenders, like Together, currently represent c£2.2bn of the total BTL market and focus on more creative solutions to support customers, namely those with damaged or thin credit profiles, first-time landlords, large and complex portfolios. In addition, they adopt a more flexible and supportive approach to affordability. Most distribution is through brokers and packagers (i.e. larger brokers specialising in more complex lending), and with some direct lending.

Specialist BTL Lender of the Year
Bridging & Commercial Awards 2023

Market size[1]

High street	57%
Challengers and other specialists	30%
Together addressable market	13%

Flexibility in lending criteria is key, with careful consideration given to inexperienced landlords, houses under multiple occupation, holiday lets, off-plan lending and non-standard income or properties. The speed and quality of service is also a differentiator within specialist lending, allowing them to achieve higher returns where risk appetite allows.

Demand for rental property remains at record levels, which has been driven by home ownership becoming more challenging for aspiring first time buyers due to near record-high house prices, limited housing stock and increased costs of borrowing, resulting in them renting for longer.

However, these factors also limit the growth of the BTL sector. Profitability for landlords has been reduced as a result of the higher rate environment and consequently significantly weakened demand for new BTL purchases by 52% and remortgage activity by 47%. Reduction in returns can lead to landlords exiting the market, although there is no strong data to confirm whether this is currently occurring in the market.

The issues with housing stock availability also reduce the potential growth of this market. As a result, expectations are that the difficult conditions will continue and that the BTL market in the upcoming year is likely to remain subdued.

1. UK Finance and management estimates

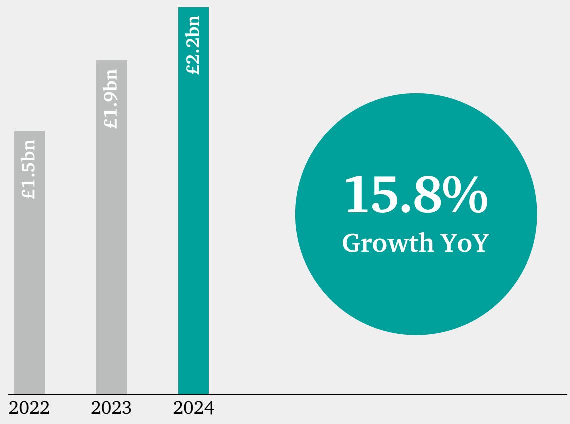
Together's products

Together has developed its BTL proposition through relentless focus on customer outcomes and the desire to meet the needs of customers across a diverse market. Our BTL mortgages help our customers to create, build or remortgage residential property portfolios as well as to fund the purchase of individual properties. Increased taxation on landlords led some investors to move into higher-yield segments not typically catered for by the high-street lenders. This created opportunities for Together, which has the ability to process complex transactions quickly, while its prudent approach to LTV ratios mitigates risk.

Together has a dominant position in the specialist sector of the BTL market and has been able to meet the needs of larger segments of the market, with better credit profiles and more-standard property and income. Together is also a leading lender in the second-charge market, which allows landlords to use equity in their property to invest in property improvements.

Our buy-to-let loan book as at 30 June 2024

£2.2bn



Bridging

Best Bridging Finance Provider
Business Moneyfacts Awards 2024

Bridging Lender of the Year
Mortgage Introducer Awards 2023

Market review

The bridging market has continued its strong growth in the period and has an estimated market size of £8.8bn. EY's 2024 bridging market survey found 67% of participants expecting the bridging market to grow, outperforming expectations from 2023, whilst Mintel are anticipating annual growth of between 7% and 11% across the segments through the next five years, although this could be constrained dependent upon the UK's macroeconomic outlook.

With housing stock in short supply across the UK, increased opportunity to convert commercial property into residential use, and the fast-growing popularity of UK holiday lets, bridging is proving attractive to borrowers keen to take advantage of opportunities as soon as they arise. This is reinforced by estate agents and sellers favouring cash buyers and those with access to bridging loans.

Whilst refurbishment is the most popular reason for obtaining bridging finance, the auction sector has also been strong in recent years, with increased use of online listings attracting borrowers previously reluctant to bid in auction rooms, which has brought further demand for bridging loans.

In recent years, there have been a number of entrants to the market, looking to take advantage of the growth opportunities within the sector. There are approximately 40 major bridging lenders in the UK. The more established of these lenders cover the whole market and each accounts for approximately £25m-£100m of monthly lending, offering a full service with complementary products that provide exit routes from the bridging period.

Within this group the challenger banks tend to offer the market-leading rates, while the non-bank lenders can offer better service and flexibility within a higher-rate corridor.

There are also 'aspirational' lenders accounting for lending of £10m-£25m per month which, while established, are looking to increase market share. Finally, there is a small number of niche lenders, providing total lending of up to £10m per month, which are typically new entrants and consist of small and private investors.

The market has seen a widening risk appetite from traditionally more risk-averse lenders, with product innovation including variable product fees. This involves lenders offering products with higher product fees in return for a lower interest rate; such arrangements are generally cost neutral to the borrower and are offered to support those keen to protect their purchasing power.

Flexibility in lending criteria is key in this sector, often catering for inexperienced landlords, houses under multiple occupation, holiday lets, off-plan lending and non-standard income or properties.

Speed and quality of service is a key differentiator within the bridging sector. Borrowers needing a prompt decision in order to secure their desired property represent a valuable potential market for those lenders who can be flexible and quick.

The market remains predominantly 'non-serviced' with only 25% serviced, i.e. paying interest monthly rather than on redemption.

Bridging case study

When the chain collapsed in a married couple's house sale, Together stepped in to help them bridge the gap and secure their downsized dream home.

The ask

The sellers wanted to downsize from their home of 31 years to a new-build property. Competition for the new-build was fierce and a sale was agreed, but issues in the chain meant the sale of their existing home fell through three days before completion. They needed to find a short-term plan to fund the purchase while they waited for a new buyer.

Together's solution

We worked with the couple to provide a short-term bridging loan to secure the purchase of their new-build home whilst they waited for the sale of their old home to complete. The couple could move into their dream home and were able to pay off their loan when their sale completed.

Market size[1]

Residual market	35%
Together addressable market	65%

1. Mintel bridging loans and management estimates

Together's products

A Together bridging loan lasts for an agreed term – typically 12 months - and opens up opportunities for customers to access funds quickly, whether for commercial or personal needs. In contrast to the wider market, the majority of Together's portfolio is being serviced, i.e. paying the interest on a monthly basis, with other lenders focussing exclusively on rolling-up the interest over the term of the loan.

Together's bridging product proposition is focused on meeting the needs of customers that value speed, confidence, and flexibility. Together offers quick unregulated bridging finance solutions, secured on residential and commercial properties using first-charge or second-charge loans. Its products are designed to meet the needs of small and medium-sized enterprises, individuals of high net worth, and property investors.

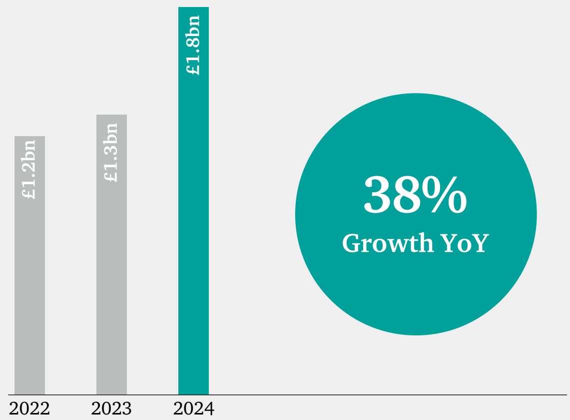
Together can help with chain breaks and is able to cater for multiple exit strategies and make use of additional security. It is also able to help investors acquire properties and land at auction.

Together's flexibility of criteria and service is key. It is also flexible in loan size, ranging on occasion up to £20m, while many less flexible lenders are limited to c.£1m. Customers in the bridging market need confidence that their lender will provide funding promptly, which is why the Group's history and reputation are invaluable, helping it to become a market leader.

The flexibility of criteria also allows us to factor in changes in risk profile, allowing us to lend with the right risk-adjusted returns as the market environment continues to change.

Our bridging loan book as at 30 June 2024

£1.8bn



Commercial term

Market review

The UK commercial property market is highly diverse with loan sizes ranging from less than £100,000 to well in excess of £50m. The market is dominated by high-street lenders who are able to leverage their current-account relationships and retail funding, and overseas banks and institutional lenders. They account for approximately three-quarters of the market, with larger corporate loans driving volume.

Specialist lenders have consistently held around 5% market share and provide anywhere from £1.5bn to £2.8bn of the market's annual originations depending on the trading conditions, with distribution mainly through broker and packager intermediaries. They tend to specialise in particular portfolios, such as mixed residential and commercial, but collectively cater for the majority of sectors and property types.

The specialist lender sector provides greater flexibility in lending criteria, including adverse credit history, and the interest rates achieved are correspondingly higher than those of the high-street and challenger lenders.

The market size has shrunk as a result of recent rising inflation, economic uncertainty, and higher interest rates, with an estimated market size of £35bn-£40bn in 2024, down from highs of £50bn-£55bn in 2022. This is expected to continue in the short to medium term whilst uncertainty remains in the economy.

The appetite for home working, although decreasing, remains higher than before the pandemic and continues to drive demand for smaller, more flexible and higher-specification commercial properties attracting premium rents. There also remains strong investor appeal in larger commercial properties in towns and cities that offer re-purposing opportunities and, because of a decline in capital values, higher yields and long-term capital growth.

This cohort of lenders quickly adapt their appetites depending on market conditions but remain focused on servicing and recovering the amounts lent under the commercial lending schemes that the government promoted in response to the pandemic. Challenger banks cater for c.20% of the market with lending typically at fixed rates and restricted by sector and property type. Like the high-street lenders, some challenger banks react quickly to market conditions and have reined back their lending appetites.

In challenging market conditions, mainstream and senior lenders across all sectors have been known to retreat and/or tighten lending criteria to mitigate risk in their existing portfolios rather than seek to grow them. This creates opportunities for experienced specialist lenders capable of meeting suitable funding gaps that emerge across both longer and shorter-term lending.

Secured Loan Lender of the Year

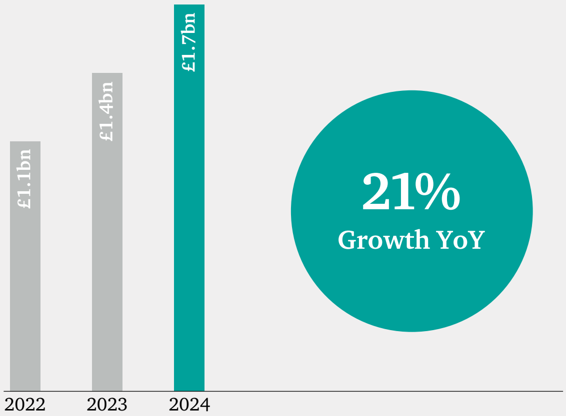
Mortgage Introducer Awards 2023

Market size[1]

High street	92%
Specialists	8%

Our commercial term loan book as at 30 June 2024

£1.7bn



Together's products

Together offers flexible first-charge and second-charge term loans across a diverse range of commercial property types and will consider any purpose. Our depth of experience means we can help customers with solutions in a wide range of circumstances, whether they are investors looking for returns or owner-occupiers looking for premises to operate from or for funds to grow their business.

Together has always concentrated on smaller-scale commercial real-estate lending which can often be insulated from some of the conditions that can beset the high value multi-million-pound property market targeted by many senior lenders. By focusing on prudent loan-to-value ratios and affordability, and lending across a diverse range of commercial property types, Together have adapted to the changing market, whilst always focusing on the quality of our lending and appropriate risk-adjusted returns.

1. Mintel, Hampton Lambert Smith, Savills and Together management estimates.

Residential

First-charge residential loans

Market review

The first-charge residential mortgage market is a large and competitive environment, dominated by high-street lenders, building societies and smaller banks. Lending in this market is high volume and is more homogeneous than in other markets that Together lends in. This type of lending relies on automated underwriting journeys based on credit scoring and strict lending criteria, which is therefore common in the market.

Challenger banks and specialist lenders make up a smaller section of this market at c.5%, which equates to approximately £9.3bn. These lenders are able to capitalise on their more flexible criteria, including their ability to be flexible on income sources and property types, to support customers not served by the larger institutions.

The overall first-charge residential mortgage market has subdued in the past year due to affordability pressures from higher interest rates and cost of living increases, leading to a contraction in lending to £186bn[1] compared to a peak of £250bn[1] in 2022.

The challenger banks and specialist lenders who do not have a current account franchise saw their market shares lessen as their cost of funds increased and impacted their pricing point more adversely than the high-street lenders' and diminished their ability to compete in larger markets.

The outlook for 2024 onwards is expected to remain subdued with lending projected to diminish further to £180bn[1], as rates remain elevated. However, in a subdued economy major lenders typically tighten their criteria, which can create opportunities for specialist lenders.

The changing market environment is also expected to affect different property types in different ways as mortgage costs increase, with potential increased demand for lower-value properties. The impact is also expected to vary between regions, dependent upon housing stock levels and demand.

First-charge residential market size[1]

High street and new banks	94%
Challengers	5%
Specialists	1%

1. UK Finance data and forecasts, and Together management estimates

Together's products

By offering a wider range of products and bringing much greater understanding to its lending criteria and decisions, Together meets the needs of customers who are typically excluded by the high-street lenders and challenger banks.

The Group's flexibility in lending criteria allows the needs of customers to be met in making finance work, including catering for self-employed customers or those with multi-faceted income.

Together offers simple, easy-to-understand products catering for loan terms of up to 40 years, with interest-only and capital-repayment options. It can also provide mortgages in the shared ownership, right-to-buy and semi-commercial segments.

The flexibility also allows us to carefully manage our risk through robust underwriting, focused on affordability and security, with criteria that can be adjusted as the market changes, as seen with our enhanced affordability checks as a result of the current macroeconomic environment.

Second-charge residential loans

Market review

The market for second-charge mortgages is entirely specialised and is not served by high-street lenders. Many challenger banks used to operate in this market but in recent years have exited with only two banks now featuring, and one of those acquired a specialist non-bank to enter the market.

Second-charge lending is broadly segmented into two categories.

The first, with a two-thirds share of the market, concentrates on high-volume, low-value lending (with loan sizes typically around £40,000). This market focuses on meeting the needs of customers requiring debt consolidation and options to borrow above 75% LTV.

The lenders in this space are typically the newer market entrants and the challenger banks, who focus on smaller loan sizes and risk-based pricing, allowing the use of automation and increasing the speed of decisions to allow them to compete with other unsecured lending options.

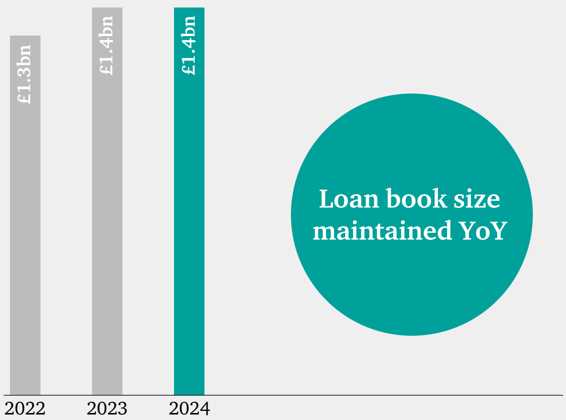
The remainder of the market is given over to high-value specialist lending where the primary customer need is home improvement and discretionary personal purchases. This market, in which Together are one of the leaders, requires strong experience with a focus on customer service and wide-ranging lending criteria.

Second-charge residential market size[2]

Residual market	34%
Together addressable market	66%

Our total residential loans as at 30 June 2024

£1.4bn



Together's products

Together has adapted its proposition during the year to widen its addressable market and compete in the low-loan-size sector and remain committed to originating loans at prudent LTVs and appropriate risk-adjusted returns.

The Group's breadth of lending criteria and service proposition differentiates it from competitors and has been fundamental to its strategy of focusing on margin protection and effective capital usage.

Together is renowned for the depth and breadth of its affordability and property criteria which have allowed it to be a key player in the market.

2. Finance & Leasing Association, broker intelligence and management estimates

Development

Market review

Development finance allows developers to draw down funding over the course of their projects, with further advances on a facility generally occurring upon the achievement of certain milestones. This provides cash flow for the developer, and manages risk for the lender, as funding is released as the project's value increases. Similar to bridging, this is an opaque market which was estimated to be worth around £11bn in 2023. This comprises around 20% of the commercial property market plus c.30% of the development bridging market that is used for heavy refurbishment usually requiring planning permission and/or structural work.

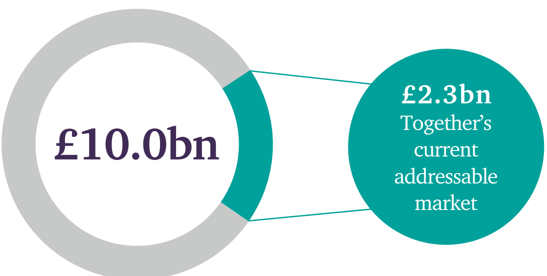
Macroeconomic uncertainty has, however, decreased the market size to c.£10bn[1] in 2024. Following the July UK general election, the new Government has announced targeting building 300,000 new homes per year, with plans to make planning reforms. If this target is met, it could lead to the growth in the development market. It is, however, noted that previously Governments have found it difficult to meet their house building targets, so the growth in this market remains uncertain.

With a significant disconnect between housing supply and demand it is clear that there will be continued appetite for further housing development in the next decade despite recent challenges of labour and materials shortages and inflation in the cost of construction.

The largest five housebuilders now build c.80% of all new residential properties, drawing their funding from debt and equity instruments and, historically, tending to concentrate on the south of England. SME housebuilders, whose market share has steadily declined from c.40% of house-building in the 1980s to only c.20% in 2021, are being particularly supported by government funding.

High-street lenders have largely retrenched from the market, which is now dominated by challenger banks and specialist lenders. Challenger banks have a lower risk appetite, focusing on the large-scale 'vanilla' projects of experienced developers. Specialist lenders will lend on smaller projects of both experienced and new developers, and with higher LTV ratios, which is reflected in the higher interest rates charged in the sector.

Market size[1]



1. Management estimate using Mintel Bridging Loans UK 2023 Report

Together's products

Together offers tailored finance packages for many types and sizes of project, from new-build developments to residential conversions and small commercial construction projects. Our heritage and reputation for comprehensive end-to-end relationship management give us competitive advantage in meeting the needs of developers, and this approach mitigates risk throughout the lifecycle of a development.

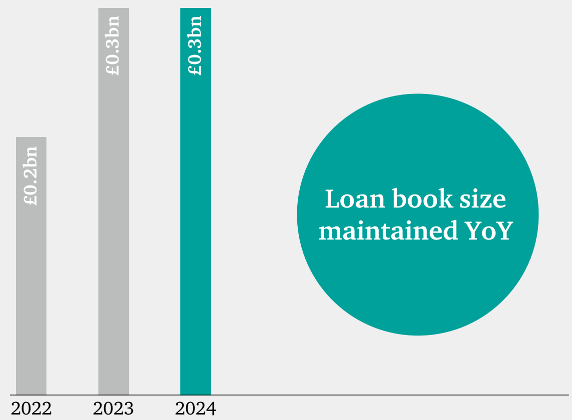
The higher materials cost is still straining the delivery of developments, and the elevated mortgage rates environment for would-be purchasers has put pressure on sales and development exits. Together's experience, speed and ease of funding provide customers with certainty that their drawdowns will be completed in timely fashion when required. This is complemented by our ability to provide exit products where needed, such as bridging loans while properties are being sold or BTL loans if the developer chooses to retain the assets over the longer term.

In March 2024, Together issued its first development finance securitisation facility, ADALO ABS, which has allowed it to access funding specifically for development loans. This will unlock the additional finance needed for building projects and enable more customers to realise their property ambitions.

Further information on our funding is included on page 36.

Our development loan book as at 30 June 2024

£0.3bn



Working for our customers.

> "Throughout our 50 years, we have focused on delivering positive outcomes for customers, and this is as important to us today as it has ever been."

John Barker, Group Chief Operating Officer

Our transition to a higher rate environment

The Group has successfully transitioned to a higher rate environment, but we also understand the impact that the current economic climate, following a period of cost inflation and increased borrowing costs, can have on the ability of some customers to pay.

Enhanced affordability assessments, including income and expenditure stressing, enable us to assess the ability of prospective customers to repay in stressed economic environments. This allows us to manage originations within our risk profile, whilst also assessing whether the products are right for our customers.

We continue to use external credit bureau data to anticipate those customers who may be experiencing financial difficulty, allowing us to have earlier engagement to support our customers.

As seen across the industry, the Group has observed some increases in arrears due to continued economic pressures, with this risk being factored into our expected credit loss provisioning as described in more detail in our Risk report on page 83 and within Note 13 of the Financial statements.

Changing trends in customer behaviour are monitored and analysed by our 1st line and 2nd line credit risk teams, which are now working under a new enhanced operating model whilst reporting findings up through the relevant governance routes, including the Board Risk Committee.

The Group then has the appropriate tools to use in order to manage customer payment difficulty, from being able to offer a suite of forbearance measures as appropriate, to working with third-party party debt recovery specialists to identify the best exit route when other options have been exhausted. This allows us to continue to manage and protect our loan book.

Delivering operational excellence

As part of our vision to be the UK's most valued lender, we have implemented a service modernisation programme to evolve from how we work today to how we will operate in the future. This programme will work alongside our transformation project, and will involve enhancing our operational capabilities and optimising our organisational structure.

We have created and implemented a new operational management framework to modernise our end-to-end service capability and deliver an even higher-performing, efficient, professional operation, that continues to be customer focused. This framework will drive continuous improvements in customer journeys as well as creating the capacity for continued loan book growth.

The programme will embed a culture of continuous improvement to make it even easier to do business with us, from making it quicker and easier to share documents, to making use of technology to reduce reliance on manual operational process.

CCA cca-global.com ACCREDITED MEMBER 2023

FOCUS: CCA Global Accreditation

In September 2023, we were delighted to announce that we had successfully obtained CCA Global Accreditation, which is a recognised award for excellence in customer service.

It provides independent review of more than 40 business areas, including strategy, business policy, customer focus, employee engagement, risk management and business performance.

This is a demonstration of Together's commitment to its Purpose and Vision, and recognises the high-quality customer service that has become associated with Together's products and service.

Financial review

A strong performance with controlled growth.

Chris Adams, Group Finance Director, discusses both the Group's financial performance and its financial position for the year.

"Together has delivered another year of strong and profitable growth - a 50-year track record. Our controlled growth has allowed us to support more customers in realising their ambitions."

50 years of profitable growth

Together has successfully transitioned to a higher interest rate environment, whilst continuing to focus on targeting originations at appropriate risk-adjusted returns. This has allowed us to sustainably grow our loan book to £7.4bn (2023: £6.4bn), whilst improving our net interest margin to 5.4% (2023: 5.2%).

Our continued focus on cost discipline, with the underlying cost-to-income ratio improving to 30.0% (2023: 31.8%), has not only improved our profitability, but it has also allowed us to invest in our transformation programme, which will further future-proof the business as it continues its growth.

There have, however, been some anticipated increases in arrears, as seen across the market, which have driven a larger ECL charge of £54.1m (2023: £42.4m). But despite this, the Group has seen another record profit year, delivering underlying profits of £200.9m (2023: £163.6m) when excluding £6.9m of transformation costs, or £194.0m (2023: £158.6m) on a statutory profit basis.

The Group continues to be highly cash generative, with cash receipts in the year of £2.7bn (2023: £2.2bn), and strong liquidity from a range of funding streams.

There has been continued support from the funding market, with the successful refinancing of our 2026 bond, the issuance of the Group's first securitised development facility, and 5 further issuances of retail and commercial mortgage asset-backed securitisations in the financial year.

Financial highlights

Profit before tax (PBT)

£194.0m

2024	£194.0m
2023	£158.6m

Underlying PBT

£200.9m

2024	£200.9m
2023	£163.6m

Operating profit

£248.1m

2024	£248.1m
2023	£201.0m

Underlying operating profit

£255.0m

2024	£255.0m
2023	£206.0m

Net interest income

£369.3m

2024	£369.3m
2023	£301.1m

Net interest margin

5.4%

2024	5.4%
2023	5.2%

Cost-to-income ratio

31.9%

2024	31.9%
2023	33.5%

Underlying cost-to-income ratio

30.0%

2024	30.0%
2023	31.8%

Return on equity

13.2%

2024	13.2%
2023	12.3%

Net debt gearing

83.9%

2024	83.9%
2023	82.9%

The full suite of financial KPIs and further information on how these metrics are calculated on a statutory and underlying basis are included in the Alternative performance measures appendix to the Financial statements.

Financial performance

The results for the year to 30 June 2024 are summarised below:

	2024 £m	2023 £m
Interest receivable and similar income	776.3	572.9
Interest payable and similar charges	(407.0)	(271.8)
Net interest income	**369.3**	301.1
Net fair value losses on derivatives	(11.2)	(2.1)
Net fee and other income	6.1	3.0
Operating income	**364.2**	302.0
Administrative expenses	(116.1)	(101.0)
Operating profit	**248.1**	201.0
Impairment losses	(54.1)	(42.4)
Profit before taxation	**194.0**	158.6
Exceptional items	6.9	5.0
Underlying profit before taxation	**200.9**	163.6

Key performance indicators in relation to the Group's income statement

	2024	2023
Net interest margin (%)	5.4	5.2
Interest-cover ratio	1.49:1	1.61:1
Cost-to-income ratio (%)	31.9	33.5
Underlying cost-to-income ratio (%)	30.0	31.8
Cost-to-asset ratio (%)	1.59	1.62
Underlying cost-to-asset ratio (%)	1.49	1.54
Cost of risk (%)	0.79	0.73
Return on equity (%)	13.2	12.3
Underlying return on equity (%)	13.7	12.6

The Alternative performance measures section in the Financial statements sets out how these performance measures are calculated.

Net interest income

During the year, interest receivable and similar income increased to £776.3m (2023: £572.9m) reflecting the continued controlled increase in the loan book as well as the impact of the Group's pricing strategy in a higher, but more stable, rate environment.

Interest payable has increased to £407.0m (2023: £271.8m) as a result of the increase in borrowings which has allowed the strategic controlled loan book growth. The increase has also been the result of the rise in cost of borrowing, from higher rates and from refinancing in a higher rate environment.

Net interest margin ("NIM") has improved in the year to 5.4% (2023: 5.2%) given the relative stability in rates compared to the previous year and from the Group's pricing strategy. In the previous period, NIM was negatively impacted by a timing lag from passing on increases in funding costs to the variable rate book.

As a result of the growth in the loan book, and the improved NIM, the Group has seen strong growth in its net interest income in the year to £369.3m (2023: £301.1m).

The Group also manages its interest rate risk through interest rate swaps to protect against movements in interest rates.

Administrative expenses

Cost control continues to be an ongoing focus whilst continuing the Group's scalable growth, which has seen administrative expenses as a ratio of income improve to 31.9% (2023: 33.5%).

There have similarly been improvements to the Group's cost-to-asset ratio to 1.59% (2023: 1.62%) which shows the continued ability to manage costs whilst growing the loan book sustainably.

This careful management of our costs has allowed the Group the capacity to invest in its transformation programme which is a significant investment in the business that has commenced in the period. These transformation costs have been excluded from the underlying metrics, with the underlying cost-to-income ratio lowering further to 30.0% (2023: 31.8%), and the underlying cost-to-asset ratio falling to 1.49% (2023: 1.54%).

As can be seen from these metrics, the increase in administrative expenses in the year to £116.1m (2023: £101.0m) is largely driven by the growth of the Group, as well as the additional transformation investment, and the general higher cost environment following recent high inflation in the UK.

Cost discipline and the profitability of the business creates capacity to invest in both transformation and other areas of the business to support the Group's future success.

Our financial performance in summary

In the year we have achieved record profits, seeing a 22.3% increase in statutory profit before tax to:

£194.0m

(2023: £158.6m)

Our successful transition to a higher rate environment whilst continuing our loan book growth has driven a 22.7% increase in net interest income to:

£369.3m

(2023: £301.1m)

Continued cost discipline, alongside our scalable growth, has allowed us to invest in our future through our transformation programme, with our underlying cost-to-income ratio improving to:

30.0%

(2023: 31.8%)

A higher ECL charge from some expected increases in arrears has led to a slight uptick in our cost of risk to:

0.79%

(2023: 0.73%)

Net fair value losses on derivatives

Net fair value losses on derivatives have increased to £11.2m for the year ended 30 June 2024 (2023: £2.1m), driven by a combination of increased hedging activity and movements in the swap yield curve. For further information on the Group's derivatives, refer to Note 12 in the Financial statements.

Impairment losses

The Group recognised impairment losses for the year to 30 June 2024 of £54.1m (2023: £42.4m). As a percentage of average loans and advances to customers, this represented an increase in cost of risk to 0.79% (2023: 0.73%).

The increased impairment charge for the year reflects both a growing loan book as well as increased loan loss provisions from additional judgemental post model adjustments where it has been identified that there is potential further risk and due to some increases in arrears which have been observed across the mortgage market. A proactive approach has been taken to identify such additional risk, whilst taking measures to support any customers in difficulty, all whilst protecting our loan book.

> Further information on our post model adjustments is included in Note 13 to the Financial statements.

The Group carefully monitors its credit risk and portfolio performance and factors it appropriately into the loan loss provision. The impairment losses also reflect the latest macroeconomic forecasts using our range of scenarios, which are discussed further in Note 13 to the Financial statements.

This careful monitoring allows us to anticipate losses and ensure sufficient coverage is applied to reflect risk. The Group's conservative LTV strategy allows it to minimise actual loss experience, due to the leverage of the individual securities underlying the loan.

Profit

Operating profit increased to £248.1m (2023: £201.0m), which reflects the careful management of costs whilst continuing to grow net interest income through controlled growth in the loan book.

The Group has seen profit before tax for the year increase by 22% to £194.0m (2023: £158.6m), reflecting the continued growth and strength of the business.

Underlying profit before tax also increased in the year to £200.9m (2023: £163.6m), with further information included in the Alternative performance measures appendix.

The return on equity has increased in the period to 13.2% (2023: 12.3%) or 13.7% on an underlying basis (2023: 12.6%) as a result of the factors impacting growth in profits.

The interest-cover ratio, being the measure of the business's ability to pay the interest on its borrowings, reduced to 1.49:1 for the year to 30 June 2024 (2023: 1.61:1).

Financial position

The results for the year to 30 June 2024 are summarised below:

	2024 £m	2023 £m
Loans and advances to customers	7,363.9	6,410.2
Cash	336.2	322.8
Fixed and other assets	75.4	124.1
Total assets	7,775.5	6,857.1
Borrowings	6,543.3	5,680.3
Other liabilities	95.8	92.5
Total liabilities	6,639.1	5,772.8
Total equity	1,136.4	1,084.3
Total equity and liabilities	7,775.5	6,857.1

Key performance indicators in relation to the Group's financial position

	2024	2023
Gross loan book (£m)	7,510.3	6,520.0
Lending volume (£m)	2,994.7	2,797.3
Net loan book growth (%)	14.9	22.1
Weighted average LTV* of originations (%)	59.0	61.0
Weighted average indexed LTV of portfolio (%)	55.7	55.3
Net debt gearing (%)	83.9	82.9
Shareholder funds (£m)	1,159.2	1,118.0

* LTV, or loan-to-value, is the ratio of a loan's carrying amount to the value of its underlying property security.

The Alternative performance measures appendix to the financial statements sets out how these performance measures are calculated.

Loans and advances to customers

The Group has continued to grow its net loan book to £7.4bn from £6.4bn in 2023.

Loan originations for the year were £3.0bn (2023: £2.8bn), continuing our controlled lending growth. The Group's lending plans are set with reference to a number of factors including our target margins, returns, quality and market opportunity. These inform our desired level of originations, whilst considering liquidity and funding plans, and the use of capital.

The impairment provision has increased to £146.4m (2023: £109.8m), which reflects not only the growth in the loan book, but also increases in the coverage to 1.95% (2023: 1.68%), which has largely been driven by some deterioration in performance as has been expected and observed across the market following a period of high inflation and heightened cost of borrowing in the UK.

The Group has maintained its long-standing principle of focusing on lending at prudent LTVs with the weighted-average LTV of loans originated, excluding further advances, in the year reducing to 59.0% (2023: 61.0%).

The weighted-average indexed LTV of the Group's loan portfolio as a whole has remained relatively static at 55.7% at 30 June 2024 (2023: 55.3%).

This remains conservative and the Group's approach to LTV provides significant protection against any potential fall in property prices.

Equity and shareholder funds

The Group has continued its strategy of reinvesting most of its profits in the business, and at 30 June 2024 total shareholder funds, which include subordinated loans to the Group, had reached £1,159.2m (2023: £1,118.0m). On a statutory basis, equity has increased by 4.8% to stand at £1,136.4m (2023: £1,084.3m).

The increase reflected profit after tax of £149.2m, a decrease in hedging reserves of £44.5m due to the impact of rising interest rates on the value of derivatives held for risk management, £13.2m increase in reserves movements relating to the extension of a subordinated loan during the period and a decrease of £65.7m relating to dividends to Together's parent company.

Summary consolidated statement of cashflows

	2024	2023
Net cash generated/(used in):		
Operating activities	(382.5)	(780.2)
Investing activities	(6.3)	(9.0)
Financing activities	402.2	847.5
Net increase in cash and cash equivalents	13.4	58.3
Cash and cash equivalents at the beginning of this period	322.8	264.5
Cash and cash equivalents at the end of this period	336.2	322.8

Cash and cash flow

The Group's strong balance sheet supports the continuing growth of the business, from the range of funding and the cash amounts held, as well as the continued cash receipts, which allow it to maintain its liquidity in order to remain within defined risk appetites.

The Group is highly cash generative, with cash receipts in the year of £2.7bn (2023: £2.2bn), which is 39.4% of the average net loan book in the year (2023: 37.7%).

Our liquidity position is also supported by a track record of successfully financing transactions to increase and extend our funding facilities in order to allow us to meet our growth plans.

The strong level of liquidity and cash inflow facilitate our consistent ability to service debt obligations, with a closing cash balance of £336.2m (2023: £322.8m), of which £84.1m (2023: £84.3m) was unrestricted.

> Further information on how we manage liquidity can be found within the Risk management report.

Borrowings

The Group's borrowings have increased in the year to £6,543.3m (2023: £5,680.3m) which has supported the further growth of the Company. Further information on the Group's borrowing in the year, as well as how the funding structure works, is included on the next page.

Our financial position in summary

In the year we have seen average monthly originations of…

£249.6m

(2023: £233.1m)

which have grown our loan book to a record…

£7.4bn

(2023: £6.4bn)

whilst maintaining our continued principle of originating at conservative LTVs at…

59.0%

(2023: 61.0%)

and continuing to generate significant cash receipts of…

£2.7bn

(2023: £2.2bn)

Borrowings and funding

"Our ability to raise or refinance over £3.2bn in the financial year highlights the strength of our business model, the quality of our loan book, and strong ongoing support from our investors."

Gary Beckett,
Group Managing Director and Chief Treasury Officer

Our funding

Together's high-quality loan book, long track record of success through multiple economic cycles, and its established position as a repeat issuer in the capital markets have allowed the Group progressively to develop a mature, diversified and flexible funding platform.

To fund our mortgage lending, the Group draws on the wholesale and bond markets, underpinned by growing, substantial shareholder funds. Our diverse funding sources at the 30 June 2024 include:

- Two publicly listed senior secured notes (SSNs)
- Six private securitisations
- Seven public residential mortgage backed securitisations (RMBS)
- Four public commercial securitisations
- A revolving credit facility (RCF)
- Retained earnings in excess of £1bn.

The Group is an established repeat issuer with excellent long-standing relationships with both public and private investors and lending institutions. This allows the Group to take a prudent approach to counter-party concentration risk to ensure it is not greatly exposed to any one lender.

The Group has continued to use the more efficient securitisation facilities with further issuances throughout the year as listed overleaf to support its growth. The cost and capital-efficient nature of these facilities has allowed us to grow the loan book at lower relative yields whilst protecting our net interest margin (NIM) and increasing the return on equity.

The Group has also been successful in identifying dedicated securitisation facilities for previously non-securitised loans, such as our development finance facility which was issued in the financial year (ADALO) and our early arrears facility (BABS) which was refinanced in September 2023.

The maturity profile of the facilities is carefully managed to ensure we mitigate market risk with facilities refinanced and/or extended well ahead of maturity dates. The average maturity of the portfolio at June 2024 was 2.6 years (June 2023: 2.9 years).

Following Together ABS4 RMBS being fully paid in June 2024, the earliest maturity or call date is the Together ABS5 RMBS with a call date in October 2025, which represents less than 2% of the Group's total facilities at the reporting date. The Group's remaining facilities have maturity or call dates from December 2025 and beyond.

The variety and depth of funding results in significant 'headroom' of undrawn facilities, standing at £0.8bn at 30 June 2024 (2023: £0.7bn), allowing the Group to further grow its lending and manage liquidity risk.

How our funding works

All loans originated by Together are initially funded by the Senior Borrower Group (which consists of the senior secured notes, the revolving credit facility, and a proportion of our retained earnings), from cash originated from continuing loan-book activity, and from excess interest income received from securitisations.

When further funds are required, eligible loans are sold into one of the six private securitisations, the allocation being based on asset type and at a prescribed advance rate. Cash is thereby released back into the SBG principally to fund the originations of further loans.

Loan redemptions in the revolving private securitisations result in capacity returning to those securitisations to allow further future sales.

Pools of loans from the revolving private securitisation facilities, along with loans in the SBG, are periodically transferred into new public RMBS or CRE issuances, returning funding headroom to the private facilities and SBG respectively.

Our funding in summary

The SBG substitutes or repurchases defaulted or ineligible loans from certain of the private securitisations on a periodic basis.

For the Group's public securitisations terminated at the first 'call' date under their agreements, the loan portfolios are initially refinanced in the SBG. These loans are then typically reissued first into one of the private revolving securitisations and later into new public securitisations.

The private and public securitisations are bankruptcy-remote special-purpose entities, which are not legally owned by Together, and holders of their loan notes have no recourse to the Group's other assets. Together holds subordinated loan notes and benefits from excess income within such entities.

In accordance with UK adopted international accounting standards, the Group is considered to retain the risks and rewards of ownership of such assets within these entities and they are therefore consolidated in the Group results accordingly.

Our funding activity during the year

In the year to June 2024, the Group successfully raised or refinanced the following:

- In July 2023, the Group issued an RMBS, Together ABS 8, raising £404.4m of external funding.
- In September 2023, the Group refinanced its BABS facility, extending its maturity to September 2027 with an additional £55.0m of funding secured.
- Also in September 2023, the Group issued a further RMBS, Together ABS 9, raising £425.0m of external funding, whilst in the same month repaying its Together ABS 3 facility.
- In November 2023, the Group issued Together CRE 4, raising £367.0m of external funding.
- In December 2023, the Group upsized and extended the maturity date on its HABS facility, increasing the facility size by £200.0m.
- In January 2024, the Group issued Together ABS 10, raising £283.8m in external funding.
- In March 2024, the Group issued its first development facility, ADALO ABS, raising £150.0m of external funding.
- In April 2024, the Group announced the issuance of £450.0m in Senior Secured Notes due 2030, whilst redeeming the £555.0m SSNs due in 2026.
- In May 2024, the Group issued Together ABS 11, raising £378.0m of external funding.
- Also in May 2024, the Group redeemed its Fairway Asset Backed Securitisation 1 Limited (FABS) facility.
- In June 2024, the Group redeemed its Together ABS 4 facility.

Since the year end, the Group has undertaken the following funding activities:

- In August 2024, the Group refinanced its DABS facility, securing an additional £200m of funding and extending the maturity date to December 2028.
- In September 2024, the Group announced the pricing of a further RMBS, Together Asset Backed Securitisation 2024 – 1ST2 PLC (TABS 12).

Our total facility size at the year end stands at:

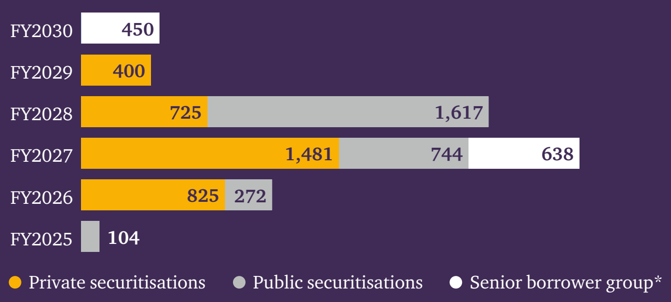
£7.3bn

(2023: £6.4bn)

which shows the continued support from the financial markets in the strength of Together, and helps fund our continued growth plans.

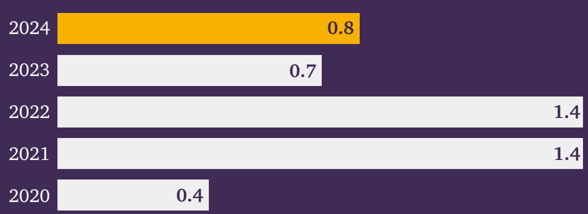
We also have depth of funding maturity, with only 1% (2023: 4%) of the Group's funding at the year end reaching its call date in the next year.

Total facilities by maturity date (£m)



Whilst we ensure healthy facility headroom to utilise in line with our strategic plans to fund originations.

Facility headroom at the year end (£bn)



Sustainability.

As a financially inclusive lender, we are driven by a purpose to make finance work to help people realise their property ambitions. Our vision is to be the most valued lending company in the UK and we believe our Sustainability Strategy helps us evidence this beyond traditional business metrics. The strategy recognises our responsibilities to Our Colleagues, Our Customers, Our Communities and Our Planet.

Since the launch of our Sustainability strategy, we have been making progress in embedding a comprehensive sustainability agenda across Together, in line with our purpose and vision. We have continued to build on the foundations set at the launch as we move towards reaching our ambitious targets.

Embedding sustainability is not without its challenges, and there will inevitably be difficulties along the way, but we are committed to playing our part in protecting the future for generations to come.

"As we celebrate our 50th year of lending, we recognise the importance of embedding sustainability throughout the business to allow us to continue our success story into the future."

Paul Moran, Head of Sustainability

Together, our impact is greater.

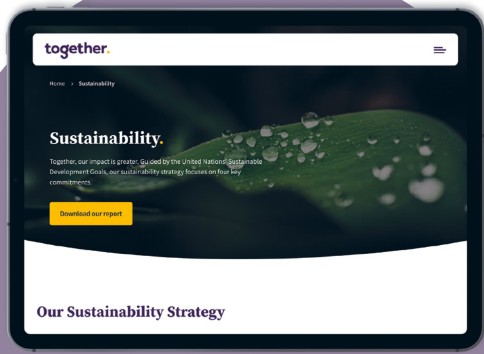
Sustainability governance

The success of our Sustainability Strategy is reliant on, and underpinned by, effective corporate governance. That's why, at Together, we have embedded sustainability within our governance framework.

The Group's Board and Executive Committee provide leadership and oversight for the strategy and regularly monitor progress against our sustainability targets. Members of the Group Executive Committee individually sponsor each of the sustainability targets.

Our Sustainability Committee has moved to bi-monthly meetings throughout the year. It is now chaired by our Chief Commercial Officer and reports bi-monthly to the Group Executive Committee.

The Sustainability Committee is responsible for overseeing the Group's Sustainability Strategy, including supporting the progression, development, implementation, measurement and reporting of the strategy. Its membership consists of Executive Committee members and colleagues from across the business.



Find out more on our website

> togethermoney.com/sustainability

Together Financial Services Limited Board

Together Financial Services Limited Executive Committee

Sustainability Committee

Bi-monthly meetings chaired by the Chief Commercial Officer. Membership includes members of our Executive Committee and colleague representatives. This committee supports the Board and its committees in overseeing conduct as a responsible business and ensuring progress is made against the sustainability strategy.

Diversity, Equity & Inclusion Steering Committee

Monthly meetings chaired by the Group Chief Compliance Officer. Membership includes members of our Executive Committee and colleague representatives who lead on driving our ambitions forward.

Sustainability Working Groups

Frequently held meetings between the Sustainability Team and colleague leads to drive the sustainability agenda and progress all of our targets. These include:

- Colleague Leads Meeting
- Climate Risk Working Group
- Green Proposition Working Group
- Let's Make it Count pillars

DEI Working Groups

Frequently held meetings between engaged colleagues to support the DEI agenda at Together. These include:

- Strand Leads
- Togetherness Group Leads
- Togetherness Group Meetings

As we go on this journey to embed sustainability into our business, our four pillars remain at the forefront of the decisions we make: Our Colleagues, Our Customers, Our Communities and Our Planet

Sustainability pillars

Through the pillars, we are able to align our Sustainability Strategy to the globally recognised United Nations Sustainable Development Goals (UN SDGs) Framework. We recognise the important role of businesses, and we believe it is right for us to play our part in contributing to these goals.

As the Group progresses in line with its purpose, realising people's ambitions by making finance work, its greatest contribution can be to UN SDG 11: Sustainable Cities and Communities. Our purpose guides us and ensures we are here to support customers to purchase homes, support the development of social housing and enhance communities.

SDG alignment to our pillars

Our **Colleagues**

We value diversity of thinking, ideas and backgrounds. We strive to create an open and inclusive environment for all colleagues. We believe in investing in our colleagues so they can realise their potential.

Aligns with SDGs:

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Our **Customers**

We are committed to making a positive difference to people's lives and helping our customers realise their property ambitions. Being a valued partner by delivering products and services that help our customers to make a positive impact on society and the environment.

Aligns with SDG:

11 SUSTAINABLE CITIES AND COMMUNITIES

Our **Communities**

We understand the positive impact community initiatives have. We believe all actions – big and small – are equally important in improving and adding value to our local communities.

Aligns with SDGs:

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Our **Planet**

We take our responsibilities for the planet seriously. Reducing the negative impacts of carrying out business is our focus.

Aligns with SDG:

13 CLIMATE ACTION

Our colleagues

Our year

UK Employer of the Year (Silver 250+) at the Investors in People Awards

31% of leadership positions held by women
(2023: 30%)

11% of leadership positions held by those in underrepresented ethnic groups
(2023: 4%)

> Further information is included within the separate Sustainability Report available on our website.

Our progress this year

Diversity, equity, and inclusion (DEI)

We continue with our approach to DEI – removing barriers and allowing all colleagues to realise their full potential. We value diversity of thinking, ideas and backgrounds and strive to create an open and inclusive environment for all colleagues. With direction from our DEI Committee, we continue to build on our learnings from the previous year.

This year, we have made significant enhancements to our internal processes to support DEI at Together. We have improved our recruitment practices, with inclusive job adverts, and our hiring managers have been encouraged to discuss role flexibility options to attract a more diverse pool of candidates. Following the enhancements to our Maternity, Adoption and Paternity policies, we have rolled out a contact programme for colleagues who will be starting and ending long-term absence.

All colleagues have been given access to DEI e-learning, to provide everyone with a base-level understanding of DEI. We have also run in-person DEI sessions with the theme of 'We are all similar, we are all different' which focused on key DEI topics like unconscious bias, allyship and language to support our managers and senior leaders across our business.

Togetherness groups

Our Togetherness Groups continue to be a way for colleagues to celebrate diversity, champion inclusion and advocate for equity. A few examples of the great opportunities created by our Together Groups in the year were:

- **Manchester Pride** – led by our LGBT Group, Kaleidoscope
- **Black British History 101** – a lunch and learn session held by our multicultural group, Embrace
- **International Women's Day** – activities including colleague podcasts and inspirational speakers led by our Women @ Together group
- **Sign language courses** for colleagues, organised by our disability group, Sunflowers @ Together

Investors in People

Further to our investment in colleague development, our Investors in People Silver accreditation shows our commitment to supporting our people throughout their careers. After being accredited in the previous financial year, this year we were the proud winners of the Investors in People UK Employer of the Year (250+ people): Silver category award.

This is a testament to the commitment of our People Team to organisational development and people management. The People Team want to build on our award and the Silver accreditation and have developed a roadmap to achieve Gold accreditation, delivering even greater support to colleagues across the business.

Our customers

Our year

Partnership with industry specialist to provide property retrofit services and improve the Energy Performance Certificate (EPCs) of our customers properties

Total affordable properties financed surpassed 1,000 in the year

75% of customer reviews rated 5*

Our progress this year

Supporting our customers

The development of our Sustainability Strategy was designed to increase the positive impact of our business, and this includes supporting our customers with their net zero ambitions. In 2022, a target was set to launch a green mortgage product by the end of 2023. During the current year, the previous government's decision to cancel proposed landlord EPC regulation resulted in a change in market demand which brought about a pause of the development of our green product. We will continue to review the opportunity moving forward, should the regulatory and legislative landscape change, to enable us to launch a genuinely impactful green product in the future that meets our customers' needs.

Against a backdrop of rising energy costs and the UK's ambition to be net zero by 2050, we know that improving the energy efficiency of housing stock is key to supporting people and the planet. We are passionate about helping our customers with this challenge, and we are delighted to have launched a pilot with Improveasy, who are specialists in property energy efficiency. With Improveasy, we have developed a proposition to support our customers and our colleagues in understanding the energy efficiency opportunities, helping them take action to retrofit their properties and improve their EPC rating. Simultaneously, we continue to develop our EPC Hub – providing our customers, landlords and the wider public with a dedicated place to obtain information and guidance on improving the energy efficiency of the UK's housing stock.

Social impact

We remain committed to helping underserved customers in achieving their property ambitions. With our business purpose and latest marketing campaign of 'Opening Doors', we are more conscious than ever of the social impact of lending. We continue to offer support to a varied customer base, including: those with complex incomes, those that are self-employed, later life borrowers, SMEs, those with complicated credit history, those looking to purchase non-standard properties, and housebuilders who aim to help alleviate the current UK housing shortages.

Community housing and healthcare channel

This year we rebranded our Social Housing Channel to become our Community Housing and Healthcare Channel to better reflect its work and purpose, as the channel matures and the wider scope and impact are assessed. The channel focuses on funding affordable properties and supporting landlords and tenants across housing associations and registered providers, providers of social housing, care providers, adult and children's care homes, and also providers of asylum and refugee housing.

In the year, we have hit our target of 1,000 affordable properties. Through the work within this channel, we have been able to support a range of tenants, including vulnerable adults, low-income families, older people, homeless people, refugees and children. On top of this, we have expanded our support for vulnerable tenants, using our core business activities to reach members of our community and help the underserved achieve their property ambitions.

We could not be prouder to have reached our target 18 months early. This highlights the exceptional work by colleagues and is evidence that people are at the heart of what we do. The Group will now be looking at how we can build on this success.

Our communities

Our highlights in the year

£1m committed to the community through our charitable programme

Over 2,500 colleague annual volunteering hours utilised in the year

10,000 meals distributed through Stockport Foodbank

As an organisation, we have always placed, and continue to place, importance on our social responsibility. Through the Sustainability Strategy, we have enhanced oversight of our charitable giving in order to maximise our contribution to society.

This year has seen us maintain our strong financial contributions to community initiatives, including our Colleague Charity of the Year, Seashell, a learning disability charity. Colleagues remain enthusiastic and committed to supporting local and national charities. Through large company-wide events and smaller team-led activities, colleagues have gone the extra mile to raise money for charities and community initiatives.

Volunteering

Alongside our monetary contributions, it is important that we donate time, skills and resources. All colleagues are offered two annual days, paid, to volunteer within the community, either through the organisation or at a registered charity of their choice. We know we have a strong workforce with a diverse range of skills to be deployed within the community and we are proud that our colleagues continue to do more volunteering each year.

Colleagues have volunteered at a wide range of charities including: Stockport Foodbank, Manchester and HideOut Youth Zones, Manchester Dogs Home, National Trust and Cash for Kids.

Stockport County Schools Programme

In the year, as proud sponsors of Stockport County FC, Together partnered with the club's charity, Stockport County Community Trust, to launch their new Schools Programme with a donation of £125,000.

The programme provides free educational programmes for all primary and secondary schools in Stockport, targeting students most at need.

The scheme will deliver educational workshops to local primary schools for children in years five and six. These will cover topics to further the children's knowledge across three key themes; numeracy and finance, mental health and wellbeing, and e-safety and social media.

2,000

students are expected to benefit from the programme in the first year alone.

> Further information on the charities we have been proud to support in the year can be seen in our Sustainability Report on our website.

> "We are thrilled that Together has chosen to support our Schools Programme. The six and twelve week workshops will provide vital support and have such a positive impact on the lives of young people."

Alison Warwood,
CEO at Stockport County Community Trust

Our planet

Our highlights in the year

Development of a roadmap to measure progress towards our net zero ambitions

All electricity procured under renewable energy tariffs

Our climate aspirations

Net zero carbon operations by 2030

Net zero carbon direct and indirect operations by 2050

Our progress in the year

Reducing emissions

- In our progress against our targets, we have been able to achieve a reduction in market-based scope 2 emissions as we moved all our electricity supply procurement to zero carbon tariffs, as well as reducing overall consumption in our offices.
- 88% of our company vehicles are now hybrid or fully electric.
- First cohort of colleagues have successfully completed their Carbon Literacy accreditation.
- Second year of measuring Scope 3 emissions, helping us understand our indirect impact.

Net zero roadmap

The 2023 Annual Report was the first time we measured and reported our Scope 3 emissions. Using this as a baseline, we have been able to work closely with a third-party expert to develop a net zero roadmap.

This roadmap covers short, medium and long-term initiatives, including our transition to zero carbon heating for our office buildings, enhancements to our procurement process and improving the environmental data of our mortgage portfolio.

Climate Risk Working Group

Our Climate Risk Working Group has been integral in supporting our environmental aspirations and driving enhancements to the review of the risks and opportunities posed by climate considerations.

"Whilst we acknowledge our targets are ambitious and will require collaboration between Governments and businesses internationally, we're continuing to identify ways we can reduce our own environmental impact, and have set out our climate roadmap to help us achieve it."

Ryan Etchells, Chief Commercial Officer and Chair of the Sustainability Committee

Our planet: Climate report

Together is committed to playing its part in addressing climate change, by reducing our impact on the environment through managing our own operations and seeking ways to support our customers on their net zero journey.

This climate report sets out our approach to addressing climate change, as well as setting out the progress we have made in the year. It has been prepared in line with the recommendations provided by the Taskforce for Climate-Related Financial Disclosures, along with the relevant Companies Act 2006 requirements. This addresses each of the following TCFD pillars:

TCFD pillars

1 Climate strategy – The actual and potential impacts of climate-related risks and opportunities on Together's business and strategy

2 Climate governance – Together's governance on climate-related risks and opportunities

3 Climate risk management – How Together identifies, assess and manages climate-related risks and opportunities

4 Climate metrics – The metrics and targets used to assess and manage relevant climate related risks and opportunities

1

Climate strategy

Our net zero strategy is driven by our visions to be the most valued lending company in the UK

Our climate strategy was introduced in 2021, with our initial focus being on identifying our impact on the climate, using those high impact areas to determine where we can make the most significant contribution to reducing carbon emissions. We have begun making progress but are also cognisant of the challenge ahead to move towards net zero by our target date.

We recognise how we as a business can play our part but are also aware that we can't solve this on our own. Tackling climate change is a global issue that requires internationally coordinated efforts between governments, businesses and other organisations. The ability to reach net zero does place some reliance on government support and future technological innovation.

In recent years, there has been increasing discussion on aiming for a fair and just transition to net zero, and we wait to see the direction of the new UK government. We continue to remain alive to the latest legislation, guidance and standards, and what we can do in our business to affect change where we have the ability to do so.

Our strategy covers 5 key strands:

- Implementing climate risk governance
- Measuring our climate impact
- Managing climate risks and opportunities
- Reducing emissions from our operations
- Supporting customers towards net zero

In our journey so far, we have started to embed climate governance and climate risk into the business, to set the right base for us to make an impact. This was followed by setting out to understand our current impact on the climate, from our direct emissions to the impact of our wider lending activities. Understanding our current base has allowed us to create action plans to reduce our emissions.

Our initial focus has been on reducing our direct emissions, including our energy use in our office and to transitioning to hybrid and electric vehicles. At the same time, we have been planning our longer-term strategy to how we reach our targets and developing our net zero roadmap.

Our planet: Climate report *continued*

2

Climate governance

Making sure our climate strategy is put into action

Under the governance pillar of the TCFD recommended disclosures, in-scope entities are required to:

- Describe the board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

The Board drives the long-term sustainable success of the Group, meeting the needs of our stakeholders, and this is no different with our climate aspirations. The Board has driven action on prioritising our sustainability strategy, and has requested regular oversight of plans, reporting and activity in this area to ensure we are able to meet our climate targets.

As the Board has oversight responsibility for creating the environment and structures for risk management to operate effectively, the Board ensures that there are effective arrangements for the management of risk in line with the strategic direction of the Group.

The Board has empowered management to monitor climate-related risks through the approval of the Enterprise Risk Management Framework (ERMF) and Climate Related Risks Framework (CRRF) as climate risk has been identified as a cross-cutting risk which impacts all the Level 1 and Level 2 risks within the business. The Board continues to provide oversight using the approved risk appetite statements and metrics to monitor climate-related risks and opportunities.

The Board will ensure climate-related risks and opportunities are addressed through the appropriate governance routes, including approving the Group's net zero strategy to reduce its environmental impact. The Board will also ensure management are equipped to manage climate-related risks and opportunities with the right direction, tools and expertise.

As sub-committees of the Board, the Executive Committee and the Executive Risk Committee have management responsibility to assess and manage climate-related risks and opportunities. The Board Audit Committee has been updated on the latest financial reporting regulation changes, including updates on the ISSB's newly-issued sustainability reporting standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related disclosures*. These new standards aim to create a global baseline for sustainability and climate change disclosures, although these new standards have yet to be issued.

Further to this, the Sustainability Committee and its Climate Risk Working Group identify and monitor climate risks across the business, providing the Executive Committees with the quantitative information needed to manage such risk. Along with third-party expertise, the Group is able to develop quantitative and qualitative data to support the progress towards our targets.

Management focus will be on ensuring the net zero strategy addresses climate-related risks and positioning the Group to take advantage of opportunities presented.

3

Climate risk management

How we identify and manage our climate risks and opportunities

Together's climate risk management is embedded into the Enterprise Risk Management Framework, and includes a Climate Risk Management Policy, risk appetite statements, and a limited number of quantitative risk appetite metrics. Our climate risk management approach continues to be developed and embedded into the business.

Risk identification and measurement

Climate is an over-arching risk, so identification takes place across all existing level one and two risk types. We remain aware of emerging climate risks through regular horizon scanning as well as using scenario analysis, historical data and models, with climate-related risks now being reported into the governance structure.

The measurement of climate risk is reflected in the Group's climate-related risks framework, which considers the likelihood and impact of each risk, resulting in an inherent risk rating. This risk rating then informs the Group's response to the risk in question as well as the resource assigned.

Risk management, monitoring and reporting

Risk management of climate-related risks involves the formulation of an action plan for mitigating risks and may include risk acceptance, risk reduction, and risk avoidance. Risks assessed outside risk appetite must have approved action plans in place to reduce the risk to an acceptable level or an approved risk acceptance.

Monitoring of climate-related risks takes place through the Group's approved risk metrics, which have associated trigger and limit levels, as well through stress testing and scenario analysis.

Scenario analysis

Together has considered the Bank of England's Climate Biennial Exploratory Scenario (CBES) when identifying climate-related risks. The scenario outlines three paths with reference to climate action:

- Early policy action—ambitious climate policy, reaching net zero by 2050.
- Late policy action—delayed action with knock-on impacts to the economy.
- No additional policy action—widespread impacts as a result of climate change.

Using the CBES scenarios, the Group has concluded that our exposure to climate risk over all scenarios in the short term is not material. Furthermore, as expected, in the early policy action scenario, the risk to the Group arises in the short to medium term and relates more to those transitional risks identified. In the late and no additional action scenarios, the Group's exposure to climate risk arises in the long term and relates more to the physical risks identified.

Given their nature, climate-related risks can become apparent over a wide variety of timeframes from months to years to decades. The timeframes we have assessed against are:

Short term—up to 3 years

Medium term—up to 10 years

Long term—over 10 years

Our planet: Climate report *continued*

Climate risk management *continued*

Transition and physical climate risks

The table below shows some of the example transitional and physical risks identified in relation to key areas of the Group, as well as the identified impact level and term horizon, with management's judgement on the impact to the Group.

Risk category and type	Risk
Credit	
Transition **Time horizon:** Medium–long term **Impact:**	• Increased risk of default due to reduced affordability caused by increasing energy costs arising from transition to net zero. • Increased risk of loss given default due to reduced house prices arising from changes to government policies.
Physical **Time horizon:** Medium–long term **Impact:**	• Increased risk of loss given default due to reduced house prices as a result of physical impacts. • Increased risk of probability of default and loss given default due to increased exposure to uninsured properties as a result of rising insurance costs.
Financial	
Transition **Time horizon:** Short term **Impact:**	• Risk of higher funding costs due to investor requirements on the portfolio and/or compliance with climate-related requirements. • Complexity of incorporating uncertain impacts of climate into long term financial planning.
Physical **Time horizon:** Medium term **Impact:**	• Increased costs as a result of operational and credit risks.
Operational	
Transition **Time horizon:** Short–medium term **Impact:**	• Risk that existing third parties will not meet our climate change requirements and new relationships will need to be identified. • Risk that operational costs increase due to activities required to demonstrate our transition to net zero.

Impact level key: Very low | Low | Medium | High

Risk category and type	Risk
Physical **Time horizon:** Medium–long term **Impact:** ●	• Increased risk of disruption to operations due to flooding or other climate risks directly affecting our customers and increasing contact with us. • Increased risk of flooding or other damage to our offices preventing employee access or systems damage.
Strategic	
Transition **Time horizon:** Medium term **Impact:** ●	• Risk that we do not meet our wider business targets due to management of the portfolio required to meet our obligations under government climate change regulations.
Compliance	
Transition **Time horizon:** Short–medium term **Impact:** ●	• Risk that climate-related requirements result in some properties not being able to be mortgaged, or only with a mortgage at a high rate, causing consumer detriment. • Risk of legal, financial and reputational repercussions as a result of not meeting regulatory disclosure requirements.
Conduct	
Transition **Time horizon:** Short–medium term **Impact:** ●	• Risk of reputational damage if we are not seen to be making progress against our net zero targets. • Risk of reputational damage if we lend to corporate customers who are not playing their part in meeting net zero targets, reducing our appeal to colleagues and customers.
Physical **Time horizon:** Short–medium term **Impact:** ●	• Risk that customers are adversely affected by an industry movement towards stricter lending criteria to manage physical risks.

Impact level key ● Very low ● Low ● Medium ● High

Climate opportunities

The Group remains cognisant of the climate-related opportunities available. We have identified four areas which we believe will deliver the most impactful change to our emissions. Our roadmap focuses on; our direct energy emissions, owned transport, purchased goods and services, and our mortgage portfolio.

We have the opportunity to procure all our energy on renewable electricity tariffs and we have commenced considerations of alternative heating sources. We are continuing our efforts to move away from traditional combustion engine vehicles and transition towards hybrid and electric vehicles.

Our mortgage portfolio is the highest contribution to our carbon emissions and the most challenging to reduce. Against a backdrop of increases in the cost of living, we understand that our customers may find it difficult to prioritise the necessary changes to their properties to decarbonise.

This change will take national and regional policy changes to bring about successful delivery. In the meantime, we are aware of the part we can play in supporting our customers. For example, our EPC Hub helps us provide our customers with education on a variety of energy efficiency information, including how they can begin their own sustainability journey through retrofitting for energy efficiency.

Our planet: Climate report *continued*

4

Climate metrics

Measuring our progress against our climate targets

The Group monitors its greenhouse gas (GHG) performance to track performance against its net zero targets and to support the UK's ambition to reduce GHG emissions to net zero by 2050. In line with the TCFD requirements and the GHG protocol, we have reported our emissions under Scope 1, 2 & 3. This year represents the first in which we can compare Scope 3 after setting the baseline for the year end 30 June 2023.

The tables below show our energy use and emissions for the year ended 30 June 2024:

Energy use by source	Units	2024	2023
Gas	kWh	647,440	1,002,386
Electricity	kWh	1,780,675	1,918,925
Transport[1]	kWh	685,151	828,340
Total energy use by source		3,113,266	3,749,651

Emissions by category	Units	2024	2023
Scope 1			
Scope 1 - Natural gas and other fuel consumption	tCO_2e	119	183
Scope 1 - Company vehicles (non-electric)	tCO_2e	92	122
Total Scope 1	tCO_2e	211	305
Scope 2 (location-based)			
Scope 2 - Purchased electricity	tCO_2e	394	392
Total Scope 2 (location-based)	tCO_2e	394	392
Scope 2 (market-based)			
Scope 2 - Purchased electricity	tCO_2e	218	264
Total Scope 2 (market-based)	tCO_2e	218	264
Scope 3			
Scope 3 - Financed emissions	tCO_2e	177,041	155,150
Scope 3 - Purchased goods & services	tCO_2e	3,728	2,148
Scope 3 - Employee commuting	tCO_2e	911	900
Scope 3 - Other	tCO_2e	516	971
Total Scope 3	tCO_2e	182,196	159,169
Total Scope 1, 2 & 3 (location-based)	tCO_2e	182,801	159,866
Total Scope 1, 2 & 3 (market-based)	tCO_2e	182,625	159,738

Intensity ratio		2024	2023
Scope 1 & 2 (location-based)	tCO_2e / employees	0.77	0.91
Scope 1 & 2 (market-based)	tCO_2e / employees	0.55	0.74

1. Transport restated in 2023 to include grey fleet emissions

Scope 1 & 2 emissions

Our Scope 1 emissions have decreased by 31.7% in the year, as a result of changes we have made to our building management systems to help drive down emissions, but also from reductions in business mileage, and the increasing proportion of vehicles that are electric or hybrid.

The Scope 2 location-based emissions, being calculated as emissions based on average emissions from the local grid, has decreased slightly in the year as, although our electricity consumption has fallen by 7.2%, the UK national grid electricity emissions factor has increased.

However, our decrease in electricity consumption can more clearly be seen from the Scope 2 market-based emissions, being calculated as our emissions based on Together's chosen tariffs. This is lower than market-based due to our use of renewable energy tariffs in one of our head office buildings. Total usage has decreased by 20.6% due to our reduction in electricity usage, as well as moving to the use of renewable energy tariffs halfway through the previous period. The intensity ratio, which is calculated as Scope 1 and 2 tCO_2e divided by the average number of employees in the year, has also decreased as a result of a reduction in our energy consumption in the period.

Other energy improvements in the year include increasing the percentage of our car fleet that are electric or hybrid vehicles and working towards the decommissioning of a server room.

Scope	Sub-category	Methodology
Scope 1	Natural gas and other fuel consumption	Total natural gas kWh consumption converted to tCO_2e using DESNZ 2023 v1.1 factors, plus litres of fuel used converted using the DESNZ $kgCO_2e$/litre factor.
	Company vehicles	Mileage in company owned vehicles converted using $kgCO_2e$/mile DESNZ factors.
Scope 2	Purchased electricity	Direct electricity consumption multiplied by two separate emissions factors • a market-based factor that takes into account Together's chosen energy tariff; and • a location-based factor which is based on the local grid average emissions using Government Emissions Factor Database.

Scope 3 emissions

The most significant source of Scope 3 emissions is the financed emissions, through mortgage lending. According to the Partnership for Carbon Accounting Financials (PCAF) guidance, emissions from all energy consumed by the properties during the reporting year should be apportioned based on LTV and emissions calculated under Scope 3 Category 15.

This year marks the Group's second year measuring financed emissions, after creating a baseline in the previous period. Understanding the extent of our financed emissions is key to monitoring our progress against targets and to fully account for our impact on the climate, with these emissions accounting for 97% (2023: 97%) of Together's total carbon footprint.

Currently, Together has calculated financed emissions using an average consumption-based approach, as company-specific data on financed emissions are not currently readily available. As we look to improve our climate-related data as part of our risk management roadmap, we will refine our methodology for calculating Scope 3, as per the GHG Protocol, using more Together-specific data, such as EPC ratings and floor space. In the year, our financed emissions have increased largely as a result of the continuing growth in the loan book, whilst we continue to investigate ways to reduce our financed emissions impact.

Other Scope 3 emissions include emissions from purchased goods and services, employee commuting and capital goods.

Scope	Sub-category	Methodology
Scope 3	Financed emissions	Average energy consumption benchmark per property, based on average consumption for EPC ratings or location based averages, apportioned by LTV.
	Purchased goods and services	Spend by category on goods and services, converted into £ value of year using Bank of England inflation factors, coverted to emissions using DEFRA spend-based emissions factor.
	Employee commuting	Distance travelled in miles, average commuter days and mode of travel from employee survey converted using $kgCO_2e$/mile DESNZ factors.
	Other	Other includes capital goods, other fuel related emissions and business travel

Stakeholder engagement report.

One of the key statutory obligations of the Board is to have a comprehensive understanding of the needs and expectations of the Group's stakeholders and to actively engage with them on the matters that are most relevant to them. This requirement is outlined in section 172 of the Companies Act, which sets out the Board's responsibility to promote the success of the Group. In order to fulfil this obligation, we have identified our key stakeholder groups and have implemented tailored engagement activities for each.

Section 172 statement

Section 172 of the Companies Act 2006 defines the legal requirement for a director to act both individually and collectively, in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole with regards to all of its stakeholders. The table below provides some examples of how the Board has complied with section 172 during the year.

Many of the requirements are integral to the way that the Group operates and therefore references have been provided where appropriate to other sections of the Annual Report where more information can be found.

The likely consequences of any decision in the long term *s.172(1)(a)*

The Board recognises the importance of understanding the effect that decision making can have on our stakeholders and the future of the success of the business. The Board approved the strategic priorities for the Group and receives regular strategic performance updates against the approved three-year plan and is updated at each meeting with progress against the objectives within the plan to ensure operating plans are aligned with long-term goals.

The Board delegates authority to the Executive Committee (ExCo) via the CEO, and the committee reports to the Board at each meeting in line with Board-approved strategic objectives, budgets, policies and applicable regulations. More details of activities of the Executive Committee can be found in the Corporate governance and committee structure section.

Through ongoing engagement, we continue to successfully make well-informed decisions that prioritise the best interests of all stakeholders.

The Board received periodic updates on the sustainability strategy during the year and requested to be kept up to date with developments. More information on the Sustainability strategy can be found in the Sustainability section.

Our colleagues

The interests of the company's employees *s.172(1)(b)*

The Strategic report introduces our Group purpose as well as our supporting vision and beliefs. Together continues to focus on supporting colleague wellbeing and delivers a comprehensive value proposition for colleagues. We continue to listen to feedback from our colleagues via an interactive engagement platform.

The Board receives updates on colleague engagement and well-being through the output from quarterly colleague surveys and targeted pulse surveys on key matters either impacting or important to our colleagues. The feedback from colleagues informs the Board's oversight of colleague initiatives. More details of our engagement with colleagues can be found in our Sustainability Report.

We value colleague development and encourage opportunities for secondments and transfers within the business as part of our commitment to support colleagues with their development and working towards their career goals.

Our Aspiring Professionals Network (APN) group provides a platform for like-minded colleagues to build relationships whilst improving their skills and knowledge. Through regular interactive activities, the APN group supports young and aspiring professionals with a desire to expand their internal and external networks.

We remain passionate in our support of colleagues at the start of their careers, through our Apprentice and Graduate Academy. This year, 21 graduates and 14 apprentices were part of the Academy, including 14 new in the year. 90% of the apprentices and graduates who completed the scheme have taken up permanent roles in the business. We held our first celebration event this year to recognise the contribution of graduates and apprentices. One of our apprentices was short-listed as a finalist at the Made in Manchester Awards. The Academy scheme is also a finalist in the British Training awards.

Our "LIFE" diversity and inclusion strand is an inclusive network that supports Together's older workers, allowing peer support and networking, as well as being a champion to promote the value of having a workforce of people of differing ages and experience. We have also continued to celebrate those colleagues who achieve long-service milestones at our long-service awards.

Throughout the year, colleagues participated in quarterly Group Town Halls where updates on various activities from across the Group were given by members of the senior leadership and subject matter experts. These featured regular updates on the progress of our transformation journey.

Our Accountability Charter continues to bring together the principles of the Senior Managers & Certification Regime and our Play Your Part Beliefs – respect for people, doing the right thing, and being accountable. This also provides us with a solid foundation to our ongoing compliance with the Financial Conduct Authority's Consumer Duty regulations.

To support this, people managers receive training on how to ensure that colleagues display the appropriate behaviours in the achievement of their objectives. Colleagues continue to receive training on both the Regime and our Accountability Charter on an annual basis via an online learning module and, where appropriate, face to face sessions.

All of our people managers receive training on how to manage performance to ensure our colleagues are engaged and remain motivated. During the year, the Executive Committee (ExCo) commenced a review of the Performance Management Framework, inviting input from colleague working groups the aim being to ensure the framework continues to add value to colleagues and supports career growth whilst supporting the business to achieve its goals through shared aims.

Our diversity

During the year, our work on diversity, equity and inclusion has continued to progress. Our Diversity, Equity & Inclusion (DE&I) Steering Committee has continued to support senior leadership in ensuring alignment between the Group's operations and its diversity, equity, and inclusion goals.

The Board continues its support for the improvement of DE&I within the workforce, including the aspirations of the business to work towards its targets including to increase diversity within the senior management team.

> More information on our diversity, equity and inclusion strategy can be found in the Sustainability section.

Our achievements & awards

Our colleagues understand how to play their part and have made us proud by achieving several awards during the year, including:

- 2023 B&C Awards for Underwriter of the year (3rd year running)
- The Hampshire Trust Bank Award for Woman of Distinction
- The British Specialist Lending Award 2023 for Underwriting

This year, we have also achieved:

- Investors in People Awards 2023 – Winner UK employer of the year
- High level of engagement from our colleagues with an average engagement score of 7/8, in the middle range of our sector

Spotlight

Transformation project engagement

The Board approved our transformation project in the year to invest for the long term benefit of our stakeholders, including improved customer journeys for our customers and easier systems and processes to use for our people.

We have continuously kept our colleagues engaged on transformation project updates, along with other strategic priorities, with a series of monthly newsletters and successful in-person colleague immersive learning sessions.

We are committed to being transparent and accountable, and provide the opportunity for colleagues to contribute towards helping to future-proofing the Group for our stakeholders through colleague surveys, and opportunities to provide ideas and suggestions.

Our customers, introducers and suppliers

The need to foster the company's business relationships with suppliers, customers and others *s.172(1)(c)*

Our customers

Our purpose is to make finance work for our customers. We use our experience and entrepreneurial culture to help our customers realise their ambitions. We remain committed to delivering excellent service to our customers and their feedback is at the core of our customer innovation. We monitor our customers' needs to understand how we can serve them better.

We continue to execute a process of modernisation and automation as part of our service modernisation programme to take advantage of technology to help further improve our customer and broker journey in terms of consistency, efficiency and desired outcomes. During the year, our service modernisation programme was launched creating a bridge between the way we work today and where we want to be in the future. As part of this process, we are integrating new tools which allow us to introduce additional IT solutions as technology advances and our customers' needs evolve. We are continually learning from our customers and take regular feedback at key touchpoints throughout the loan life cycle.

The Board receives regular updates on the progress of our service modernisation journey and has had oversight of operational changes required to support this programme.

Our customer-facing colleagues are focused on delivering positive outcomes. To support this, we actively seek feedback from both our customers and intermediaries, and we take complaints very seriously. We continue to deliver enhanced customer contact strategies and forbearance tools for customers in financial difficulty and greater support for vulnerable customers, and have undertaken a review of key customer correspondence, and a review and amendment of the Tariff of Charges. In addition, a customer outcomes testing framework has been developed to assess appropriateness of customer outcomes, which seeks to build upon and enhance existing practices, policies and procedures.

The Board receives regular updates from management on customer activity and customer engagement strategies. During the year, the Board received updates on the progress towards closure of the fairness of interest rate project from its regulated subsidiaries.

Disclosures in respect of customer redress provisions can be found in Note 20 to the Financial statements.

Our introducers

Our Board believes that maintaining positive business relationships is crucial to the Group's long-term sustainability. Maintaining good relationships with our introducers to business provides us with confidence that we will be able to achieve our lending appetite going forward. The intermediaries we work with, which include mortgage packagers and brokers, are central to ensuring our products are available to a wide range of potential customers.

We continue to develop and streamline our application processes to improve the customer journey for both direct and intermediary customers.

We will continue to identify evolving market trends and emerging market segments where we believe we are well placed to help underserved customers and build successful market positions. By listening to the feedback our customers and partners provide, we will continue to enhance our propositions, differentiate our loan offerings and seek to provide excellent service to our customers.

Our suppliers

The Board approves third-party supplier contracts in line with the Group's financial delegated authority framework. During the year, this included the consideration and approval of key software and service contracts, including those to support operational transformation and modernisation. The Board supported the strengthening of our procurement function and enhancements to our supplier management framework and policy and associated operational resilience in this area.

Suppliers play an important part in supporting our business, in particular our professional advisers and externally sourced IT developers. The Procurement Team will support the business when selecting third-party suppliers not only by driving value, controlling costs and managing risks, but also by evaluating the potential long-term nature of the relationships and how these can be mutually beneficial.

We carefully consider our material supplier contracts to ensure contractual commitments are clear and that obligations around sensitive information, such as customer data, comply with relevant regulations. In addition, we ensure that any new supplier's appointment is consistent with our Modern Slavery Statement, which is available on our website.

Our achievements

- The Board's approval of our transformation programme enables us to future-proof Together for our customers, brokers and colleagues. More information on our transformation project can be found in the Strategic report.
- Our Networks and Clubs channel allows us to offer more choice for our brokers to submit business. As a specialist lender, we are committed to helping customers who are overlooked to realise their dreams of owning a property.
- Our EPC Hub acts as a platform for homeowners, landlords and intermediaries to find tailored information on how they can understand and improve the EPC rating of their properties. This year, we launched a strategic partnership with Improveasy to provide our customers with access to their EPC Builder proposition which provides EPC assessment and retrofit services to help customers make improvements to the energy efficiency of their properties. More information about this can be found in the Sustainability section.
- We have successfully negotiated and approved contracts with key third-party suppliers, nCino, Microsoft, Thought Machine, PwC and Verint, to support our modernisation and growth ambitions.

Our awards

We are proud that our peers and prestigious industry organisations both value and respect what we do, and how we do it. We won an impressive collection of awards during the year, including:

- CCA Global Accreditation for Customer Experience (an award for excellence in customer service)
- 2023 Global 100 Mortgage Awards for Mortgage Introducer
- 2023 Business Moneyfacts Awards—Winner Best Bridging Finance Provider
- 2023 Mortgage Introducer Awards—Winner Secured Loan Lender of the year
- B&C Awards 2023—Winner Specialist BTL Lender of the year
- Variety North West PROPs Awards—Winner Funder of the year

Spotlight

Network and Clubs

This year we launched our new Networks and Clubs proposition; a new customer journey to enable us to deal with Networks and Clubs. In February 2024, the Board approved the launch of the early adopters' phase covering c.300 brokers in 20 firms to run from March to June 2024. Prior to launching, rigorous market research was carried out to ensure the channel launch would be mutually beneficial to our partners and to the business. Progress on the proposition from inception to launch has been provided to the ExCo and Board throughout.

Stakeholder engagement report *continued*

Our communities

The impact of the company's operations on the community and the environment
s.172(1)(d)

We understand that our impact extends beyond our local community and the communities in which we operate. The Sustainability section includes information on the charity work we undertake and how we support our local community, and on our impact on the wider environment.

The Board supports the Group's environmental targets, which include reducing carbon emissions from the Company's operations by 70% by 2027, and to be carbon net zero by 2030. The Board receives updates on the Group's progress against these targets through quarterly updates from the Head of Sustainability.

Our achievements in relation to our impact on our communities are set out in the Sustainability section on page 44.

The Board supports the Group's environmental targets, which include reducing carbon emissions from the Company's operations by 70% by 2027.

Our regulators

The desirability of the company maintaining a reputation for high standards of business conduct
s.172(1)(e)

Our regulated companies undertake lending which is authorised and regulated by the Financial Conduct Authority (FCA).

Our approach to regulatory engagement is one of openness and transparency, treating any enquiries with priority, and we follow established processes for communicating proactively with the regulator. Our Board and management team are committed to ensuring that this is effective through the right culture, clear and aligned goals, and people with the right skills and experience.

During the year, we have continued to monitor the regulatory landscape and have maintained a positive relationship with the FCA. In November 2023, we were selected to take part in a multi-firm exploratory review on financial resilience among non-bank lenders. Since Consumer Duty implementation on 31 July 2023, we also continue to provide the FCA with information to support their cross-sector reviews.

The Board and its committees approve policies and procedures that facilitate high standards of governance and compliance in line with regulatory expectations. Where relevant, divisional boards and committees consider and adopt their own policies which are set within the overall parameters of the Group to ensure standards are consistently maintained across all business operations.

The Group continually focuses on improving its customer processes and responding to changes in customer needs. We continue to identify ways to improve customer experience and outcomes through the delivery of enhanced customer contact strategies and forbearance tools for customers in financial difficulty, greater support for vulnerable customers, a review of key customer correspondence, and annual review and amendment of the Tariff of Charges. A customer outcomes testing framework has been developed to assess appropriateness of customer outcomes, which seeks to build upon and enhance existing practices, policies, and procedures.

Doing the right thing for our customers is a key focus for the business and we encourage customers to provide feedback to inform us of our products and service. The Board receives regular updates from management on customer activity and customer engagement strategies. During the year, the Board received updates on the progress towards closure of the fairness of interest rate project from its regulated subsidiaries.

Disclosures in respect of customer redress provisions can be found in Note 20 to the Financial statements.

Our investors and shareholder

The need to act fairly between members of the company

s.172(1)(f)

The Board understands the need to act fairly between members of the Company. Throughout the year, the Group's governance arrangements are regularly reviewed to ensure they continue to meet the requirements of all the Group entities and their respective stakeholders.

Our funding is provided by UK and international banks and financial institutions who invest in our senior secured notes (bonds), are part of the syndicate in our revolving credit facility and invest in our private and public securitisations. We have established long-standing banking relationships and have built strong relationships with our institutional investors, many of whom invest across a number of our funding facilities. We consider these relationships to be central to the continued success of our business.

Our investor communications are designed to be clear, transparent and informative to give existing and potential investors the level of insight into our operations, strategy and financial performance that they need in order to make informed investment decisions. We achieve this via ongoing quarterly reporting to our bond investors, live investor conference calls with Q&A, periodic reporting to investors in our public and private securitisations, and regular attendance at investor conferences.

We hosted on-site and virtual visits for investors during the year which provided opportunities to meet management, and we carry out regular due diligence activities with banking facility providers and maintain ongoing dialogue with our rating agencies, including on-site annual visits. We also attended a number of conferences throughout the year, including securitisation industry conferences in Europe and North America as well as high yield and leveraged finance conferences, both virtually and in person. In addition, we engaged in regular 1-2-1 meetings with banks and investors throughout the year.

During the year, we successfully completed further issuances under both our senior secured notes programme and our public securitisation programme. These activities involved engagement with banking partners and investors around the financing needs of the business.

Our Board understands the need to foster the Company's relationships with investors and as such considers Investor feedback on an ongoing basis and particularly when relevant to decisions relating to funding transactions. We welcome feedback received from our banks, investors and from debt and equity analysts, and we used the results of the 2024 Investor Survey to help us to further improve our communications.

Our shareholder

The Company is a wholly owned subsidiary of Bracken Midco2 Limited, a company whose ultimate parent entity is Redhill Famco Limited, which is ultimately controlled by Henry Moser. Mr Moser sits on the Board and also meets regularly with non-executive directors outside the Boardroom. This facilitates alignment between Board decisions and the interests of the shareholder.

Our private ownership structure provides a long-term stable form of capital, which supports making decisions to create long-term value. More information can be found in the Financial Review.

Our achievements & Awards

Our achievements

- Raising or refinancing over £3.2 billion of funding during the year to 30 June 2024
- Awarded 'RMBS Issuer of the year' at the Global Capital European Securitisation Awards 2024
- Awarded Bronze for Best Printed Annual Report (Unlisted) at the Corporate & Financial Awards 2023

Strategic report approved by the Board of Directors and signed on behalf of the Board.

Gary Beckett
Group Managing Director and Chief Treasury Officer

13 September 2024

Board and committee structure

Effective corporate governance provides assurance that the operations of the Group are successfully managed in the interests of the shareholder and other key stakeholders.

The Board provides strong leadership within a framework of prudent and effective controls. The Board is responsible for setting risk appetite and overseeing the delivery of the Group's strategic objectives within that risk appetite.

The Board meets a minimum of six times during the year. The following section provides an overview of the activities of the Board and committees during the year.

The Board continues to voluntarily adopt the Wates Principles for Large Private Companies. Information on how the Wates Principles have been applied can be found in the Corporate governance statement.

Company Secretary

The Company Secretary is responsible for advising the Board on all governance-related matters. All directors have access to the advice and services of the Company Secretary.

Board of Directors

The Board members during the year were as follows:

Board members	Appointed	Resigned
Mike McTighe Non-executive director and Chair	November 2010	
Wayne Bowser Non-executive director	February 2016	
Joe Shaoul Non-executive director	April 1997	
Henry Moser Group CEO	June1994	
Gerald Grimes Group CEO Designate	May 2020	15 March 2024
Pete Ball Personal Finance CEO	September 2016	1 February 2024
Marc Goldberg CEO – Sales and Distribution	March 2001	
Gary Beckett Group MD and Chief Treasury Officer	June 2000	
Sarah Blake Group Company Secretary	May 2018	

Board of Directors

The Board

The Board approves the Group's vision and purpose, and sets the cultural tone from the top. The Board is collectively responsible for the success of the Group and demonstrates strong and entrepreneurial leadership through an effective Board and committee structure.

The Board discharges some of its responsibilities directly and delegates other matters to its committees as appropriate. The powers delegated to each committee are set out in its terms of reference, which are reviewed on an annual basis.

Board and committee agendas are the responsibility of the Company Secretary. Board agendas are developed with input from the Group Managing Director and Chief Treasury Officer and are structured around the Group's objectives, to enable the Board to discuss and challenge the Group's performance against its strategic aims. Agendas are agreed in advance and are reviewed by the relevant chair. The Group Chief Risk Officer is a standing attendee at Board meetings, to provide second line oversight.

The chairs of the committees formally report to the Board after each meeting on key issues and topics raised at those meetings, as well as on any recommendations for the Board's approval, ensuring that the Board as a whole is updated on the matters for which it delegates authority.

The Group undertakes regulated retail lending via companies within the Group structure, collectively referred to as Together Personal Finance, which are authorised and regulated by the Financial Conduct Authority (FCA). Together Personal Finance (PF) is governed independently from the Group, and has a board committee structure, which provides oversight of regulatory compliance, including compliance with the Senior Managers & Certification Regime (SM&CR).

The Together Personal Finance board is comprised of three independent non-executive directors, one shareholder-nominated non-executive director, and two executive directors, the Together Personal Finance CEO and PF Finance Director. The shareholder-nominated director sits on the Group Board and the PF CEO reports to the Group Board on the activities of the division at each meeting. The PF Chair also attends Group Board meetings where appropriate. Following an open internal recruitment process, John Barker, Group COO was appointed PF CEO pending regulatory approval in June 2024. More information on the independent governance of the PF division can be found in the Together Personal Finance Limited Annual Report.

There have been two changes to the Board during the year. Pete Ball resigned from his position as an Executive Director on 1 February 2024 and Gerald Grimes resigned from his position as the Group CEO Designate and Executive Director on 15 March 2024.

Henry Moser
Chief Executive Officer & Founder

Henry founded Together in 1974 and, with his extensive property and lending expertise, has overseen the significant growth and success of the Company for 50 years. Henry has taken the lead in the recruitment of an experienced high-performing executive team to support him in the operational management of the business. His role involves particular emphasis on the strategic direction of the Group, setting its vision, values and commercial aims, providing a strong foundation for future growth. As Together's founder, he has helped foster the people-first approach, which defines the ethos of the business.

Skills, experience & contribution:

- Entrepreneurial leadership of the Group since incorporation.
- Extensive experience of specialist lending and the property market, built up over almost 50 years in the sector.
- Keen focus on the recruitment and retention of executive leadership talent for the Group, whilst developing a pipeline of talent for the future including through our apprentice and graduate programmes.
- Strong interest in community and charitable giving programmes across the Group, dedicating both colleague and financial resource to supporting charity partners.

Board of Directors *continued*

Mike McTighe

Non-executive director and Board Chair

Chair of the Remuneration & Nomination Committee, the Disclosure Committee, and the Dividend Committee, and member of the Risk Committee, the Audit Committee, and the Transformation Steering Committee.

Mike was appointed Chair in 2010. He brings significant experience to the Board having held a number of senior executive positions at globally recognised companies such as General Electric, Motorola and Philips. He was on the board of the UK Communications Sector Regulator, Ofcom, for eight years and was awarded the Grant Thornton UK Chair of the Year award in 2010. Mike is currently the non-executive Chair of IG Group Holdings plc and Openreach Ltd, the regulated and structurally separate arm of BT Group plc, to which he was appointed as inaugural Chair in January 2017. In July 2023, Mike was appointed Chair of Press Acquisitions Ltd and May Corporation Ltd, the parent companies of the Telegraph Media Group and the Spectator respectively, in order to oversee their sale. In March 2024, Mike was appointed Chair of the Telegraph Media Group to provide senior representation and leadership through the completion of the Department for Digital, Culture, Media & Sport initiated merger control review.

Skills, experience & contribution:

- Significant boardroom experience including chair appointments at over 20 public and private companies around the world.
- Successful long-term leadership of the Group through challenging periods of economic uncertainty.
- Detailed knowledge of investor and stakeholder expectations through an extensive network both within the sector and in other fields of expertise.
- Strong focus on ethical leadership and establishing a corporate governance framework which supports the growth of the business through sound decision making.
- Provides a breadth of insight on corporate culture and human resource challenges.

Wayne Bowser

Non-executive director

Chair of the Audit and Risk Committees. Member of the Remuneration and Nomination Committee, and Dividend Committee.

Wayne joined Together in 2015 and was appointed to the Board in 2016 as a non-executive director and Chair of the Audit and Risk Committees. Wayne has over 20 years of executive management experience, including Deputy Head of Commercial Banking at HSBC, and has held non-executive directorships at various leading firms in sectors including house building, motor dealership and private equity investments.

Skills, experience & contribution:

- Extensive experience in, and understanding of, financial services.
- Strong background in client relationship management within the banking sector.
- Many years working in senior positions within a regulated environment.
- Previous member of Together's Personal Finance Board providing leadership for the Group's regulated lending business.
- Group Whistleblowing Champion - with several years' experience of addressing colleague concerns in line with the Group's Whistleblowing Policy.

Joe Shaoul

Non-executive director

Member of the Risk Committee, the Audit Committee, the Remuneration and Nomination Committee, and the Dividend Committee.

Joe has been a non-executive director on the Board since 1997. Besides bringing continuity to the Board's membership, he also brings significant experience having held a number of directorships and consultancy positions. These roles have included Chair of Atlantic House Fund Management, acting as a consultant to CB Richards Ellis and for Svenska Handelsbanken, and as a partner at a large Manchester-based law firm for many years. Joe was also a non-executive director of Bridge Insurance Brokers Limited and UK Land & Property Limited.

Skills, experience & contribution:

- Continuity of leadership for the Group across three decades.
- Strong understanding of the economic environment in which the Group operates and of lessons learnt from previous economic challenges.
- Strong focus on stakeholder relationship management.
- Outstanding commercial acumen.

Marc Goldberg

CEO – Sales and Distribution

Marc has been with the Company for more than 35 years. He joined as an Office Junior in 1989, and has worked in various roles within the business including Underwriting and Product Development Manager, Group Sales Director, Group Commercial Director, and Commercial Finance Chief Executive Officer. Marc was appointed to the Board in 2001 taking responsibility for building Together's brand across the industry. Since becoming a member of the Group ExCo, Marc has continued to lead and shape the business.

In 2023, Marc assumed the role of Chief Executive Officer of Sales and Distribution, overseeing the sales activity across the Group. Marc is a passionate customer champion, helping Together meet its ambitions whilst delivering the right outcomes for customers, business partners and colleagues. Marc is the Executive Sponsor of Together's charitable outreach programme, 'Let's Get Sharing', overseeing the Group's financial and voluntary support for local and national causes. He is renowned for his commercial acumen and his commitment to the industry.

Skills, experience & contribution:

- Extensive experience in the commercial mortgage lending market.
- Valued member of the Group's senior leadership since 1997.
- Unrivalled customer and partner relationships built up over many years.
- Keen focus on wellbeing and making decisions which support our colleagues.

Board of Directors *continued*

Gary Beckett

Group Managing Director and Chief Treasury Officer

Gary joined Together in 1994 and was appointed to the Board in 2000; he was appointed Group Chief Financial Officer from 2001 to 2018. Gary, a chartered accountant, assumed the role of Managing Director and Chief Treasury Officer in 2018 to assist the Chief Executive Officer in helping to drive the strategy for the business and promote effective collaboration across the Group, whilst continuing to play a leading role in Treasury activity.

Gary has 30 years' experience managing finance and treasury functions and, prior to joining Together, he worked at a national accountancy practice. Following the departure of Gerald Grimes in March 2024, Gary took over the day-to-day responsibilities of the CEO Designate role on an interim basis, leading the executive team, chairing the Executive Committee, and determining any day-to-day decisions needed within the Group.

Skills, experience & contribution:

- In-depth experience in asset and liability management, raising finance through debt capital markets, and developing and executing a funding strategy to support the growth of the business.
- Detailed understanding of the specialist lending sector and of the Group, its markets, its operations and its colleagues.
- Appointed director of all the Group's subsidiary entities, and Independent Non-Executive Director of the Group's regulated division, Together Personal Finance.
- A breadth of knowledge of the Group's operations, having served multiple roles within the business including Chief Financial Officer, Chief Operations Officer, and Head of Human Resources.

Sarah Blake

Company Secretary

Sarah joined Together in 2007 on the Graduate Management Scheme and progressed throughout the Group taking leadership positions in Customer Servicing, Project Management and Business Change.

Following successful leadership of key regulatory change programmes, Sarah moved into a governance role in 2016, and was appointed as Group Company Secretary in May 2018. Sarah is a member of the Group's DEI and Sustainability Committees and is a qualified Chartered Secretary.

Board activity

In addition to the ongoing oversight activities performed by the Board during the year, the Board considered the following key topics and took the following principal decisions:

- Oversight of the strategic plan and consideration of the infrastructure, resources and governance required to support the achievement of the plan.
- Approval and oversight of the Group's sustainability strategy.
- Oversight of the Group's culture, including consideration of colleague engagement, investment in colleague training and development and monitoring the culture and performance against the Group's strategic aims.
- Approval of the Group annual budgets and review of interim reforecasts.
- Capital management and allocation.
- Approval of the funding plan and entry into, amendment or extension of certain debt funding agreements.
- Approval of the Group's risk appetite and risk management framework.
- Ongoing review of the appropriateness of the organisational and governance structures to support the Group's activities.
- Approval and oversight of the modernisation and transformation project.
- Cyber resilience, information security and data management, including compliance with the General Data Protection Regulation.
- Approval of the Group's tax policy and tax strategy.
- Changes in the legal and regulatory landscape.
- Review and approval of Group policies and seeking of assurance over the internal control framework which has been implemented to monitor compliance.
- Oversight of colleague wellbeing.
- Oversight of charitable donations in line with the charitable donation framework.
- Approval of the Brand Activation Campaign 'Opening Doors Since 1974'.
- Approval of the Group Annual Report and Accounts.
- Approval of dividend payments.
- Further rationalisation of the Group corporate structure to retire dormant companies.
- Key contracts and expenditure in line with the Financial Delegated Authorities.
- Delegation of authority for signing contracts and legal documents.
- Approval of the delegation of authority to the PF Board.
- Approval of the delegation of authority to the Group ExCo.

Other governance committees

Audit Committee

The Audit Committee operates under delegated authority from the Board on matters of financial reporting, financial controls, the Internal Audit function and the external auditor. It is responsible for the oversight of the reporting of the Group's financial information, the effectiveness of its internal controls and risk management, the Group's Internal Audit function and the relationship with the external auditor. The Committee meets at least four times a year.

The Committee oversees the performance and appointment of the Group's external auditor and has recommended their reappointment for the financial year ended 30 June 2024. The Committee also reviewed the external auditor's observations and control findings from their audit for the year ended 30 June 2023 and the audit plan for the year ended 30 June 2024.

During the year, the external auditor was invited to each meeting; the Chair of the Committee also met with the audit partner outside the formal meeting process.

The Committee monitors the delivery of actions recommended by the Group's Internal Audit function via a report presented at each meeting of the Committee. This year the Committee discussed Internal Audit reports on Group Procurement and Supplier Management, Consumer Duty Outcomes Monitoring and Performance Management Framework amongst others. The Internal Audit opinion is well respected and management agree action plans to maintain an effective internal control environment and for areas requiring improvement.

During the year, the Committee undertook its annual review of the Group Whistleblowing policy to ensure that the process in place for colleagues to raise concerns about misconduct and unethical practices remains effective. The Chair of the Audit Committee continues in the role of Group Whistleblowing Champion.

During the year, the Committee considered the impact of the macro economy upon the Group's financial reporting. This has included specific consideration of the impact on the Group's judgements, assumptions and disclosures relating to expected credit losses, the Group's going concern assessment and the quality and detail of the associated disclosures.

Non-Audit Services

The Group's Non-Audit Services Policy governs the provision of non-audit services by the external auditor and limits the amount of non-audit fees paid to the external auditor.

The provision of any non-audit services requires prior approval from the Committee and the Committee monitors the non-audit services to ensure it remains within the agreed cap. The policy aims to ensure that the external auditor maintains objectivity and independence in their role; it aligns with best practices in corporate governance and helps to safeguard the integrity of the audit process.

During the year, the only non-audit services that the Group engaged the external auditor on were the interim reviews of the quarterly condensed consolidated financial statements and the comfort letter in relation to the issuance of the Senior Secured Notes, both of which are necessary to be performed by the external auditor.

Risk Committee

The Risk Committee operates under delegated authority from the Board on matters of risk management and internal controls. The Committee meets at least four times a year.

The Committee has responsibility for oversight and advice to the Board on current risk exposures and the future risk strategy of the Group. It ensures that proper control systems are in place and that appropriate consideration is given to current and future risks through regular updates from both first and second line. The Committee is also responsible for ensuring that management develop appropriate policies and strategies to secure the long-term sustainability of the business. It is responsible for embedding and maintaining a supportive culture in relation to risk management and for providing assurance to the Board that the processes for risk management and internal control are adequate and effective through independent challenge and oversight.

The Committee delegates authority to the Executive Risk Committee, which is supported by the Asset and Liability Committee and the Credit Risk Oversight Committee.

This year the Committee had oversight of the introduction of a sub-division of the Risk function which aims to provide active support and oversight to the business in effectively and consistently identifying and managing risks. The new sub-division offers assurance in operational, conduct, compliance and customer outcomes to ensure the business operates in line with established standards and delivers positive results for customers.

During the year, the Committee provided support for appropriate governance arrangements ensuring key operational processes were re-engineered to embed improved in-process controls. The Committee also supported the enhancement of processes for prioritisation and commitment to change activities to ensure that those changes needed to address high risks or that offered high reward were delivered.

The Committee maintains oversight of all risk profiles, ensuring risk mitigating activities are appropriate. It provides greater awareness and insight into those risks that present material concerns to the business objectives, allowing the Committee members to challenge and support the actions needed to address these. During the year, the Committee supported enhancements to policies and processes to support customers likely to experience financial difficulty. The Committee monitored improvements to arrears management and supported the development of a 'high risk customer' policy.

The Committee continues in its oversight of financial risk and mitigation of interest rate risk by supporting a suitable strategy for the business. The Committee monitored enhancements made to ensure the Group was able to maintain its flexibility in funding transactions.

During the year, improvements have been made to streamline risk packs to ensure clarity of reporting on material risk matters and mitigation. From May 2024, Committee meetings moved to being held quarterly.

Other governance committees *continued*

Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates under delegated authority from the Board on matters of remuneration, recruitment of senior individuals and succession planning. It has responsibility for approving the Pay and Reward Policy for colleagues, setting individual remuneration packages for the Executive Committee and for approving remuneration budgets for all colleague incentive schemes. It is also responsible for recruiting potential new members for the Board and reviewing succession plans for Executive Committee Members. The Committee meets at least three times a year.

The Committee is responsible for ensuring that remuneration budgets for colleague incentive schemes align with the overall financial goals and objectives of the Group. During the year, the Committee approved the approach to bonus payments and an increase to base salary for all colleagues taking into consideration external factors such as the economic conditions, cost of living, and inflation.

The Committee ensures that the skills, knowledge and experience of the Board remain appropriate for the Group and approves the approach to the board and committee effectiveness review which collates feedback on the performance and capabilities of key individuals and functions.

The Committee maintains oversight of colleague incentive schemes, which are designed to reward and recognise the performance and contributions of employees at all levels. The Committee ensures that these schemes are fair, transparent and aligned with the organisation's overall remuneration strategy.

The Committee plays a key role in the recruitment of directors and senior management. During the year, the Committee has considered succession planning for senior positions, business-critical roles, and subject matter experts, ensuring that potential successors have been identified for these roles with development plans in place where required to ensure a smooth transition when vacancies arise.

The Committee monitors the approach to diversity, equity and inclusion within the organisation, recognising the importance of having a diverse and inclusive workforce and ensuring that appropriate strategies and initiatives are in place to promote diversity at all levels. More information on our diversity, equity and inclusion strategy can be found in the Sustainability section.

Since the departure of the CEO Designate, the Committee have been involved in a search which has led to the recruitment of Richard Rowntree as the new CEO with effect from early 2025. Further details are included within the Chair's statement.

Disclosure Committee

The Disclosure Committee operates under delegated authority from the Board, to review and approve public disclosures concerning the Group and to consider matters brought to its attention which would be likely to give rise to an obligation to make a market announcement in accordance with applicable market abuse regulations.

Dividend Committee

The Dividend Committee operates under delegated authority from the Board. The Committee approves the payment of interim dividends and recommends the payment of final dividends to the Board, taking into account the financial position of the company and the Group as well as other relevant matters.

Transformation Steering Committee

The Transformation Steering Committee is a combined committee of the Group and Together Personal Finance (PF) Boards, which includes representatives from both businesses and is chaired by a non-executive director from the PF Board. The Committee operates under the delegated authority of both Boards and for ensuring the successful delivery of the Together Group Transformation objectives and has full responsibility to oversee the successful execution of the transformation programme in line with approved budgets. The Committee meets weekly and provides an update on progress to both Boards; longer meetings are held for the Committee to challenge key project deliverables before seeking Executive Committee and Board approval where required.

Executive Committee

The Executive Committee (ExCo) is chaired by the Group Managing Director and Chief Treasury Officer and has oversight of business operations. The Committee meets formally once a month to monitor the operational performance of the business against Board-approved strategic and operating plans. The discussions in the meetings are structured around dashboards that monitor KPIs, which drive agreed goals and objectives for our key stakeholder groups of colleagues, customers and partners, shareholder and investors, communities and regulators.

Relevant business functions provide updates to activities that support the achievement of these goals and objectives, as well as recommending corrective actions when performance is off-course and more general updates on key activities of those business functions.

This year the Company Secretary worked with ExCo members to make improvements to the ExCo's agenda structure and implemented measures to enhance the effectiveness of its meetings. These changes were aimed at promoting productive discussions and facilitating decision-making at the appropriate level.

The Committee has oversight of sustainability and diversity, equity and inclusion through regular reporting from the respective committees. This year, Ryan Etchells, Chief Commercial Officer, was appointed Chair of the Sustainability Committee whilst Sarah Nield, Chief Compliance Officer, continues to chair the Diversity, Equity and Inclusion Steering Committee. More information on the activities of these committees can be found in the Sustainability section.

This year, the Committee received a substantial extension of its financial delegated authority from the Board. The Committee was also granted signing authority for various legal documents on behalf of the Group entities. These developments are anticipated to enhance operational efficiency and facilitate progress across multiple business initiatives.

In Q4, the Committee held a number of sessions to discuss the future strategy of the business. For one of the sessions, the invitation was extended to senior management in order that they could provide their thoughts on the future direction of the business. The output of the sessions has been fed into the budgeting and planning process for FY25 and beyond.

Executive Committee Activity:

- Development of a detailed business plan and budget for Board approval.
- Setting objectives in support of the business plan.
- Oversight of operating and financial performance.
- Approval of capital and operational expenditure.
- Consideration and challenge of Treasury financing transactions.
- A review of the Colleague Performance Management Framework.
- Oversight of Group wide succession planning.
- Approval of material business contracts in line with the Financial Delegated Authorities framework.
- Consideration and challenge of organisational changes.
- Consideration of colleague matters such as the business approach to flexible working.
- Consideration and approval of the Diversity, Equity and Inclusion strategy and its associated targets.
- Consideration and recommendation of the Group Sustainability strategy and its associated targets.
- Approval of the charitable donations plan for FY25.
- Review and approval of bespoke sales channels including Networks and Clubs, Immediate House Sales and the Insurance Proof of Concept with ongoing reporting on progress for oversight.
- Consideration of the Information Classification and Handling Policy.
- Oversight of the Service Modernisation programme through ongoing reporting on progress. More information on this programme is included in the Strategic report.

Corporate governance statement

For the year ended 30 June 2024, Together Financial Services Limited (‘the Group’) voluntarily adopted the Wates Corporate Governance Principles for Large Private Companies as a measure of good practice for the governance of large private companies. The Wates Principles are to be adopted on an ‘apply and explain’ basis, and provide suggested guidance as to how companies might achieve each of the respective principles.

The Board sets the overall governance framework for the Group. The framework is structured to enable the directors of all entities within the Group to have the necessary tools to make the key principal decisions crucial for creating long-term value, supporting our sustainability goals, and meeting our legal and regulatory requirements.

The Wates Principles

Principle	How the principle has been applied during the year
1 **Purpose and leadership** An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose	• The Board sets the Group’s objectives, taking into account key stakeholders, and ensures that the necessary experience, skills and resources are in place to help our customers, partners, colleagues, community and our wider society realise their ambitions by making finance work. More information on the Group’s strategy can be found in the Strategic report. • In June, the Board approved the Group’s Strategic Plan, Lending Plan, Financial Budget, and Funding Plan for the forthcoming financial year. • The Board’s approval and support of the transformation and service modernisation projects to create a modern lending platform enable the Group to future-proof the business for our customers, brokers and colleagues and to continue to meet our regulatory obligations. The Board recognises that investing in these projects today allows us to maximise enterprise value and to maintain optionality for the future strategic direction of the Group. More on the transformation project can be found in the Strategic review.
2 **Board composition** Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company	• The Chair leads the Board and facilitates open debate and constructive discussion whilst ensuring that the Executive Directors receive appropriate challenge. The role of the Chair and CEO is not exercised by the same person. • The Board has a wealth of experience within the specialist lending sector and benefits from three Non-Executive Directors who provide challenge and bring a range of knowledge and expertise from both the financial services sector and elsewhere. A skills matrix assessment was undertaken for the first time to assess the skills and capabilities of the Board members. The output of this exercise was reported back to the Board with proposed actions to address any gaps. More information on the composition of the Board can be found in the Board and Committee Structure section. • The approval of Directors taking external board appointments is a matter reserved for the Remuneration and Nomination Committee. This ensures that Directors continue to have sufficient capacity to make a valuable contribution to the Group and that there are no material conflicts. • During the year, the Board received training in the use of data analytics, delivered by Group Internal Audit and received an update from our External Auditors on how data analytics is utilised in their audit work. Directors continue to undertake a variety of continued professional development and complete all colleague e-learning modules across a variety of subjects including Consumer Duty, Diversity, Equity & Inclusion, Anti-Bribery and Corruption, Vulnerable Customers, and Enterprise Risk Management.

Principle	How the principle has been applied during the year
3 **Directors' responsibilities** The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge	• The Company Secretary works with the Chairs of the Board and Committees to ensure that agendas are structured to facilitate appropriate discussion and challenge with sufficient time given to key areas of focus. Board and Committee agendas are structured in line with objectives to focus discussions on the key business deliverables required to support the achievement of longer-term goals alongside operational updates. All Board and Committee actions are monitored and tracked to completion to ensure that, alongside comprehensive and accurate minutes, a complete record of decision making is maintained. • The Matters Reserved for the Board and Committee terms of reference are regularly reviewed to ensure clear responsibilities and delegation of authority. Information on the activities of the Board and its committees during the year can be found in the Board and Committee Structure section. • The Company Secretary provides an update on key governance activity to each Board meeting. The update includes a governance dashboard which gives a clear view of how the circulation of packs and minutes are tracked against agreed Service Level Agreements. The Company Secretary and Chairs use this information to monitor activities and ensure that governance processes continue to facilitate effective decision making and adhere to best practice. • In accordance with directors' duties under s.177 and s.182 of the Companies Act 2006, Directors are asked on an annual basis and at each meeting to declare any interests which may give rise to a conflict to ensure transparent and up-to-date disclosure of their external commitments. Interests are logged by the Company Secretary and directors recuse themselves from discussions for which they are conflicted as appropriate. • The Board and its Committees carry out an annual review of their effectiveness, which includes questions in relation to the activities undertaken, that they are discharging their duties in accordance with the matters reserved for the Board, Committee terms of reference, and Group policies.
4 **Opportunity and risk** A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks	• The Risk Committee operates under delegated authority from the Board on matters of risk management and internal controls. The Risk function reports to the Committee on its activities, and during the year several improvements were introduced to ensure hands-on support for the business in identifying and managing risks in an efficient and consistent manner; reporting was enhanced and streamlined to reflect this. More information on the Committee's activities can be found in the Board and Committee Structure section. • The Board ensures risk profiles are monitored and encourages proactive action within a controlled environment. Throughout the year the Board maintained oversight of the Credit Risk profile ensuring risk mitigating activities were appropriate for the size of the risk. • The Group Enterprise Risk Management Framework provides a formalised structure for the risk management of the Group. The Board reviews and approves the risk appetite statements and associated limits and early warning triggers on an annual basis or more frequently if required. More information on the principal risks and uncertainties facing the business and risk management framework can be found in the Risk management section. • The Board measures performance against the Group's strategic and financial plans, resolving challenges and creating value by maximising opportunities. The approval of the Group's strategy and plans goes through a rigorous exercise to ensure it is fit for the size of the Group. The Board receives insight on key actions identified to drive performance and minimise risk. • A key matter for the Board during the year has been the continued focus on the transformation and modernisation of key business processes and the benefits of efficiencies achieved through automation. The Board regularly receives updates on the modernisation of our operations, and it provides oversight of the transformation project via updates from the Transformation Steering Committee at each meeting. In addition, the Group Chief Risk Officer attends every Board meeting and provides second line oversight of the transformation programme. More information on this work can be found in the Operating review. • The Board regularly receives comprehensive Treasury and financial risk updates to ensure that members remain informed on the funding and liquidity position of the Group. This year, the Board placed an emphasis on increased systematisation and automation to reduce people and operational risk; one example of this was their support for the implementation of the Moody's ABS Suite for Treasury Management and to enhance faster execution and operational efficiency.

Corporate governance statement *continued*

Principle	How the principle has been applied during the year
5 **Remuneration** A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company	• The Board delegates authority to its Remuneration and Nomination Committee. More information on the activities of the Committee can be found in the Board and Committee Structure section. • During the year, the Remuneration and Nomination Committee considered the approach to pay and bonus for all colleagues. More information on this can be found in the Board and Committee Structure section.
6 **Stakeholder relationships and engagement** Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the work-force, and having regard to their views when taking decisions.	• The Board receives regular reporting on progress made against the Group's sustainability targets. More information on the activities of the Sustainability Committee including the strategy can be found in our Sustainability Report. • Through the Board-approved Brand Activation Campaign, 'Opening Doors since 1974', the Group is able to spotlight the role played by specialist lenders in helping people achieve their goals. The brand campaign allows the Group to receive customer feedback on brand perception and is able to create awareness and confidence in the section; the impact of this has been reported back to the Board. • Through quarterly colleague surveys, Group Town Halls and weekly newsletters, the Group maintains engagement with colleagues and the Board receives overview of this feedback. This helps to create a collaborative and team-oriented environment and helps shape our policies and processes. • More information on stakeholder engagement including colleague engagement can be found in the Stakeholder engagement report.

Directors' report

The directors present their report for the year ended 30 June 2024. Certain information required to be included in a directors' report can be found in the other sections of the Annual Report, as referenced below and in each of the sections that follow. All of the information presented in these sections is incorporated by reference into this Directors' report and is deemed to form part of this report.

The Group's principal activity continues to be the provision of mortgage finance secured on property and land within the United Kingdom. The directors do not expect any significant change to the activities of the Together Financial Services Limited group of companies, trading as Together ('the Group').

Results

The results for the year are set out in the consolidated statement of comprehensive income. The profit before tax for the year ended 30 June 2024 was £194.0m (2023: £158.6m). A full review of the financial performance of the Group is included within the Financial review and commentary on the Group's future outlook is given in the Strategic report.

Financial position

As shown in the consolidated statement of financial position, loans and advances to customers net of impairment provisions have increased by 14.9% to £7,363.9m (2023: £6,410.2m). At the same time, shareholders' funds have increased by 3.7% to £1,159.2m (2023: £1,118.0m), including shareholder loans and notes of £22.8m (2023: £33.7m). This includes dividends of £65.7m (2023: £82.5m) during the year. No further dividends are proposed.

Full reviews of the Group's financial position and funding and cash position are included within the Financial review and the Operating review.

> For details of events occurring after the reporting date, see Note 31 to the Financial statements.

Employee engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Further detail of the Group's engagement with its employees is provided in the Stakeholder engagement report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training or arrangements are made. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Environment

The Group recognises the importance of protecting the environment, and acts to reduce its impact, by recycling and reducing energy consumption. During the year, the Group has further developed our Sustainability strategy, which is detailed further within the Sustainability section.

Under the Companies (Directors' report) Regulations 2018, the Group is required to comply with the Streamlined Energy and Carbon Report (SECR) reporting framework to disclose energy use and associated greenhouse gas (GHG) emissions; this is set out in detail in the Sustainability section.

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 remain mandatory for the Group as a large private company. The relevant disclosures are included in the Climate report within the Sustainability section.

Directors' report *continued*

Statement of going concern

As set out in the Statement of Directors' Responsibilities, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation for a period of at least 12 months from the date of this report.

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern for a period up to 13 September 2025, which is 12 months from the date of signing this report. Further detail of this assessment is set out in Note 2 to the Financial statements.

The directors are satisfied that the Company and the Group have adequate resources to continue in operation for the going concern assessment period. Accordingly, the directors have adopted the going-concern basis in preparing these accounts.

Directors

All directors listed below have served throughout the year and to the date of this report, unless otherwise indicated:

Mike McTighe*
Non-executive director and Chair

HN Moser
Chief Executive Officer

G Grimes
Chief Executive Officer Designate (Resigned 15 March 2024)

PS Ball (Resigned 1 February 2024)

GD Beckett

W Bowser*

MR Goldberg

JM Shaoul*

* Non-executives.

The Company Secretary throughout the year was SE Blake.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Charitable donations

During the year the Company made donations of £798,782 (2023: £974,916) to charities.

Other charitable deployment including colleague donations and volunteering is disclosed in our Alternative Performance Measures appendix.

Political donations

During the year neither the Group nor the Company made any political donations.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst and Young LLP will therefore continue in office.

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information and to establish that the Company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

Gary Beckett
Director

13 September 2024

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent Company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit of the Group and the Company for that year.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group financial position and financial performance;
- State whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and the Group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Overview of risk management

The Risk management report explains the Group's approach to managing risk, the identified emerging and evolving risks, as well as the principal risks and uncertainties the Group is currently exposed to and how these risks are currently being managed and mitigated.

Risk governance and oversight

The Group's Board is committed to creating the right culture for risk management, which is aligned to the achievement of the Group's strategy and is implemented through the enterprise risk management framework (ERMF).

The Board delegates certain responsibilities to sub-committees, with the Together Financial Services Limited (TFSL) Risk Committee being responsible for oversight of risk management for the Group.

> Further details of the remit of the TFSL Risk Committee, and its actions during the year, can be found within the Corporate governance section on page 66.

Three lines

The Group's system of internal controls and risk management activities uses a 'three lines' model:

First line

The first line is operational management within the Group and at its highest level, along with the Group Executive Risk Committee, is the Group Executive Committee (Group ExCo). The Group ExCo members are responsible for the management and execution of business processes in alignment with the Group's strategy and business plan.

The role of the first line is to identify, own and manage risks within the areas they are responsible for. This includes executing risk and control self-assessments (RCSAs), embedding the ERMF and maintaining effective internal controls.

The first line are also involved in guiding the development of internal risk policies and procedures as well as implementing said policies and procedures. Finally, operational management provide oversight of the execution of business processes and the operation of the control framework.

Second line

The second line is comprised of the Group Risk Department along with the Group Legal team. The Group risk function is led by the Group Chief Risk Officer and the Group Chief Compliance Officer.

The role of the second line is to assess and oversee the risk profile of the business in accordance with the Board approved risk appetites across our level one risks: strategic, financial, credit, operational, conduct and compliance.

This includes providing specialist advice and oversight in areas such as Financial Crime, Operational Resilience, Information Security and Climate Risk.

This is achieved through the design, implementation and operation of the ERMF. This provides the framework under which the following are designed and deployed: Group Risk Appetite Framework, Risk Policy Framework, Risk & Control Self Assessments (RCSAs) and incident management processes. The Risk function also provides assurance over key business risks, working collaboratively across all three lines to provide sufficient coverage.

The second line reports to the Group and divisional Executive and Board Risk Committees. This includes providing the consolidated Group Risk Reports for consideration.

Third line

The third line is comprised of the Group Internal Audit function, which is led by the Group Chief Audit Officer and which reports independently into the Group Audit Committee.

The purpose of the function is to review and report on the appropriateness, adequacy and effectiveness of internal processes, systems and controls. This includes providing the Audit Committees with independent and objective assurance regarding the robustness of Risk Management Frameworks. The function does this by assessing the adequacy and effectiveness of risk management and the internal control environment across the Group through a series of planned assurance reviews as approved by the Audit Committee.

The Group has a coordinated approach to assurance, which maps the key risks faced by the Group to the assurance activities in place across the three lines, to allow effective oversight and to increase focus on specific risks, as required. The third line Internal Audit annual plan is a key part of this combined assurance activity. More recently, the Internal Audit function has evolved to provide increasing advisory and consultancy engagements across different areas of the business and is continuing to advance its Data Analytics, a key part of the functions strategy.

Enterprise risk management framework

The Group is exposed to a variety of risks in pursuing its strategic objectives. To identify and manage these risks the Group utilises an enterprise risk management framework (ERMF).

The ERMF is designed and implemented in a way which is considered appropriate for the nature, scale and complexity of the Group and to be responsive to changes in the external environment. It provides the necessary organisational arrangements for managing risks in a consistent and structured manner and sets out how this is governed.

The ERMF is reviewed on an annual basis via attestations to ensure continued application and relevance, with formal approval by the Board on a triennial cycle.

Risk universe

In pursuing its strategic objectives, the Group is exposed to a variety of risks. The risk categories in the Group's risk universe are defined at level one and level two, each with a risk appetite and definition.

During the year, the Group has identified climate risk as an over-arching risk that impacts all level one and level two risks. This reflects the impact, and potential impact, of climate change across numerous aspects of the business.

Risk culture

Management recognise the importance of risk culture in embedding the ERMF and, therefore, ensuring more intelligent risk-based decisions are made. The Group's risk culture is built on the following elements:

Effective communication

- Having a clear and consistent risk message articulated in the Group's values.
- Holistic reporting of risk management activities, progress and effectiveness.

Accountability

- Active management of risks and use of timely management information to facilitate effective risk decisions.
- Establishing expected colleague behaviour through the conduct risk framework, reinforced through risk management training programmes for all colleagues.

Incentives

Having a clear and consistent set of beliefs which are utilised as part of annual colleague performance management.

Risk appetite

The Group's risk appetite is the amount of risk that the Group is willing to accept in pursuit of its strategic objectives. The management and review of the Group's risk appetite is a dynamic process and is refreshed as appropriate to reflect changes in the environment in which the Group operates.

Risk appetite is set at a Group level and by risk category (Strategic, Financial, Credit, Operational, Conduct and Compliance). The Board sets the overall risk appetite for the Group and the Commercial Finance division. In the Personal Finance division, the divisional board has the flexibility to set their own risk appetite – within the risk appetite defined by the TFSL Board – which may be informed by regulatory requirements.

Risk policy framework

The risk policy framework sets out the policy requirements for monitoring and managing the Group's principal risks. Executive members are accountable for the policies assigned to them, with each policy setting out the approach to managing each risk, whilst communicating the monitoring and reporting requirements.

ERMF application, management and compliance

Each area of the business is responsible for embedding and applying the ERMF, which includes identifying, assessing and reporting on risks, assessing the effectiveness of the control environment and tracking actions against risks.

In order for the ERMF to be effective, it is underpinned by:

- A Board and senior management led culture;
- Appropriate organisational structures and processes, such as committees and management meetings, which have a clear role in risk management; and
- Clear communication and relevant training to all colleagues on management of risks, which is tailored to their responsibilities, and performance management processes that reward the right behaviour.

Emerging and evolving risks

Emerging and evolving risks are current or future risks that contain uncertain or unpredictable components which have the potential to impact the future performance of the Group. These are assessed on a regular basis and are monitored by the Group's Board Risk committee.

Emerging and evolving risks

Macroeconomic and political uncertainty (Unchanged)	Although the UK economy has remained more stable in the year, challenges still remain following a period of higher inflation, and the associated heightened cost of borrowing and cost of living as a result. There is also still global geopolitical uncertainty, which can have a significant impact on the UK economy. The Group uses scenario planning to factor economic uncertainty into its forecasting, risk appetites, and expected credit loss models. This uses latest macroeconomic data and forecasts across a number of scenarios to allow the business to make the right decisions based on different scenarios should they occur. Enhancements have also been made through our cost-of-living affordability stresses for customers which factor in things like higher interest rates, and increased costs as a result of inflation. The Group has a long track record of weathering periods of macroeconomic and political uncertainty, such as the 2008 global financial crisis and the 2020 pandemic, which demonstrates the resilience of its business model and the importance of maintaining its set of key risk management principles.
Transformation (Unchanged)	We are undertaking a significant investment in transformation including in our technology infrastructure to provide a more scalable and resilient platform that enables us to meet our strategic ambitions. There are a number of material risks inherent in undertaking such a significant programme; therefore we are proportionally investing in the key controls to ensure this is done in a measured and controlled manner including seeking external assurance on key points. This should allow the delivery of the required scope whilst supporting the ability to meet required quality standards, in addition to time and budget plans set by the Board.
Third-party risk (Increased)	As part of our transformation programme, we will be increasing our usage of third-party suppliers and their systems. This could increase the Group's exposure to further risk from the third parties being unable to appropriately deliver the right support, maintenance and development of the systems on our behalf. This therefore places more reliance on the strength and breadth of our procurement and supplier management controls and processes. We continue to mature our key controls around these activities to manage the inherent risks. There is also the risk that we will be more exposed to the risk of cyber vulnerabilities posed by our third parties; therefore we continue to engage with and educate them to ensure they are proportionally and proactively identifying and addressing these vulnerabilities.

Trend during the year: Increased   Unchanged

People risk	We continue to place a high level of reliance on the capacity and capability of our people to maintain and develop our core systems and undertake our key and critical processes. Coupled with the competitive labour market, we are somewhat exposed to both increased attrition and challenges in attracting new talent in a timely manner. We continue to invest in our employee value proposition and drive engagement through development and opportunities within the business which mitigates this risk.
Regulatory change	The Group monitors changes in regulation as they have the potential to impact the way we do business. Remaining cognisant of regulatory and conduct changes is also in line with our commitment to deliver good customer outcomes. Failure to comply with changes in regulation could result in fines, reputational damage and the potential revocation of regulatory permissions. The Consumer Duty regulations also came into effect in the financial year, with the FCA continuing to assess market implementation as businesses embed this within their processes and governance.

"Identifying and actively managing our risks is fundamental to the continued success of Together."

Julie Twynholm, Chief Risk Officer

Principal risks and uncertainties

The principal risks and uncertainties the Group faces are those that it is inherently exposed to and those which management believe could significantly impact the performance of the Group.

Each principal risk listed below is discussed in further detail throughout the remainder of the report.

1 Strategic risk	4 Funding risk	7 Operational risk
2 Credit risk	5 Interest rate risk	8 Conduct risk
3 Liquidity risk	6 Capital risk	9 Compliance risk

1 Strategic risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24

Strategic risk is the risk of failure to achieve objectives that impact the long-term interests of stakeholders, or from an inability to adapt to the external environment.	• Regular Board oversight of the Group's strategy, including monitoring of financial and non-financial performance indicators and ensuring the alignment of objectives.
	• Developing succession planning and continuing to focus on our colleagues.
	• The transformation and service modernisation programmes are expected to ensure that business processes are more efficient and scalable whilst being better controlled through having more automated, preventative and in-process controls including by design, which in turn enables the business to achieve economies of scale that support our strategic objectives.
	• Sensitivity and stress testing analysis are carried out against the loan book and business plans, in order to monitor our ability to deliver on our strategic objectives and to respond appropriately to the changing external environment. As part of this we:
	  ◦ Perform the annual budget process to support in the making of informed business decisions to achieve our strategic objectives.
	  ◦ Perform regular forecasting to ensure we are able to respond to a changing environment whilst still achieving our strategic objectives.
	• Maintain a prudent statement of financial position, with diversity of mix and tenor of funding structures, and closely monitored gearing levels.
		Reduced
		During the year, the Group's strategic risk reduced as a result of a more stable macroeconomic environment. Across the year, house prices stabilised and then saw limited increases, reversing some of the falls experienced since the previous price peak in August 2022. This reflected some confidence returning to the market, particularly in the second half of the year, as, with inflation reducing, the halt in interest rate rises fed through. Forecasters are now expecting interest rates to continue to fall throughout FY25 following a 0.25% cut in August 2024.
		
		Throughout the period of rising interest rates, the Group has had to revise its forecasts and plans to adapt, notably adapting its pricing and funding strategies, whilst maintaining its prudent approach to lending and funding at all times.
		
		Interest rates have since remained more stable, with the Group successfully transitioning to the higher rate environment, which has allowed it to continue to focus on achieving its strategic objectives and being able to invest in its transformation programme.

2 Credit risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Credit risk is the risk arising as a result of default by customers or counterparties due to failure to honour obligations when they fall due. The Group is exposed to changes in the financial position of its customers, which may adversely impact their ability to make loan repayments. The level of this risk is driven by macroeconomic factors as well as by factors relating to specific customers, such as a change in the borrowers' circumstances. Credit risk also arises if the value of assets used as security for loans falls in value, given this is the primary source of recourse should a borrower fail to repay amounts due.	• The Group's comprehensive underwriting procedures, which, as appropriate, have regard to creditworthiness, affordability levels, repayment strategies and LTV ratios. • Customer affordability models are utilised by the Group and are tailored to the customer and loan type. We continued to update affordability models throughout the year and stress tested models to consider the impact of increased numbers of customers requiring support and other interventions, to allow appropriate resource and operational planning. • Monitoring of customer performance throughout the life of the loan, with regard to arrears, proactive collection strategies, or the application of forbearance measures. • Measuring and monitoring credit quality for impairment purposes using expected credit loss models. Our detailed disclosures in respect of expected credit loss (ECL) modelling are included within Notes 2, 3 and 13 to the Financial statements. • The Group has also further enhanced and bolstered its first line credit risk capability by bringing in an additional dedicated team, in addition to the existing second line function.	↑ Increased Interest rate rises drove increases in arrears, particularly for customers on variable rate loans. However, as interest rate rises were halted, arrears levels also stabilised. Customer support and collections activities ensured that these exposures were managed appropriately, and pro-active activity was targeted at customers coming to the end of the fixed rate period on their loans to ensure they received support as their interest rates rose. Our ECL models have performed as designed, building up a provision ahead of actual arrears with ECL charges in the financial year being largely driven by book performance as arrears increased.

Principal risks and uncertainties *continued*

2 Credit risk *continued*

Maximum exposure to credit risk

The Group's maximum exposure to credit risk and allowance for impairment is as follows:

Audited	Note	2024 £m	2023 £m
Included within the statement of financial position:			
Gross customer balances		7,530.5	6,540.3
Accounting adjustments		(20.2)	(20.3)
Gross loans and advances to customers	13	7,510.3	6,520.0
Less: allowance for impairment	13	(146.4)	(109.8)
Loans and advances to customers	13	7,363.9	6,410.2
Cash and cash equivalents	11	336.2	322.8
Net derivatives held for risk management	12	11.2	62.2
Amounts owed by related parties	14	2.2	1.3
Other debtors	14	0.9	3.1
		7,714.4	6,799.6
Not included within the statement of financial position:			
Commitments to lend (net of ECL)		129.9	155.9
Maximum exposure to credit risk		7,844.3	6,955.5

Cash and cash equivalents are primarily surplus cash placed overnight with institutions with sufficiently high credit ratings, with some of this cash being restricted as explained in the liquidity risk section of this report. The Group's material credit risk therefore relates to loans and advances to customers.

An impairment allowance is held against the gross exposures on loans and advances to customers, measured on an expected credit loss (ECL) basis under IFRS 9. Further details of the Group's ECL methodology, and the movement in impairment losses through the year, are shown in Note 13 to the Financial statements.

The analysis that follows in this section is presented based upon gross customer balances. The table above shows that this differs from the loan book balance recognised in the statement of financial position as a result of various accounting adjustments required under IFRS, such as effective interest rate accounting. The Group's accounting policies are set out in Note 2 to the Financial statements.

Collateral held

The Group enters into agreements with customers taking security for loan receivables over immovable property. A key measure the Group uses in assessing credit risk is the ratio of the loan amount to the value (LTV) of the underlying security. Valuations obtained on origination are updated by indexing using established regional house price indices to estimate the current security value and, in some cases, they are updated to reflect a more recent valuation of the security where this has been obtained. The table below shows gross loan balances by indexed LTV banding.

	2024 £m	2024 % of gross balances	2023 £m	2023 % of gross balances
60% or less	4,073.5	54.1	3,651.8	55.9
61 – 85%	3,282.5	43.6	2,736.0	41.8
86 – 100%	108.3	1.4	81.6	1.2
Greater than 100%	66.2	0.9	70.9	1.1
Gross customer balances	**7,530.5**	**100.0**	6,540.3	100.0

Of the gross customer balances at 30 June 2024, 97.7% (30 June 2023: 97.7%) of loans had an indexed LTV of less than or equal to 85%. The weighted average LTV of new lending, excluding further advances in the year, has decreased slightly during the year with the Group continuing to lending at conservative LTVs.

	2024 %	2023 %
Buy-to-let	63.1	65.0
Development	46.9	46.7
Bridging	60.9	63.1
Commercial term	56.5	56.7
Residential	50.7	54.2
Average weighted LTV of new lending	**59.0**	61.0

Concentration of credit risk

The Group's lending portfolio is geographically diversified across the UK as shown below:

	2024 %	2023 %
Eastern England	8.0	8.2
East Midlands	5.2	4.8
Greater London	20.8	21.9
North East	2.4	2.3
North West	19.1	18.6
Scotland	6.1	5.4
South East	11.3	11.8
South West	5.8	6.0
Wales	4.0	3.9
West Midlands	9.3	9.4
Yorkshire & Humber	8.0	7.7
Gross loan balances	**100.0**	100.0

The Group credit risk appetite framework includes specific concentration metrics, and the loan portfolio is regularly monitored against these.

Principal risks and uncertainties *continued*

2 Credit risk *continued*

	2024 %	2023 %
Up to £50,000	**4.6**	5.3
£50,000 – £100,000	**12.0**	12.4
£100,000 – £250,000	**24.5**	24.5
£250,000 – £500,000	**17.8**	18.0
£500,000 – £1,000,000	**11.9**	11.7
£1,000,000 – £2,500,000	**11.8**	12.2
More than £2,500,000	**17.4**	15.9
Gross loan balances	**100.0**	100.0

The proportion of the Group's gross loan balances in excess of £2.5m has shown an increase compared to the prior year. Of these loans, 95.4% (30 June 2023: 93.6%) have an LTV of under 85% at 30 June 2024.

Forbearance

Forbearance occurs when a concession is made on the contractual terms of a loan or mortgage in response to a borrower's financial difficulties. Forbearance measures are to support the customer and are based on the individual's unique circumstances. In the Personal Finance division, this is offered in accordance with regulatory guidance.

For those customers requiring additional assistance, the Group works with a number of not-for-profit agencies, with relevant colleagues receiving training during the year on our forbearance measures and how to support customers with these.

A range of forbearance options are available, including:

- Informal payment plan setting;
- Reduced payment plans;
- Interest rate amendments/deferrals/freezes;
- Term extensions;
- Variation of contracts;
- Capitalisation of payment shortfalls;
- Assisted sales; and
- Balance adjustments and reduction in redemption figures.

For the purpose of our ECL modelling, loans are reported as forborne until they meet the exit criteria which includes:

- Performing for two years since the last forbearance event;
- Making regular payments; and
- The loan being less than 30 days past due.

3 Liquidity risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Liquidity risk is the risk that the Group is unable to access sufficient liquid financial resources to meet the Group's financial obligations as they fall due.	• Regular stress testing, including on a forecast basis, to test the ability of the Group to meet its obligations under normal and stressed conditions, which are modelled and monitored against a 150-day survival period. This includes weekly monitoring of redemptions for any indication of stress, and reverse stresses to assess the point at which the Group could not meet its liabilities. • Monitoring of liquidity risk against Board-approved risk appetite limits and triggers and monitoring of covenants and eligibility criteria within the securitisations. • Forecasting of expected cash flows, including the pipeline of loan offers, and monitoring of actual cash flows and the composition and quality of liquid resources.	Unchanged The Group's liquidity position remains strong, evidenced by the level of cash and its total accessible liquidity (TAL). Liquidity resources have been closely managed in the year, which contributed to the Group being able to downsize the Senior Secured Notes when they were refinanced in April 2024.

The Group's private securitisation facilities present a key liquidity risk. These facilities are subject to portfolio covenants and eligibility restrictions but, in certain circumstances, assets can be exchanged or repurchased or additional capital can be injected into the facilities to ensure compliance.

There is a risk that facilities may go into early amortisation if there is a failure to comply with the facility terms or a breach of non-curable performance covenants. This would result in the removal of undrawn facility headroom and deferral of Group cash flows which will be prioritised to repay the facilities.

The Group monitors liquidity by reference to its TAL, which comprises cash plus immediately accessible headroom in its funding facilities (subject to drawdown notice periods, asset eligibility and covenants), which include the revolving credit facility and each of the private securitisations.

During the period, TAL has decreased slightly to £233.9m at 30 June 2024 (2023: £248.0m). Cash balances have increased to £336.2m at 30 June 2024 (2023: £322.8m). Not all cash is accessible at any one time due to securitisation requirements and covenant restrictions, and so accessible cash, which is just one component of TAL, is lower than the total cash balance.

4 Funding risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Funding risk is the risk of being unable to access funding markets or to be able to do so only at excessive cost. This includes the risk of reduced funding options due to adverse conditions in the wholesale funding market, potentially caused by political and economic uncertainty, leading to the inability to secure additional funding for new business, or to refinance existing facilities at an acceptable cost.	• Diversification of funding sources. • Maintenance of depth of maturity through regular new issuances and timely refinancing of existing sources of funding. • Monitoring individual funding maturity dates and maturity concentrations. • Monitoring the maturity mismatch between assets and liabilities. • Proactive refinancing of facilities well in advance of their contractual maturity dates and diversification of funding.	Reduced In FY24, the Treasury team completed a large number of transactions, extending our private facilities as well as completing a number of public securitisations across all asset types – residential first charge, residential second-charge and commercial real estate. A new private facility for development loans was completed and the 2026 Senior Secured Notes were refinanced to 2030 and reduced in size by £105m.

Principal risks and uncertainties *continued*

4 Funding risk *continued*

The following is an analysis of the gross undiscounted contractual cash flows payable on our financial liabilities, including expected future interest payments, based upon forecast market rates for floating rate instruments.

Audited 30 June 2024	Carrying value £m	Repayable on demand and up to 1 year £m	1 – 2 years £m	3 – 5 years £m	More than 5 years £m	Total £m
Loan notes	5,564.7	949.1	2,003.6	3,070.0	–	6,022.7
Senior secured notes	952.7	62.2	61.7	632.6	485.4	1,241.9
Obligations under finance leases	28.4	1.1	1.1	2.4	24.5	29.1
Subordinated shareholder loans	22.8	–	–	–	68.1	68.1
	6,568.6	1,012.4	2,066.4	3,705.0	578.0	7,361.8
Debt issue costs	(25.3)	–	–	–	–	–
Borrowings	6,543.3	1,012.4	2,066.4	3,705.0	578.0	7,361.8
Trade creditors	2.7	2.7	–	–	–	2.7
Other creditors	1.6	1.6	–	–	–	1.6
Commitments to lend	–	130.1	–	–	–	130.1
	6,547.6	1,146.8	2,066.4	3,705.0	578.0	7,496.2

Audited 30 June 2023	Carrying value £m	Repayable on demand and up to 1 year £m	1 – 2 years £m	3 – 5 years £m	More than 5 years £m	Total £m
Revolving credit facility	70.0	70.2	–	–	–	70.2
Loan notes	4,511.3	777.0	533.5	3,550.5	–	4,861.0
Senior secured notes	1,055.2	53.3	53.3	1,135.0	–	1,241.6
Obligations under finance leases	29.1	1.1	1.1	2.4	24.5	29.1
Subordinated shareholder loans	33.7	–	–	–	68.0	68.0
	5,699.3	901.6	587.9	4,687.9	92.5	6,269.9
Debt issue costs	(19.0)	–	–	–	–	–
Borrowings	5,680.3	901.6	587.9	4,687.9	92.5	6,269.9
Trade creditors	3.2	3.2	–	–	–	3.2
Other creditors	1.2	1.2	–	–	–	1.2
Commitments to lend	–	156.0	–	–	–	156.0
	5,684.7	1,062.0	587.9	4,687.9	92.5	6,430.3

The weighted average maturity of the Group's borrowings is 2.6 years at 30 June 2024 (30 June 2023: 2.9 years) and the Group has a strong track record of successful refinancing and raising new facilities, as seen through the additional facilities raised post year end as discussed in the Financial review on page 37.

The depth of maturity in the Group's existing debt facilities provides significant mitigation in respect of refinancing risk. Following the post-year end refinancing of Delta ABS 2 in August 2024, the earliest maturity of wholesale funding is Charles Street ABS 2 (the drawn amount at 30 June 2024 of £1,123.8m representing 17.2% of the Group's available borrowing facilities), which is not due until March 2026. Following the redemption of the notes issued by Together ABS 4 in June 2024, the earliest call date on any of the Group's public securitisations is Together ABS 5 in October 2025. Further detail is set out in Note 19 to the Financial statements.

5 Interest rate risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Interest rate risk is the risk arising from the Group's exposure to movements in interest rates as a result of repricing mismatches between assets and liabilities that are either fixed or floating rate.	• Monitoring of interest rate risk exposure, including forward-looking stress testing of earnings at risk, which incorporates new business assumptions and expected redemptions, and undertaking hedging transactions as appropriate. • Introduction of a new hedging strategy to formalise the Group's interest rate risk management activity. • Monitoring the impact of a range of possible interest rate changes on the Group's performance and strategy.	Unchanged The period of rapid rate rises has abated in FY24, with the Bank of England holding rates at 5.25% since August 23 before a 0.25% cut in August 24. However, market rate expectations have been relatively volatile, with 5-year SONIA swap rates varying within a range of 332-527bps. As with other lenders, Together has had to be responsive to these changes with regard to its product pricing. Against this backdrop of continued market volatility, the Group has further matured its hedging strategy in FY24. Hedging of the fixed rate loan book is fully embedded in day-to-day Treasury operational processes. The Group also now hedges its estimated pipeline exposure on a monthly basis, providing more certainty for pricing decisions and reducing exposure to rate movements during the origination process. Exposure to falling rates is being managed by hedging the residual balance sheet mismatch in the Senior Borrower Group.

The table below sets out the impact on profit before tax of an immediate decrease and increase of 0.5% and 1.0% in interest rates, based on the interest rates prevalent at the year-end dates and before any mitigation or management actions. The sensitivity presumes that there is no lag in the pass-on of rate changes to customers and it is calculated on a contractual basis.

	2024 £m	2023 £m
1.0% decrease	(15.7)	(20.2)
0.5% decrease	(7.8)	(10.1)
0.5% increase	7.8	10.1
1.0% increase	15.7	20.2

The above interest rate risk sensitivity represents the movement taking into account the Group's contractual assets, liabilities and derivatives and their maturity and repricing arrangements.

Note 12 to the Financial statements details the Group's use of derivatives to mitigate interest rate risk.

Principal risks and uncertainties *continued*

6 Capital risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Capital risk is the risk of failure to hold adequate capital buffers and to appropriately manage the Group's capital base to withstand the crystallisation of individual risks or a combined stress event. Given capital also comprises a material source of funding via subordination in bond and securitisation structures, insufficient capital also gives rise to funding and liquidity risk. Capital risk includes the risk of excessive gearing. Regulatory capital requirements must also be met at all times within certain of the Group's subsidiaries.	• Continuous monitoring of the required regulatory capital requirements with relevant subsidiaries and the actual levels projected • Business planning and stress testing of forecasts • Reviewing the level of gearing within the Senior Borrower Group, the Group itself, and of a parent undertaking, Bracken Midco1 PLC, to include the PIK Toggle Notes above the Group. These are closely managed to ensure the Group has sufficient capital to support the current balance sheet as well as future growth ambitions.	Unchanged The Group continued to closely monitor its gearing levels to ensure that there are sufficient capital resources to achieve its lending plans and against risk appetites that provide a buffer to the levels required to maintain compliance with Senior Secured Note and Revolving Credit Facility covenants. The Group has no regulatory capital requirements beyond those of its regulated subsidiaries. The downsizing of the Senior Secured Notes reduced the leverage of the Senior Borrower Group during the year.

Current and forecast levels of Group capital, including the gearing ratio, are monitored and reported to the Board on a regular basis. Total shareholder funds increased by £41.2m over the year (2023: £88.0m increase), which is net of dividends paid in the year of £65.7m. The net debt gearing ratio[1] has increased to 83.9% at 30 June 2024 (30 June 2023: 82.9%) as a result of a rise in debt to fund loan portfolio growth.

1. Refer to Alternative performance measures section for definitions and calculations.

7 Operational risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes business process, people, information security, technology infrastructure and third-party risks.	• Regularly reporting the top identified risks and the development of focused action plans to mitigate them. • Conducting root cause analysis to understand any incidents which do occur, and implement appropriate responses. • Frameworks to recruit, train and retain sufficient skilled personnel. These include succession planning and identification and mitigation of reliance on key individuals. • Utilising a Risk and Control Self-Assessment (RCSA) approach to identify, manage and monitor key operational risks, and the development of action plans to address these risks. • Specialist risk advice, and independent assurance, over the delivery of change projects by the Group Risk department.	Unchanged The Group continues to experience a degree of operational risk exposure, owing largely to the continued growth of the business, significant external factors (macroeconomic, geopolitical and regulatory landscapes) and the need to implement more sophisticated and automated systems for our operational activities. We are currently investing in a significant transformation programme to enhance and automate our operational processes. At present, we continue to place some reliance on manual processes, and are therefore exposed to potential weaknesses in the design of our internal processes and the capacity and capability of our people and third parties. Whilst we implement our transformation programme, we continue to invest our resources in improving and enhancing these processes. Like all financial service firms, we continue to be exposed to external threats that aim to access and modify our systems and data. We continue to monitor and adapt to the various vulnerabilities and threats in the sector with proportional perimeter and internal defences as well as utilising external support where applicable.

Principal risks and uncertainties *continued*

8 Conduct risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Conduct risk is the risk arising from our corporate plan and business activities or behaviours that fail to deliver fair, appropriate and consistent outcomes to customers and all stakeholders. The risk can arise from the failure to define and embed an appropriate culture, behaviours of colleagues or of third parties across the distribution chain that are inconsistent with defined Group values, and from our business activities if they fail to deliver fair and appropriate outcomes to our customers. Failure to manage this risk sufficiently could result in reputational damage, regulatory sanction, remediation programmes, and could impact the Group's operating model.	• Regular review of the effectiveness of our business activities and processes for their ability to deliver consistent, fair customer outcomes. The focus this year has been on variation of interest rates, account balance management and customers reverting from fixed to variable interest rates. • Performance of gap analysis against industry body and regulator guidance and good practice to identify potential continual improvements to business processes. During FY24, this has particularly focused on providing support to customers impacted by the rising cost of living. • Root cause analysis of complaints, claims or failings, focusing on continual improvement environment to identify where we could improve the outcome for customers.	Unchanged The Group put good customer outcomes at the centre of its decision-making process. We remained cognisant of our customers' circumstances and the potential for a rise in vulnerabilities resulting from the challenging macroeconomic environment.

Where the Group identifies activities that may have fallen short of the standards expected, a detailed assessment is carried out to understand the cause, impact and appropriate resolution, which may include remediation.

> For more information, see Note 20 to the Financial statements.

9 Compliance risk

Principal risk & definition	Management and mitigation	Direction of travel in FY24
Compliance risk is the risk arising from failure to comply with existing or new legislation or regulations in the markets within which the Group operates. This includes the risk that the Group misinterprets regulation or legislation. This could include the risk of developing business practices and processes that do not adhere to, or are not in line with the spirit of, the law or regulations, leading to customer dissatisfaction or detriment, legal action against the Group and/or potentially fines from a regulator.	• Identifying and supporting customers when things go wrong, for example, through application of forbearance tools and complaint handling. • Quality assurance reviews in operational areas with oversight provided by experienced risk and compliance departments. • Proactively engaging with the Group's regulators to provide transparency with regard to actions taken to ensure fair outcomes for legacy customers. • Monitoring compliance with regulatory obligations by in-house Compliance, Financial Crime and Data Protection teams through execution of a Board-approved monitoring programme. • Monitoring of compliance with legal obligations by an in-house legal department. • Horizon scanning and impact assessments of potential regulatory and legal change. The compliance function monitors all regulatory developments, including the matters identified in the Group's operating plan, to allow for new guidance to be considered, and changes to be implemented where appropriate.	Reduced The level of regulatory scrutiny remains high as a result of the challenging macroeconomic environment, the FCA's continued focus on the effective implementation of the Consumer Duty and its commitment to providing a stronger framework for firms to protect customers facing payment difficulties. The Group completed a number of legacy remediation programmes, including enhancing processes and controls and customer redress. During the year focus remains high on ensuring good customer outcomes through enhancing our in-process controls and we continue to develop how we measure and monitor customer outcomes.

Independent auditor's report to the members of Together Financial Services Limited

Opinion

We have audited the financial statements of Together Financial Services Limited (the 'Company' or the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cashflows, and the related notes 1 to 31, including material accounting policy information and information in the Risk Management section of the annual report, marked as "audited". The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period ending 13 September 2025, which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK adopted International Accounting Standards, the Companies Act 2006, Financial Conduct Authority rules and regulations, and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, those charged with governance, and reviewing relevant committee minutes and board reports. We enquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We considered the risk of fraud through inappropriate journal postings and the risk of fraud in key areas of estimation, notably expected credit loss provisions and revenue recognition relating to effective interest rate accounting.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of management and internal audit for their awareness of any known instances of non-compliance or suspected non-compliance with laws and regulations, reviewing key policies and correspondence exchanged with the Company's regulators. We performed journal entry testing, with a focus on post-closing adjustments and those considered to be at a heightened risk of fraud based on our understanding of the business, and incorporated unpredictability into the nature, timing, and extent of our testing. In addition, we designed specific audit procedures to address the risk of fraud in key areas of estimation, including challenging the assumptions and judgements made by management, with the support of auditor's specialists where applicable.
- The Company operates in the financial services industry, which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stephen Littler (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Manchester

13 September 2024

Consolidated statement of comprehensive income

Year ended 30 June 2024

All amounts are stated in £m

Income statement	Note	2024	2023
Interest receivable and similar income	4	**776.3**	572.9
Interest payable and similar charges	5	**(407.0)**	(271.8)
Net interest income		**369.3**	301.1
Fee and commission income		**7.9**	5.7
Fee and commission expense		**(2.7)**	(3.3)
Net fair-value losses on derivatives	12	**(11.2)**	(2.1)
Other income		**0.9**	0.6
Operating income		**364.2**	302.0
Administrative expenses	6	**(116.1)**	(101.0)
Operating profit		**248.1**	201.0
Impairment losses	13	**(54.1)**	(42.4)
Profit before taxation		**194.0**	158.6
Taxation	10	**(44.8)**	(28.7)
Profit after taxation		**149.2**	129.9

Other comprehensive (expense)/income	Note	2024	2023
Items that may be reclassified to the income statement			
Movement in the cash flow-hedging reserve:			
Effective portion of changes in fair value of derivatives	12	**(19.1)**	45.9
Amounts reclassified to income statement		**(25.5)**	(7.5)
		(44.6)	38.4
Movement in the cost-of-hedging reserve:			
Effective portion of changes in fair value of derivatives	12	**–**	(0.1)
		–	(0.1)
Other comprehensive (expense)/income for the year, net of tax		**(44.6)**	38.3
Total comprehensive income for the year		**104.6**	168.2

The results for the current and preceding years relate entirely to continuing operations.

Consolidated statement of financial position

As at 30 June 2024

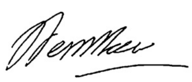
All amounts are stated in £m

	Note	2024	2023
Assets			
Cash and cash equivalents	11	336.2	322.8
Derivative assets held for risk management	12	15.6	62.3
Loans and advances to customers	13	7,363.9	6,410.2
Other assets	14	10.1	10.7
Property, plant and equipment	16	30.3	32.2
Intangible assets	17	13.2	11.2
Deferred tax asset	18	6.2	7.7
Total assets		7,775.5	6,857.1
Liabilities			
Derivative liabilities held for risk management	12	4.4	0.1
Current tax liabilities		0.4	3.4
Borrowings	19	6,543.3	5,680.3
Provisions for liabilities and charges	20	3.2	7.2
Other liabilities	21	87.8	81.8
Total liabilities		6,639.1	5,772.8
Equity			
Share capital	22	9.8	9.8
Subordinated-shareholder-funding reserve		45.3	34.4
Cash flow-hedging reserve		4.8	49.4
Other reserves		12.7	12.7
Retained earnings		1,063.8	978.0
Total equity		1,136.4	1,084.3
Total equity and liabilities		7,775.5	6,857.1

These financial statements were approved and authorised for issue by the Board of Directors on 13 September 2024.

Company Registration No. 02939389.

Signed on behalf of the Board of Directors



HN Moser
Director

GD Beckett
Director

Company statement of financial position

As at 30 June 2024

All amounts are stated in £m

	Note	2024	2023
Assets			
Cash and cash equivalents		**70.8**	46.4
Derivative assets held for risk management		**2.2**	–
Amounts owed by related parties	14	**1,202.9**	1,419.4
Other assets	14	**6.3**	6.4
Investments in subsidiaries	15	**45.2**	35.2
Property, plant and equipment	16	**29.7**	31.7
Intangibles	17	**13.2**	11.2
Current tax asset		**1.8**	1.5
Deferred tax asset	18	**2.0**	2.0
Total assets		**1,374.1**	1,553.8
Liabilities			
Borrowings	19	**50.6**	131.9
Amounts owed to related parties	21	**1,024.3**	1,093.7
Other liabilities	21	**36.1**	28.1
Total liabilities		**1,111.0**	1,253.7
Equity			
Share capital	22	**9.8**	9.8
Subordinated-shareholder-funding reserve		**45.3**	34.4
Other reserves		**18.6**	18.6
Retained earnings		**189.4**	237.3
Total equity		**263.1**	300.1
Total equity and liabilities		**1,374.1**	1,553.8

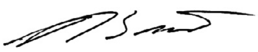
Together Financial Services Limited (the Company) reported a profit after tax for the year ended 30 June 2024 of £15.5m (2023: £4.2m loss). As permitted by section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company.

These financial statements were approved and authorised for issue by the Board of Directors on 13 September 2024.

Company Registration No. 02939389.

Signed on behalf of the Board of Directors

HN Moser
Director



GD Beckett
Director

Consolidated statement of changes in equity

Year ended 30 June 2024

All amounts are stated in £m

2024	Share capital	Subordinated-shareholder-funding reserve	Cash flow-hedging reserve	Other reserves	Retained earnings	Total equity
At beginning of year	9.8	34.4	49.4	12.7	978.0	1,084.3
Profit after taxation	–	–	–	–	149.2	149.2
Other comprehensive expense	–	–	(44.6)	–	–	(44.6)
Derecognition of subordinated shareholder loans[1]	–	(4.6)	–	–	–	(4.6)
Recognition of subordinated shareholder loans[1]	–	17.8	–	–	–	17.8
Transfer between reserves	–	(2.3)	–	–	2.3	–
Dividends paid	–	–	–	–	(65.7)	(65.7)
At end of year	9.8	45.3	4.8	12.7	1,063.8	1,136.4

1. Two subordinated loans to a related party, Bracken Midco2 Limited, totalling £25.1m had their maturity extended in the year from September 2027 to November 2036. This resulted in the accounting derecognition of the loans due in 2027, and a recognition of the loans of the same nominal value due in 2036, recognised at a new fair value.

2023	Share capital	Subordinated-shareholder-funding reserve	Cash flow-hedging reserve	Cost-of-hedging reserve	Other reserves	Retained earnings	Total equity
At beginning of year	9.8	36.6	11.0	0.1	12.7	928.4	998.6
Profit after taxation	–	–	–	–	–	129.9	129.9
Other comprehensive income	–	–	38.4	(0.1)	–	–	38.3
Transfer between reserves	–	(2.2)	–	–	–	2.2	–
Dividends paid	–	–	–	–	–	(82.5)	(82.5)
At end of year	9.8	34.4	49.4	–	12.7	978.0	1,084.3

Other reserves consist of the following:

	Share premium	Merger reserve	Capital redemption reserve	Treasury share reserve	Share-based payment reserve	Total other reserves
As at 30 June 2024	17.5	(9.6)	1.3	(2.6)	6.1	12.7
As at 30 June 2023	17.5	(9.6)	1.3	(2.6)	6.1	12.7

The share capital, share premium, capital redemption, subordinated-shareholder-funding and share-based payment reserves are all non-distributable.

Company statement of changes in equity

Year ended 30 June 2024

All amounts are stated in £m

2024	Share capital	Subordinated-shareholder-funding reserve	Other reserves	Retained earnings	Total equity
At beginning of year	9.8	34.4	18.6	237.3	300.1
Profit for the financial year	–	–	–	15.5	15.5
Derecognition of subordinated shareholder loans	–	(4.6)	–	–	(4.6)
Recognition of subordinated shareholder loans	–	17.8	–	–	17.8
Transfer between reserves	–	(2.3)	–	2.3	–
Dividends	–	–	–	(65.7)	(65.7)
At end of year	**9.8**	**45.3**	**18.6**	**189.4**	**263.1**

2023	Share capital	Subordinated-shareholder-funding reserve	Other reserves	Retained earnings	Total equity
At beginning of year	9.8	36.6	22.3	321.8	390.5
Loss for the financial year	–	–	–	(4.2)	(4.2)
Transfer between reserves	–	(2.2)	–	2.2	–
Share-based payment	–	–	(3.7)	–	(3.7)
Dividends	–	–	–	(82.5)	(82.5)
At end of year	9.8	34.4	18.6	237.3	300.1

Other reserves consist of the following:

	Share premium	Capital redemption reserve	Treasury share reserve	Share-based payment reserve	Total other reserves
As at 30 June 2024	**17.5**	**1.3**	**(2.6)**	**2.4**	**18.6**
As at 30 June 2023	17.5	1.3	(2.6)	2.4	18.6

The called-up share capital, share premium, capital redemption, subordinated-shareholder-funding and share-based payment reserves are all non-distributable.

Consolidated statement of cash flows

Year ended 30 June 2024

All amounts are stated in £m

	Note	2024	2023
Cash flows from operating activities			
Profit after taxation		149.2	129.9
Adjustment for non-cash items included in profit after taxation	24	523.6	350.0
Changes in operating assets and liabilities	24	(1,009.1)	(1,234.1)
Income tax paid		(46.2)	(26.0)
Net cash outflow from operating activities		(382.5)	(780.2)
Cash flows from investing activities			
Cash paid on purchase of property, plant, and equipment		(1.1)	(1.7)
Investment in intangible assets		(5.3)	(7.3)
Proceeds from disposal of property, plant, and equipment		0.1	–
Net cash outflow from investing activities		(6.3)	(9.0)
Cash flows from financing activities			
Drawdown of loan notes		1,482.1	1,535.7
Repayment of loan notes		(2,402.0)	(1,335.2)
Proceeds from issuance of loan notes		1,973.3	918.9
Proceeds from issuance of senior secured notes		450.0	–
Repayment of senior secured notes		(555.0)	–
Net cash (outflows)/inflows from revolving credit facility		(70.0)	70.0
Interest paid		(410.1)	(249.1)
Dividends paid		(65.7)	(82.5)
Purchase and cancellation of derivatives		2.3	(7.3)
Principal elements of lease liability payments		(1.2)	(1.5)
Interest paid on lease liabilities		(1.5)	(1.5)
Net cash inflow from financing activities		402.2	847.5
Net increase in cash and cash equivalents		13.4	58.3
Cash and cash equivalents at beginning of year		322.8	264.5
Cash and cash equivalents at end of year	11	336.2	322.8

At 30 June 2024, cash and cash equivalents includes £252.1m (2023: £238.5m) of restricted cash (see note 11).

Company statement of cash flows

Year ended 30 June 2024

All amounts are stated in £m

	Note	2024	2023
Cash flows from operating activities			
Profit/(loss) after tax		**15.5**	(4.2)
Adjustment for non-cash items included in profit after tax	24	**9.5**	63.4
Changes in operating assets and liabilities	24	**142.2**	40.5
Income tax paid		**(0.5)**	(3.3)
Net cash inflow from operating activities		**166.7**	96.4
Cash flows from investing activities			
Cash paid on purchase of property, plant and equipment		**(1.1)**	(1.7)
Investment in intangible assets		**(5.3)**	(7.3)
Investments in subsidiaries		**(10.0)**	–
Proceeds from disposal of property, plant, and equipment		**0.1**	–
Net cash outflow from investing activities		**(16.3)**	(9.0)
Cash flows from financing activities			
Drawdown of loan notes		**12.6**	–
Net cash (outflows)/inflows from revolving credit facility		**(70.0)**	70.0
Interest paid		**(1.7)**	(59.2)
Dividends paid		**(65.7)**	(82.5)
Principal elements of lease liability payments		**(1.2)**	–
Net cash outflow from financing activities		**(126.0)**	(71.7)
Net increase in cash and cash equivalents		**24.4**	15.7
Cash and cash equivalents at beginning of year		**46.4**	30.7
Cash and cash equivalents at end of year		**70.8**	46.4

Notes to the financial statements

Unless otherwise indicated, all amounts are stated in £m

1. Reporting entity and general information

Together Financial Services Limited is incorporated and domiciled in the UK. The Company is a private company, limited by shares, and is registered in England (company number: 02939389). These financial statements are prepared for Together Financial Services Limited and its subsidiaries under the Companies Act 2006. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Together Financial Services Limited and its subsidiaries ('the Group'). Details of subsidiary companies included in the Group are provided in note 15. The Group is primarily involved in financial services.

2. Significant accounting policies

The material accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year unless otherwise stated.

Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with UK adopted international accounting standards.

The preparation of financial statements in accordance with the above requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the individual accounting policies and in note 3 to the Financial Statements.

These financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the Group operates.

These financial statements have been prepared on the historical cost basis, except for derivative financial instruments and other long-term employee benefits which are stated at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Presentation of risk disclosures

Disclosures under IFRS 7 *Financial Instruments: Disclosures* concerning the nature and extent of risks relating to financial instruments have been presented within the sections denoted as forming part of these financial statements in the 'Principal risks and uncertainties' section of the Risk Management report.

Going concern

In preparing these financial statements, the directors have assessed the Group's ability to continue as a going concern. As part of the Group's ongoing monitoring and reforecasting, consideration has been given to the changing macroeconomic environment and outlook and specific consideration has been given to the following:

- changes in customer-repayment behaviour;
- changes in credit risk;
- potential for declining or stagnating property values;
- potential for access to wholesale-funding markets;
- changes in market rates of interest;
- changes in new mortgage-origination volumes; and
- changes to operating costs.

The Group's business model, being one which is ordinarily highly cash generative, operating in profitable market segments and lending at low average loan-to-value (LTV) ratios, provides mitigation against many downside risks. The factors listed above have an impact upon the results of the Group, to a greater or lesser degree, however, are not projected to cast significant doubt on the entity's ability to continue as a going concern.

The key risks which could cause doubt as to whether the Group could continue to operate as a going concern are judged to be primarily in relation to funding and liquidity. The Group has a diverse mix of funding sources, which are structured in order to reduce the risk to the Group. Funding and liquidity risks, including reverse stress testing to identify the point at which the Group would cease to be able to operate, are discussed below.

Funding

The Group has a diverse funding base to fund its activities and lending, utilising shareholder funds, private and public securitisation facilities, senior secured notes and a revolving credit facility.

A key risk associated with wholesale funding is refinancing risk, where the Group has a proven track record of successfully refinancing borrowings. The depth of maturity in the Group's existing debt facilities provides significant mitigation in respect of refinancing risk. Following the post-year end refinancing of Delta ABS 2 in August 2024, the earliest maturity of wholesale funding is Charles Street ABS 2 (the drawn amount at 30 June 2024 of £1,123.8m representing 17.2% of the Group's available borrowing facilities), which is not due until March 2026. Following the redemption of the notes issued by Together ABS 4 in June 2024, the earliest call date on any of the Group's public securitisations is Together ABS 5 in October 2025.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

2. Significant accounting policies *continued*

Funding (continued)

The Group has continued its existing strategy of refinancing facilities in advance of their contractual maturities during the year. The Group was able to successfully refinance its BABS facility extending its maturity to March 2028 with an additional £55.0m of funding secured to increase the facility to £129.5m. In addition, the Group issued the following RMBS facilities during the year: Together ABS 8 raising £404.4m of external funding in July 2023; Together ABS 9 raising £425.0m of external funding in September 2023; Together ABS 10 raising £283.8m in external funding in January 2024; and Together ABS 11 raising £378.0m of external funding in May 2024. Subsequent to the year end, in August 2024, the Group refinanced its DABS facility, securing an additional £200m of funding to the existing £400m facility and extending the maturity date to December 2028. This shows the Group's ability to continue to obtain further funding from the financial markets, even through periods of market disruption.

Liquidity

The Group retains liquidity through managing its total accessible liquidity (TAL) within set risk appetite limits. For further information regarding our management of TAL, please see the Risk management report on page 85.

The Group holds liquidity in the form of cash and can also access liquidity by drawing on the revolving credit facility (RCF) and through sales of eligible assets into our private securitisation warehouse facilities. In respect of the eligibility criteria and covenants, the Group may, in certain circumstances, seek waivers and/or amendments within the going-concern assessment period. This could include, but is not limited to, impacts on covenants as a result of a deterioration in loan-book performance due to adverse economic conditions or reductions in property values. The Group successfully negotiated waivers to certain covenants in the past, which has mitigated the risk that the Group would be unable to access liquidity due to an excess of ineligible assets, and this remains a management action available if required in future periods.

In the event that waivers or amendments are required but not agreed, and existing covenants are breached (and the breach is not rectified by using headroom in other facilities or through other remedies within a defined cure period), then the noteholders of the private securitisation facilities have the option to call a default of the facility.

If a facility defaults, then the cash inflows from the securitised asset pool for each facility are used to repay the interest and principal of the most senior loan notes, with deferred consideration and any interest payment of the subordinated notes due to the originators deferred until such time as all the liabilities ranking more senior are repaid in full. This would delay and potentially reduce cash inflows ordinarily flowing to the Senior Borrower Group as excess spread from each of the securitisations.

The risk of lower levels of cash inflows from redemptions can be mitigated by increasing the amount of liquid resources held as cash. The Group continues to hold significant cash balances to allow sufficient liquidity, with cash balances of £336.2m at 30 June 2024 (30 June 2023: £322.8m), of which £84.1m is unrestricted cash (30 June 2023: £84.3m) as shown in note 11.

Stress testing has been performed in order to assess the extent to which these factors would have to detrimentally impact cash flows in order for the Group to be unable to meet its liabilities as they fall due, and the extent of any increase in credit losses which could result in covenant breaches on the Group's borrowings, as detailed in this note.

Stress testing

Aside from the private securitisations, the facilities within the Senior Borrower Group, being the senior secured notes and the RCF, also include certain financial covenants including tests on gearing and minimum levels of interest cover in respect of the former and maintenance tests on gearing in respect of the latter. To evaluate the Group's resilience in meeting these tests, a reverse-stress scenario has been developed and was considered as part of the going-concern assessment.

The scenario is one which assumes no cash flows are received from any of the securitisations, there is no access to drawdown funding from the private securitisations, and no access to the wholesale funding markets is possible, and therefore loan-origination volumes are limited to meeting pipeline commitments. This is considered by the directors to be an extreme outcome. However, due to the bankruptcy-remote nature of securitisations, the default of one or more private securitisation facilities would not mean that the Group could not continue to operate as a going concern. The Group could continue in such a scenario by servicing the loans funded by the Senior Borrower Group. Stresses were applied to cash inflows to assess the ability to continue to service and repay borrowings as they fall due, and stresses on profitability were separately considered to assess the ability to comply with gearing covenants.

The results of the reverse-stress test showed that unrealistic reductions in expected cash inflows within the Senior Borrower Group would be required for the Senior Borrower Group not to be able to meet its liabilities as they fall due, within the going-concern period. Even in the event that actual experience approached the level of reductions judged unrealistic, further management actions could be taken to mitigate the impact. The Group has periodically repeated the reverse-stress testing, which has continued to show significant headroom.

In addition, the potential impact of reductions in the level of profitability was assessed (as a proxy for a reduction in equity), using increases in expected credit losses as the primary driver, in order to determine the reduction which would result in the Group's gearing breaching the RCF covenant. The testing showed that the Group would have to incur significant losses and the probability of such a severe outcome is considered remote.

2. Significant accounting policies *continued*

The deployment of additional management actions could also mitigate the possible impacts, including but not limited to; renegotiation of the terms of existing borrowings, raising alternative funding and measures to further reduce costs.

The directors are satisfied that the Company and the Group have adequate resources to continue in operation for the going-concern assessment period ending 13 September 2025, which is 12 months from the date of signing this report.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by IFRS the goodwill previously written off has not been reinstated in the statement of financial position.

Merger accounting has continued to be used on transition to IFRS for the consolidation of the following subsidiaries:

- Together Commercial Finance Limited
- Together Personal Finance Limited
- Blemain Finance Limited
- FactFocus Limited
- Harpmanor Limited
- Supashow Limited

Under this method any goodwill arising on consolidation is treated as a reduction in reserves.

On disposal or closure of a previously acquired business, the attributable amount of goodwill, including that previously written off to reserves, is included in determining the profit or loss on disposal.

Operating segments

The Group's only listed financial instruments are issued by a subsidiary, Jerrold Finco PLC, and the securitisations which are consolidated in the Group results, rather than the parent company, Together Financial Services Limited. The Group is therefore outside the scope of IFRS 8 *Operating Segments* and accordingly does not disclose segmental information in these financial statements.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument but does not consider future credit losses, except for assets which are credit-impaired on origination. For credit-impaired assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

2. Significant accounting policies *continued*

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument e.g. procuration fees paid to introducers are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided. These items primarily consist of legal and valuation fees, and credit-search fees.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone costs.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the interest rate implicit in the lease.

The lease liability is measured at amortised cost using the interest rate implicit in the lease or the incremental borrowing rate. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate
- a change in the Group's estimate of the amount expected to be payable under a residual value guarantee
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option
- a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the underlying right of use asset.

Rentals received under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Pension benefits

During the period, the Group operated a defined contribution scheme and made contributions to employees' personal pension plans.

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year to Group pension plans and personal pension schemes. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2. Significant accounting policies *continued*

Share-based payments

The Group has granted options to senior management under an equity-settled scheme.

The cost of providing the options is charged to the income statement over the vesting period of the related options. The corresponding credit is made to a share-based payment reserve within equity.

In the Company's financial statements, the grant by the parent of options over its equity instruments to the employees of subsidiary undertakings is treated as an investment in subsidiaries. The fair value of services received, measured by reference to the fair value at the date of grant, is recognised over the vesting period as an increase in investments in subsidiary undertakings, with a corresponding credit to the share-based payment reserve within equity.

The cost of options is based on their fair value, determined using a Black-Scholes pricing model at the grant date. The value of the charge is adjusted at each reporting date to reflect lapses and expected or actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Current and deferred tax items are recognised in the income statement except tax on items that are recognised in other comprehensive income shall be recognised in other comprehensive income, and items that are recognised directly in equity shall be recognised directly in equity.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes and is accounted for using the balance sheet liability method. Deferred tax assets and liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

The change in fair value of derivatives arising from the SPV's, as recognised within Other comprehensive income and expense, has no deferred tax impact on the Group.

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition and can include short-term highly liquid debt securities.

Where cash is not freely available for the Group to use for its general purposes, it is disclosed as restricted cash; this includes cash collected in the securitisation vehicles prior to paying down loan notes.

Financial assets and liabilities

Financial assets

All of the Group's financial assets are initially recognised at fair value plus any directly attributable transaction costs.

All of the Group's financial assets, except derivatives held for risk management which are outlined on the following page, are classified as measured at amortised cost, being the gross carrying amount less expected impairment allowance, using the effective interest rate method, as they meet both of the following conditions:

- The assets are held within a business model whose objective is to hold the assets to collect contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows at specified dates that are solely payments of principal and interest on the principal amounts outstanding.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

2. Significant accounting policies *continued*

Financial assets and liabilities (continued)

Financial assets (continued)

The Group's business model for its financial assets, apart from derivatives, is to hold them to collect contractual cash flows, with sales of mortgage loans and advances to customers only made internally to consolidated special purpose entities for the purpose of collateralising the issuance of loans. The loans' cash flows are consistent with a basic lending arrangement, the related interest only including consideration for the time value of money, credit and other basic lending risks, and a profit margin consistent with such an arrangement. Cash and cash equivalents also meet these conditions and accordingly management has classified all of the Group's financial assets as measured at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. The Group then assesses whether the new terms are substantially different from the original ones. If the terms of an asset are substantially different, it is derecognised and a new asset recognised at its fair value using its new effective interest rate. If the terms are not substantially different, the Group recalculates the gross carrying amount using the original effective interest rate and recognises a modification gain or loss in the income statement. Such modifications typically arise from forbearance because of financial difficulties of the borrower, and any gain or loss is included in impairment losses. A modified loan's credit risk is assessed to see if it remains higher than on initial recognition for the purposes of calculating expected credit losses.

Financial liabilities

The Group's financial liabilities, apart from derivatives, which largely consist of borrowings, are all classified as measured at amortised cost. All of the Group's financial liabilities are recognised initially at fair value, less any directly attributable transaction costs.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired. An exchange of financial liabilities with substantially different terms or a substantial modification to the terms of an existing financial liability is treated as an extinguishment of the original liability and the recognition of a new one. It is assumed that terms are substantially different if the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original liability. All gains or losses on non-substantial modifications, calculated as a change in the net present value of future cash flows using the original effective interest rate, are recognised immediately in the income statement. The Group may also consider qualitative factors in determining whether a modification is substantial.

Impairment of financial instruments

The Group recognises loss allowances for expected credit losses (ECLs) on loans and advances to customers and any exposures arising from loan commitments. ECLs are a probability-weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate (EIR). Credit losses for financial assets are the difference between the discounted contractual cash flows, including the amount of committed pipeline lending which is expected to be drawn down, and the discounted cash flows expected to be received.

The Group considers whether financial assets are credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred. Evidence of credit impairment includes:

- Significant financial difficulty of the borrower.
- Breach of contract such as default, or becoming past due.
- The granting of concessions to the borrower that the Group would not otherwise consider.
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

For certain of the Group's subsidiaries which engage in regulated lending, these criteria are aligned to the regulatory definition of credit impaired.

For financial instruments on which credit risk has not increased significantly since initial recognition, the Group measures loss allowances at an amount equal to the 12-month ECL, i.e. the portion of lifetime ECL of those default events expected to arise within 12 months of the reporting date, weighted by probability of that event occurring. For all other financial instruments, loss allowances are measured at an amount equal to the full lifetime ECL, i.e. the lifetime ECL arising from all default events that may occur over the life of the instrument, probability weighted. The latter category of instruments includes those that have objective evidence of impairment at the reporting date.

Besides instruments that become credit impaired on entering default, lifetime ECLs are also used for any that are credit impaired on origination.

If, due to the financial difficulties of the borrower, the terms of a financial asset are renegotiated or modified, or the asset is replaced with a new one, then an assessment is made of whether the asset should be derecognised. A loan to a borrower granted such concessions due to forbearance is evaluated to determine whether it is considered to be credit impaired or to have experienced a significant increase in credit risk. If this is the case a loss allowance will be recognised equivalent to the full lifetime ECL. If there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment, the loss allowance on the new asset will generally be based on a 12-month ECL.

2. Significant accounting policies *continued*

Interest income is recognised at the effective rate on the gross carrying amount of a financial asset, i.e. before allowance for impairment, except for those assets which are credit impaired, for which interest income is recognised on the carrying amount net of the allowance for impairment.

Loans are written off when the Group expects no further recovery, and the amount of the loss has been determined. For accounts which are in a shortfall position, this is judged to occur when an account is fully provided against, and no payments have been received for six consecutive months. The Group may continue to apply enforcement activities for loans written off and any subsequent recoveries are recognised as impairment gains in the income statement.

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of financial assets measured at amortised cost and as a provision in the case of loan commitments.

Derivatives held for risk-management purposes and hedge accounting

The Group adopts hedge accounting and accounts for derivative instruments in accordance with IFRS 9.

The Group does not hold derivative financial instruments for trading but may enter into contracts for derivatives to manage exposure to interest-rate risk.

Derivatives are initially recognised at fair value at the date the contract is entered into and subsequently measured at fair value. The timing of recognition of any resulting gain or loss on the derivative depends on the nature of the hedging relationship. The Group will designate such derivatives as hedging instruments of the fair value of recognised assets or liabilities or of future cash flows.

At inception, the Group documents the relationship between the hedging instrument and the hedged item along with its risk-management objectives and strategy. At inception and afterwards on a continuing basis, the Group assesses whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the income statement.

If a hedging relationship ceases to meet the hedge-effectiveness requirements but the risk-management objective remains the same, the Group adjusts the hedge, i.e. it rebalances the relationship, so that it again meets the qualifying criteria. Hedge accounting is discontinued only for that part of the hedged item or hedging instrument that is no longer part of the relationship.

In hedge relationships involving options, the Group designates only the option's intrinsic value. In such cases the time-value component of the option's fair value is deferred in other comprehensive income, as a cost of hedging, over the term of the hedge to the extent that it relates to the hedged item. The hedged items so designated by the Group are related to time periods, and the amount of the original time value of the option that relates to the hedged item is amortised from equity to the income statement, within other net income, on a straight-line basis over the term of the hedging relationship.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised through other comprehensive income in the cash flow-hedging reserve. Amounts so recognised are reclassified to the income statement in the periods when the cash flows of the hedged item affect the income statement and in the same line of the income statement as those cash flows.

The Group discontinues hedge accounting when the derivative is terminated or when the hedging relationship ceases to meet the qualifying criteria. Any cumulative amount existing in equity at that time remains until the hedged cash flows affect the income statement when it is reclassified to the income statement.

For designated and qualifying fair value hedges, the change in fair value (and resulting gain or loss) of the hedging instrument is recognised through profit and loss. The gain or loss of the hedged item is also recognised through profit and loss, whilst the carrying value of the hedged item is adjusted on the balance sheet. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Securitisation

Where the Group securitises its own financial assets, this is achieved via the sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors.

SPEs used to raise funds through securitisation transactions are consolidated into the Group's operations in accordance with IFRS 10 *Consolidated Financial Statements* as if they were wholly owned subsidiaries. Financial assets transferred to SPEs under securitisation agreements are not derecognised by the Group because it retains the risks and rewards of ownership, and all financial assets and liabilities related to the SPE continue to be held on the Group's consolidated statement of financial position.

Investments

Investments in subsidiaries are stated at cost less provision for impairment. Investments are assessed for impairment on at least an annual basis, or as and when impairment triggers are identified.

Climate-related matters

In making the judgements and estimates required for preparation of these financial statements, the directors have had regard to the potential impacts of climate-related factors. For the current reporting period, it has been judged that no material adjustment to the judgements or methods of estimation is required to reflect the potential impacts of climate related matters, based upon the information available at the balance sheet date. For further information, please refer to the Climate report.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

2. Significant accounting policies *continued*

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Land and buildings	Buildings over 50 years, straight-line; land not depreciated
Fixtures and fittings	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Computer equipment	3-5 years straight-line on cost

All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each reporting date. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is more than the recoverable amount, an impairment charge is recognised in the income statement.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised net within administrative expenses in the income statement.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment allowances. The estimated useful life of three to five years is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

During the current year, the useful lives of all software was reviewed and reassessed due to the Group's programme of investment in technology in the future. As a result, the estimated useful lives were changed for those assets expected to be replaced by the investment in new technology. This change in estimate has been accounted for prospectively and hence the effect of the change of £0.5m has been recognised in the current year's income statement. The amount of the effect in future periods is not disclosed because estimating it at this stage is impracticable, however it will be recognised in future periods' profit and loss.

Intangible assets consist wholly of expenditure relating to computer software incurred in respect of individual projects and are capitalised only if all of the following conditions are met:

- an intangible asset is created that can be separately identified;
- the Group is deemed to have control over the intangible asset;
- it is probable that the intangible asset created will generate future economic benefits; and
- the development cost of the intangible asset can be measured reliably.

This type of expenditure is amortised on a straight-line basis over the expected useful life of the asset.

Where the above conditions for capitalisation are not met, development expenditure is recognised as an expense in the period in which it is incurred.

All intangible assets are reviewed for indications of impairment at least annually. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is more than the recoverable amount, an impairment charge is recognised in the income statement.

Cloud computing arrangements

The Group entered into a number of Software-as-a-Service ('SaaS') agreements relating to its transformation programme. As the SaaS providers retain control over the software, the Group does not qualify as having 'control' over the underlying systems. Accordingly, no intangible asset may be created in this regard as the definition and recognition criteria of an intangible asset per IAS 38 is not met. The subscription fees in these cloud-computing arrangements are expensed in the income statement as and when the services are incurred.

The costs involved in the configuration and customisation of the SaaS products does not result in the creation of an intangible asset. If the SaaS provider performs the configuration and customisation work, then the costs are recorded as a prepayment and released to the income statement over the SaaS term, as significant work performed by the SaaS provider is not distinct from the SaaS. This is summarised as follows:

- If the Group's employees and/or a third party perform the work, then the costs are expensed as incurred.
- If the SaaS provider performs the work, then the costs are recorded as a prepayment, and released to the income statement over the SaaS term.

In addition, the various other costs involved in the configuration and customisation of the SaaS products giving rise to internally generated ancillary bespoke software, does not result in the recognition of an identifiable intangible asset due to the Group not retaining the rights to the intellectual property from the SaaS provider.

2. Significant accounting policies *continued*

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, which is reliably measurable and where it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date and are discounted to present value where the effect is material, and hence contains a level of estimation uncertainty. Where provisions are recognised in relation to live loans, they may be settled by the application of credits to customer accounts. Where this is the case, it is the Group's accounting policy to recognise a provision for the expected settlement amounts. At the point of application, the provision is utilised, and the corresponding adjustment applied within loans and advances to customers.

Where matters are less certain, such as when it is possible an obligation exists, or where the outflow of economic resources is possible but not probable, then a contingent liability is disclosed.

There is judgement required to estimate provisions and to provide useful information concerning the nature of the estimation uncertainty contained within these estimates, including the disclosure of a range of possible impacts. There is also judgement required in determining whether contingent liability disclosures are required. As these provisions and contingent liabilities are not material, it is deemed that this judgement does not give rise to a significant risk of material adjustment in carrying amounts of the Group's assets and liabilities in the next financial year.

New and revised standards, amendments, and interpretations not yet effective

Adoption of new and revised standards and interpretations during the current reporting period.

During the year ended 30 June 2024, the only new standard to come into effect is IFRS 17 – Insurance Contracts, which does not have any impact on the Group or Company.

In June 2023, the UK's Finance (No. 2) Bill 2023 was substantively enacted which included the adoption of the OECD's Pillar Two regime. The impact from Pillar Two on the Together Group has been assessed to be insignificant, given the Group's domestic UK-only operations.

A number of amendments to existing standards and interpretations have been issued by the International Accounting Standards Board ('IASB') which became effective during the year and have been adopted by the Group and Company. None of these have a significant impact on the Group or Company.

Future developments

A number of new or revised standards issued by the IASB have not yet come into effect during the year and have not been early adopted by the Group. None of these are expected to have a significant impact on the Group's or Company's financial statements.

3. Significant accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the Group's management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the amounts reported for the Group's performance and financial position. Where possible, estimates and associated assumptions are based on historical experience, objective information, or other relevant factors and are reviewed at each reporting date. Actual results may differ from these estimates, and revisions to estimates are recognised prospectively.

Significant judgements in applying the Group's accounting policies

These significant judgements are those which the directors consider result in a significant risk of material adjustment in the carrying amounts of the Group's assets and liabilities within the next financial year.

a) Loan impairment allowance

The calculation of the Group's allowance for losses on its loans and advances to customers under IFRS 9 relies on the following key judgements:

- The incorporation of forward-looking information in the measurement of expected credit losses (ECL), in particular the economic variables driving credit risk and the number and relative weightings of the scenarios used;
- Determining the criteria for a significant increase in credit risk and indicators of credit impairment; and
- Determining where there is requirement for post model adjustment and determining inputs for the calculation of ECL where there is such a requirement.

Further detail on the judgements in respect of the measurement of ECL and sensitivities thereon is set out in note 13 to the Financial statements.

b) Modifications of financial liabilities

The Group, from time to time, conducts refinancing of its wholesale funding facilities, which results in amendments to the contractual terms, in particular when refinancing private warehouse facilities. Depending on the facts and circumstances the assessment can be straightforward and in other cases significant judgement may be required to determine whether the amendments constitute a substantial or non-substantial contractual modification under IFRS 9. This can require the calculation of the change in the carrying value of the facility implied by the new contractual terms, which requires judgement to be applied in forecasting the amounts and timings of future cash flows in order to determine if the modification meets the 10% threshold, which would result in a substantial modification and therefore de-recognition of the existing instrument. There have been no substantial modifications under IFRS 9 in the current year or prior year.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

3. Significant accounting judgements and key sources of estimation uncertainty *continued*

In addition, qualitative factors applied in accordance with our accounting policies require consideration, and significant judgement is required to determine which factors are indicative that a substantial modification has occurred. Further details in respect of modifications of financial liabilities can be found in note 19 to the Financial statements.

Key sources of estimation uncertainty

a) Loan impairment allowance

The Group utilises macroeconomic forecasts and the other assumptions and estimates necessary for the calculation of ECL. Further detail on these estimates and assumptions and sensitivities thereon is set out in note 13 to the Financial statements.

b) Interest income recognition

Interest on loans and advances to customers is recognised using the effective interest rate ('EIR') method. The EIR of a financial instrument is the rate which exactly discounts the estimated future cash flows of the instrument to its carrying amount. In calculating the EIR, all contractual terms of the financial instrument are taken account of, including transaction costs and other premiums or discounts, but not expected credit losses.

The estimation of future cash flows requires the Group to estimate the expected behavioural lives of groups of assets. The Group utilises models which draw upon the Group's actual historical experience, however there is estimation uncertainty to the extent that future performance may not mirror that of the past. For loans with a fixed rate period which revert onto a variable rate, income recognition is assessed for the fixed and variable period separately, therefore no future income beyond that of the fixed rate period is recognised as part of the EIR approach for fixed rate lending.

The fees recognised on an EIR basis through interest income on loans and advances to customers are recognised based on expected weighted average behavioural lives. At 30 June 2024, the Group had £46.0m (2023: £38.6m) of deferred fees net of commission that are recognised over the expected behavioural life of the loan. A change in the weighted average behavioural life by +/-10% leads to an impact on interest income on loans and advances to customers of £(1.0m) and £0.9m respectively.

c) Fair value of derivatives held for risk management

The fair value of derivatives is the price that would be received to sell a derivative asset or paid to transfer a derivative liability in an orderly transaction between market participants at the measurement date. The valuations of these instruments are derived from valuation models that use forecast future interest-rate curves, which is subject to estimation uncertainty. Further detail on the judgements in respect of derivatives held for risk management purposes is set out in note 12 to the Financial statements.

4. Interest receivable and similar income

	2024	2023
Interest income calculated using the effective interest method		
On loans and advances to customers	760.1	568.3
Other interest and similar income		
On cash and cash equivalents	16.2	4.6
Total interest receivable and similar income	**776.3**	**572.9**

Included within interest on loans and advances to customers is £14.7m (2023: £11.1m) relating to discount unwind of stage 3 credit impaired loans.

5. Interest payable and similar charges

	Note	2024	2023
On borrowings		439.0	282.9
On lease liabilities	26	1.5	1.5
On derivatives in qualifying and discontinued hedging relationships		(33.5)	(12.6)
Total interest payable and similar charges		**407.0**	**271.8**

6. Administrative expenses

	Note	2024	2023
Staff costs	7	74.0	67.6
Other staff related costs		10.6	6.9
Auditor's remuneration	9	1.2	0.9
Depreciation of property, plant and equipment	16	2.8	2.8
Amortisation of intangible assets	17	4.3	3.1
Release of provisions for liabilities and charges	20	(0.7)	(1.0)
Legal and professional costs		5.6	3.5
IT costs		9.9	7.7
Other administrative costs		8.4	9.5
Total administrative expenses		**116.1**	101.0

Included within administrative expenses is £6.9m of costs in relation to the Group's transformation project (2023: £nil). In the prior year, staff costs included £8.4m of costs relating to a discretionary bonus along with a £3.4m release of previously accrued costs relating to the Group's strategic options review. These costs have been adjusted for in the calculation of underlying metrics within the Alternative Performance Measures section of the Notes to the Financial statements.

7. Staff costs

The average monthly number of employees, including executive directors, was:

	2024 No.	2023 No.
Full time	720	705
Part time	66	61
Average monthly employees	**786**	766

The aggregate payroll costs included in administrative expenses, including directors' remuneration as detailed in note 8, was as follows:

	Note	2024	2023
Wages and salaries		63.8	58.1
Social security costs		8.1	7.7
Pension	27	2.1	1.8
Total staff costs	6	**74.0**	67.6

8. Directors' remuneration

	Note	2024	2023
Remuneration		10.9	17.6
Company contribution to personal pension schemes	27	–	–
Total directors' remuneration		**10.9**	17.6

The remuneration of the highest paid director were £4.4m (2023: £5.8m) with no Company contributions (2023: no Company contributions) to a defined contribution pension scheme for any directors. Details of the pension arrangements operated by the Group are given in note 27.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

9. Auditor's remuneration

	2024	2023
Fees payable for the audit of the Group and Company's accounts	**0.4**	0.4
Fees payable for the audit of the Company's subsidiaries	**0.5**	0.4
Audit-related assurance services	**0.1**	0.1
Other assurance services	**0.2**	–
Total auditor's remuneration	**1.2**	0.9

10. Taxation

	2024	2023
Current tax		
Corporation tax	**44.1**	27.1
Adjustment in respect of prior years	**(0.9)**	0.5
Total current tax charge	**43.2**	27.6
Deferred tax		
Origination and reversal of temporary differences	**2.0**	2.3
Adjustment in respect of prior years	**(0.4)**	(0.9)
Effect of tax rates	**–**	(0.3)
Total deferred tax charge	**1.6**	1.1
Total taxation	**44.8**	28.7

Corporation tax is calculated at 25.0% (2023: 20.5%) of the estimated taxable profit for the year which reflects the change in UK corporation tax rate in the period as discussed below.

The differences between the Group tax charge for the year and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2024	2023
Profit before tax	**194.0**	158.6
Tax on profit at standard UK corporation tax rate of 25.0% (2023: 20.5%)	**48.5**	32.5
Effects of:		
Expenses not deductible for tax purposes	**4.7**	0.6
Income not taxable	**(3.2)**	(0.5)
Other tax repaid	**(0.1)**	–
Group relief [1]	**(3.8)**	(3.2)
Adjustment in respect of prior years	**(1.3)**	(0.4)
Changes in tax rate	**–**	(0.3)
Group tax charge for year	**44.8**	28.7

1. The group referred to is a tax group headed by Redhill Famco Limited, the ultimate parent company of Together Financial Services Limited.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The net deferred tax asset at 30 June 2024 has been calculated at 25%, to reflect the expected timing of reversal of the related temporary differences, resulting in a £nil (2023: £0.3m) increase in the value of the net deferred tax asset.

In June 2023, the UK's Finance (No. 2) Bill 2023 was substantively enacted which included the adoption of the OECD's Pillar Two regime. The impact from Pillar Two on the Together Group has been assessed to be insignificant, given the Group's domestic UK-only operations.

11. Cash and cash equivalents

	2024	2023
Unrestricted cash	**84.1**	84.3
Restricted cash	**252.1**	238.5
Total cash and cash equivalents	**336.2**	322.8

Restricted cash is held in securitisation vehicles for use in managing the Group's securitisation facilities. It is ring-fenced under the terms of the securitisation agreements and is not readily available. Within restricted cash, £17.0m (2023: £41.7m) represents amounts that could be accessed by the Group, for example by allocating additional eligible assets into the private securitisations. The balance of restricted cash represents amounts which are held within the securitisations for other purposes and may be accessible in future, such as cash reserves or amounts paid over as deferred consideration.

All cash and cash equivalents held by the Group are denominated in pounds sterling.

12. Derivatives held for risk management

The Group applies both cash flow and fair value hedge accounting. Firstly, cash flow hedge accounting is used for interest rate swaps/caps entered into to mitigate the interest-rate risk on floating-rate liabilities in certain of its securitisation vehicles that are used for funding fixed rate lending. The Group then uses fair value hedge accounting for the interest rate swap that was entered into to mitigate the interest rate risk arising from fixed rate liabilities, held within Jerrold Finco PLC, that fund variable rate lending.

Cash flow hedging

The notional amounts on the interest rate swaps/caps entered into in relation to floating rate liabilities are designated against a proportion of floating-rate notes funding fixed-rate mortgages, decline over time in line with the expected repayment of the mortgages.

The effectiveness of this strategy is assessed by comparing the changes in fair value of the interest-rate derivatives with changes in the fair value of the hedged floating-rate notes and uses the hypothetical-derivative method.

The Group establishes the hedging ratio by matching the notional amount of the derivative with the corresponding floating-rate notes. In these hedging relationships, the main potential sources of ineffectiveness are:

- Repayment of the notes faster than the decline in the notional amount of the derivative
- For interest-rate swaps, the inclusion of transaction costs or off-market interest rates in the fixed-rate leg
- Changes in the credit risk of either party
- Differences in the expected maturity of the hedged item and the hedging instrument

Fair value hedging

The notional amount on the interest rate swap entered into in relation to fixed rate liability in Jerrold Finco PLC remains constant, in line with the liability.

The Group designates the benchmark rate of interest component of the variable rate debt instrument and separate the mid-market benchmark rate of the hedged item on the designation date, being a separately identifiable and relationally measurable risk component. This allows for the fair value movements on both the instrument and the hedged item to be accounted for in the accounts through the P&L account. With the fair value movements moving inversely these amounts net off in the P&L account to the degree the hedge is effective. Any ineffectiveness is left recorded in the P&L account.

The following table analyses derivatives held for risk-management purposes by type of instrument:

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps – cash flow	**12.9**	**(4.4)**	61.8	(0.1)
Interest-rate swaps – fair value	**2.7**	**–**	–	–
Interest-rate caps	**–**	**–**	0.5	–
Derivatives held for risk management	**15.6**	**(4.4)**	62.3	(0.1)

All derivatives mature in one to five years. The average fixed interest rate on swaps under cash flow hedging is 3.746%. The average fixed rate on swaps under fair value hedging is 7.875%.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

12. Derivatives held for risk management *continued*

The following tables set out details of the exposures hedged by the Group:

Year ended 30 June 2024	Carrying amount of hedged liabilities	Changes in fair value for calculating hedge ineffectiveness	Cash flow hedging reserve
Borrowings cash flow hedged by interest-rate swaps			
Continuing cash flow hedging relationships	1,833.6	(19.1)	(2.8)
Discontinued cash flow hedging relationships	–	–	(2.0)
	1,833.6	(19.1)	(4.8)
Borrowings fair-value hedged by interest-rate caps			
Continuing hedging relationships	450.0	(2.7)	–
Total of all borrowings hedged by derivatives	2,283.6	(21.8)	(4.8)

Year ended 30 June 2023	Carrying amount of hedged liabilities	Changes in fair value for calculating hedge ineffectiveness	Cash flow hedging reserve
Borrowings cash flow hedged by interest-rate swaps and floors			
Continuing cash flow hedging relationships	1,155.2	41.1	(43.8)
Discontinued cash flow hedging relationships	–	4.8	(5.5)
	1,155.2	45.9	(49.3)
Borrowings cash flow hedged by interest-rate caps			
Continuing cash flow hedging relationships	15.9	(0.1)	(0.1)
Total of all borrowings hedged by derivatives	1,171.1	45.8	(49.4)

12. Derivatives held for risk management *continued*

Details of instruments used to hedge borrowings are set out below:

Year ended 30 June 2024	Notional amount	Carrying amounts: Derivative assets	Carrying amounts: Derivative liabilities	Carrying amounts: Net total	Debit/(credit) balance: Cash flow-hedging reserve	Debit/(credit) balance: Cost-of-hedging reserve	Fair-value losses through income statement
Interest-rate swaps							
Continuing cash flow hedging relationships	1,833.6	12.9	(4.4)	8.5	(2.8)	–	11.1
Continuing fair value hedging relationships	450.0	2.7	–	2.7	–	–	–
Discontinued hedges	–	–	–	–	(2.0)	–	–
	2,283.6	15.6	(4.4)	11.2	(4.8)	–	11.1
Interest-rate caps							
Borrowings	–	–	–	–	–	–	0.1
Total of all derivatives	2,283.6	15.6	(4.4)	11.2	(4.8)	–	11.2

Year ended 30 June 2023	Notional amount	Carrying amounts: Derivative assets	Carrying amounts: Derivative liabilities	Carrying amounts: Net total	Debit/(credit) balance: Cash flow-hedging reserve	Debit/(credit) balance: Cost-of-hedging reserve	Fair-value (gains)/losses through income statement
Interest-rate swaps							
Continuing cash flow hedging relationships	1,155.2	61.8	(0.1)	61.7	(43.8)	–	2.6
Discontinued hedges	–	–	–	–	(5.5)	–	–
	1,155.2	61.8	(0.1)	61.7	(49.3)	–	2.6
Interest-rate caps							
Borrowings	15.9	0.5	–	0.5	(0.1)	–	(0.5)
Total of all derivatives	1,171.1	62.3	(0.1)	62.2	(49.4)	–	2.1

All interest-rate-cap balances relate to continuing hedging relationships. The following tables summarise the movements relating to hedging instruments.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

12. Derivatives held for risk management *continued*

For the year ended 30 June 2024	Net derivative assets/(liabilities)	Cash flow-hedging reserve	Cost-of- hedging reserve	Fair-value (gains)/losses through income statement
	Debit/credit balance			
All derivatives				
Balances at the beginning of the period	62.2	(49.4)	–	–
Payments on purchase of derivatives	5.1	–	–	–
Changes in fair value recognised in other comprehensive income	(16.5)	19.1	–	(4.1)
Hedge ineffectiveness recognised as (gains)/losses in the income statement	(9.5)	–	–	13.7
Total changes in fair value for calculating hedge ineffectiveness	(26.0)	19.1	–	9.6
Changes on settlement of interest or its reclassification to income statement	(29.1)	26.1	–	7.2
Amounts released on cancellations of derivatives	(0.7)	(0.5)	–	(5.4)
Payments on discontinuance of hedging relationships	(0.3)	(0.1)	–	(0.2)
Balances at end of the period	11.2	(4.8)	–	11.2

For the year ended 30 June 2023	Net derivative assets/(liabilities)	Cash flow-hedging reserve	Cost-of-hedging reserve	Fair-value (gains)/losses through income statement
	Debit/credit balance			
All derivatives				
Balances at the beginning of the period	11.2	(11.0)	(0.1)	–
Payments on purchase of derivatives	13.7	–	–	–
Changes in fair value recognised in other comprehensive income	45.8	(45.9)	0.1	–
Hedge ineffectiveness recognised as losses/(gains) in the income statement	2.8	–	–	(2.8)
Total changes in fair value for calculating hedge ineffectiveness	48.6	(45.9)	0.1	(2.8)
Changes on settlement of interest or its reclassification to income statement	(11.0)	7.5	–	4.9
Amounts released on cancellations of derivatives	(0.1)	–	–	–
Payments on discontinuance of hedging relationships	(0.2)	–	–	–
Balances at end of the period	62.2	(49.4)	–	2.1

During the year, the Group has transacted a number of swaps at off-market rates which has resulted in net fair-value losses for the year of £11.2m (30 June 2023: £2.1m). The Group's hedging relationships are otherwise generally highly effective, with other changes in the fair value of derivatives largely mirrored in hedging reserves.

13. Loans and advances to customers

	30 June 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total
Gross loans and advances to customers	5,768.7	1,057.3	684.3	7,510.3
Loss allowance on loans and advances to customers	(10.4)	(24.6)	(111.4)	(146.4)
Loans and advances to customers	5,758.3	1,032.7	572.9	7,363.9
ECL coverage (%)	0.2	2.3	16.3	1.9

	30 June 2023			
	Stage 1	Stage 2	Stage 3 and POCI	Total
Gross loans and advances to customers	4,575.3	1,459.5	485.2	6,520.0
Loss allowance on loans and advances to customers	(17.6)	(30.6)	(61.6)	(109.8)
Loans and advances to customers	4,557.7	1,428.9	423.6	6,410.2
ECL coverage (%)	0.4	2.1	12.7	1.7

There are no loans to related parties included within loans and advances to customers at 30 June 2024. There were gross loans to related parties of £0.8m at 30 June 2023 included within the table above, equivalent to £0.3m net of allowances to Sunnywood Estates Limited, a company in which HN Moser is a director and shareholder. Further information on related parties and related party transactions is disclosed in note 25.

Group gross balances of credit impaired loans include £15.4m (2023: £17.1m) of purchased or originated credit impaired (POCI) loans, which are presented net of lifetime ECL impairment provisions of £1.8m (2023: £1.9m).

Measurement of expected credit losses (ECL)

ECL model

The Group considers whether financial assets are credit impaired at each reporting date. For these purposes, it considers default to occur, and such loans are considered to be credit impaired, in any of the following circumstances relating to a loan:

- It becomes 90 days or more past due.
- Its security has been taken into possession.
- The appointment of receivers.
- There is evidence of fraud.
- Loans which have entered into a debt recovery strategy due to circumstances that indicate default

The Group calculates its ECL using a statistical model based on probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- PD is an estimate of the likelihood of default over a given time horizon, estimated at a point in time. The calculation is based on statistical models that utilise both market and internal data, based on current conditions adjusted to take into account estimates of future conditions that will impact PD and estimates for customer prepayment behaviour. For development loans, PDs are assigned using a slotting approach which comprises a range of quantitative and qualitative criteria.
- LGD is an estimate of the likely loss in the event of a default. The expected loss amounts vary according to loan-to-value (LTV) ratios and future collateral prices. The estimates are based on the Group's history of recovery rates, calculated as forced-sale discounts, and the probability of repossession given default (PPGD), discounted at the original effective interest rate of the loan for the average period for recovery of sale proceeds. The LGD calculation includes floors, i.e. minimum losses, which are assigned based on the LTV of the loan and the type of security and have been developed from historical data.
- EAD is an estimate of the expected gross carrying amount at a future default date. EAD is based on the current loan amount adjusted for expected repayments of principal, contractual drawdowns of loan commitments, and the impact of missed payments which would be expected for an account in default.

ECL is calculated at an individual loan level as the product of PD, LGD and EAD, discounted to the reporting date.

In accordance with IFRS 9, the Group uses a three-stage model for impairment based on changes in credit quality since initial recognition:

- A financial instrument not credit-impaired on initial recognition is classified in stage 1. The loss allowance for such instruments is calculated as the portion of lifetime ECL of those default events expected to occur within 12 months of the reporting date, weighted by the probability of that default occurring.
- An instrument moves to stage 2 if there is an increase in its credit risk that is significant but not such that the instrument is considered credit impaired. The loss allowance for stage 2 instruments is calculated as the lifetime ECL. The determination of significant increases in credit risk is explained further, later in this section.
- Stage 3 instruments are credit impaired, and the loss allowance calculated as the lifetime ECL.

Improvements in credit quality may result in instruments moving categorisation, from stage 3 to stage 2 where they are no longer considered credit impaired or to stage 1 where the credit risk is no longer significantly increased compared with initial recognition. Such transitions generally occur only after the completion of a probationary period.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

13. Loans and advances to customers *continued*

The Group undertakes back-testing and validation procedures in order to assess the reasonableness of assumptions and judgements applied in calculating ECLs. The results of these procedures are considered in determining the ongoing appropriateness of key judgements and inputs, which are subject to oversight from the Audit Committee.

During the year, the Group has made no individually material adjustments to the model.

Post-model adjustments

The Group makes post-model adjustments to its ECL provision where appropriate to reflect factors or risks that are not judged to be fully reflected in the model, which is done on both a portfolio level, as well as adjustments relating to specific loans.

Portfolio level post-model adjustments are made for potential risks that may emerge where additional coverage is judged to be appropriate at the time that are deemed to be not fully reflected in the ECL model. This includes additional coverage to factor in potential model limitations. Specific loan post-model adjustments are made in relation to specific loans where further information on the loan becomes known that would require adjustments to be made to the ECL calculation for that loan to reflect the identified risk. This includes incorporating latest information on the valuation of the security, including probability weighted outcomes, and specific changes to data parameters where more loan specific parameters are appropriate. At 30 June 2024, total post-model adjustments are £40.8m (30 June 2023: £27.3m).

Incorporation of forward-looking information

Variables

The Group uses forward-looking information in its measurement of ECL and in identifying significant increases in credit risk (discussed in the next section). The Group's statistical analysis of historical data has confirmed that the key economic variables that drive credit risk, and the ECL for the Group's financial instruments, are unemployment, Bank Rate, and changes in house prices. The Group has developed a range of future economic scenarios of these variables, drawing on external forecasts where appropriate.

Scenarios

The Group calculates ECL using macroeconomic scenarios, calibrated around a base case. This approach provides an ability to assess a range of economic uncertainty. In the year, the Group has moved from using six scenarios to using four scenarios, now that macroeconomic uncertainty has somewhat reduced, with one upside and two downside scenarios being deemed to be sufficient coverage of different macroeconomic outlooks.

The base case is weighted at 60% (2023: 50%) and is therefore deemed to be the most likely macroeconomic outcome. As shown in the table on the following page, this scenario assumes that Bank Rate decreases over the next year and subsequent years, some steady reduction in the unemployment rate, and continued growth in house prices.

There is one upside scenario which is weighted at 15% (2023: two upside scenarios; upside and mild upside weighted at 10% each) which reflects the Bank Rate remaining high due to continued consumer confidence keeping inflation high compared to the base case, with unemployment falling faster and stronger house price growth. The upside used at 30 June 2024 is comparable to the mild upside used at 30 June 2023 but has been renamed now that there is only one upside scenario.

There are two downside scenarios; downside and severe downside weighted at 15% and 10% respectively (2023: three downsides; stagnation, downside and severe downside, weighted at 10% each). The downside scenarios assume faster reductions to the Bank Rate in a recessionary environment, with increasing unemployment and house price falls. The nature of the downside scenario is most closely aligned to the experience during the 2008 global financial crisis, with the severe downside economic scenario representing a severely stressed environment and therefore has a lower weighting in the model.

Judgement is required to set the scenario weightings to consider the interaction between the severity of the scenarios and the weightings applied. Management has sought to assess the reasonableness of the probabilities by comparing the weighted average of each economic indicator with other available macroeconomic forecasts, in addition to benchmarking the base case scenario.

To project the economic variables for the remaining term of each instrument, it is assumed that the forecasts used in all scenarios revert to our long-term base case forecast beyond a 10-year horizon.

13. Loans and advances to customers *continued*

The most significant assumptions used for the ECL estimate as at 30 June 2024, by economic indicator, until June 2028 are as follows.

Bank Rate	Month base rate cut to below 5.0%	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside[1]	June 2027	15%	5.6	5.8	5.8	5.8	5.3	5.0	3.9
Base	Dec 2024	60%	5.0	4.8	4.5	4.3	3.8	3.5	3.3
Downside	Sep 2024	15%	4.9	4.3	3.8	3.3	1.9	1.5	1.5
Severe downside	Sep 2024	10%	4.8	4.0	3.4	2.6	1.1	0.8	0.8
Weighted average			**5.1**	**4.8**	**4.5**	**4.2**	**3.4**	**3.2**	**2.8**

Unemployment rate	% peak	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside[1]	4.3%	15%	4.2	4.1	4.0	3.8	3.7	3.6	3.6
Base	4.4%	60%	4.4	4.4	4.3	4.2	3.8	3.8	3.7
Downside	6.9%	15%	4.8	5.1	5.3	5.6	6.6	6.9	6.7
Severe downside	7.3%	10%	4.9	5.3	5.5	5.8	6.9	7.3	7.1
Weighted average			**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.6**	**4.5**

Annual change in house-price index (%)	Start to trough % change	Weighting	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2026	Jun 2027	Jun 2028
Upside[1]	n/a	15%	2.0	2.8	2.9	2.6	4.9	7.3	3.8
Base	n/a	60%	1.3	1.8	1.7	1.0	2.9	4.9	3.9
Downside	(9.0%)	15%	(1.5)	(2.9)	(5.2)	(7.7)	(2.3)	(0.4)	4.3
Severe downside	(18.1%)	10%	(2.8)	(5.0)	(8.2)	(11.5)	(5.2)	(3.7)	4.6
Weighted average			**0.6**	**0.5**	**(0.1)**	**(1.3)**	**1.6**	**3.6**	**4.0**

1. The upside scenario used at 30 June 2024 is comparable to the mild upside scenario used at 30 June 2023 but has been renamed to upside now that there is only one upside scenario.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

13. Loans and advances to customers *continued*

The most significant assumptions used for the ECL estimate as at 30 June 2023 by scenario, until June 2027 were as follows.

Bank Rate	Peak %	Peak	Weighting	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Jun 2025	Jun 2026	Jun 2027
Upside	7.0	Mar 2024	10%	5.8	6.8	7.0	7.0	6.8	5.6	4.6
Mild upside	6.8	Mar 2024	10%	5.6	6.5	6.8	6.8	6.1	4.9	3.9
Base	6.3	Mar 2024	50%	5.2	5.9	6.2	6.3	5.7	4.8	4.2
Stagnation	6.5	Jun 2024	10%	5.4	6.1	6.4	6.5	5.9	5.0	4.4
Downside	5.3	Mar 2024	10%	5.0	5.1	5.2	5.3	3.9	2.4	1.3
Severe downside	7.0	Mar 2024	10%	5.9	6.3	7.0	6.7	4.7	2.7	2.0
Weighted average				**5.4**	**6.1**	**6.3**	**6.3**	**5.6**	**4.4**	**3.7**

Unemployment rate	% peak	Weighting	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Jun 2025	Jun 2026	Jun 2027
Upside	3.5%	10%	3.5	3.4	3.3	3.3	3.3	3.3	3.3
Mild upside	3.8%	10%	3.8	3.8	3.8	3.8	3.7	3.6	3.6
Base	4.2%	50%	3.9	4.0	4.0	4.1	4.2	3.8	3.8
Stagnation	6.7%	10%	4.4	4.7	5.0	5.3	6.5	6.7	6.5
Downside	7.0%	10%	4.4	4.8	5.1	5.4	6.7	7.0	6.7
Severe downside	7.3%	10%	4.5	4.9	5.3	5.7	7.1	7.3	7.1
Weighted average			**4.0**	**4.2**	**4.3**	**4.4**	**4.8**	**4.7**	**4.6**

Annual change in house-price index (%)	Peak to trough % change	Weighting	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Jun 2025	Jun 2026	Jun 2027
Upside	(2.8%)	10%	(0.1)	(1.5)	(1.3)	(0.2)	0.3	6.0	5.7
Mild upside	(6.1%)	10%	(1.1)	(2.9)	(3.3)	(2.7)	(1.2)	4.8	5.4
Base	(11.0%)	50%	(2.5)	(5.0)	(6.0)	(6.0)	(3.3)	2.6	5.3
Stagnation	(18.8%)	10%	(3.8)	(7.2)	(9.3)	(10.4)	(6.4)	(0.6)	5.5
Downside	(21.8%)	10%	(4.5)	(8.3)	(10.7)	(12.3)	(7.9)	1.9	8.5
Severe downside	(27.4%)	10%	(5.5)	(10.0)	(13.2)	(15.4)	(10.4)	(0.6)	8.7
Weighted average			**(2.8)**	**(5.5)**	**(6.8)**	**(7.1)**	**(4.2)**	**2.5**	**6.0**

Six scenarios were used at the year ended 30 June 2023 compared to the four scenarios used as at the year ended 30 June 2024. The upside and stagnation scenarios are no longer used, whilst the "mild upside" scenario has been renamed to be the "upside" scenario for the year ended 30 June 2024.

Significant increases in credit risk, forbearance and contract modifications

The Group monitors all financial instruments that are subject to credit risk to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase, then the Group measures the loss allowance based on a lifetime rather than a 12-month ECL.

The Group uses qualitative and quantitative criteria including:

- A loan becoming 30 days or more past due;
- Certain qualitative indicators, such as those used in the servicing of the loan which indicate increased credit risk;
- Increases in internal risk scores on certain portfolio accounts;
- External credit bureau data signifying increases in credit risk for a customer;
- There is an increase in the lifetime PD of the loan since origination, which is judged to be significant; and
- Loans which exhibit certain indicators of increased credit risk, such as forborne accounts as described below, or specific accounts where stage overrides are made on a specific case basis.

The Group offers forbearance to assist customers who are experiencing financial distress and considers an account as forborne at the time a customer in financial difficulty is granted a concession. For accounting purposes, any gains or losses arising upon granting forbearance are usually not material because losses are already included in ECLs. Subsequently, the Group may determine after a probationary period that a restructuring has significantly improved credit risk such that the asset is moved back to stage 1.

13. Loans and advances to customers *continued*

Loss allowance

The following tables analyse the movement of the loss allowance during the years ended 30 June 2024 and 30 June 2023.

Loss allowance	2024 Stage 1	2024 Stage 2	2024 Stage 3 and POCI	2024 Total
Balance at beginning of year	(17.6)	(30.6)	(61.6)	(109.8)
Transfer to a 12-month ECL	(12.9)	12.9	–	–
Transfer to a lifetime ECL not credit impaired	7.2	(8.4)	1.2	–
Transfer to a lifetime ECL credit impaired	0.2	16.2	(16.4)	–
Changes due to stage movement[1]	6.1	(15.3)	(15.9)	(25.1)
Other changes in credit risk during the year	(0.1)	(8.7)	(33.7)	(42.5)
Impairment of interest income on stage 3 loans	–	–	(14.7)	(14.7)
New financial assets originated[2]	(4.1)	(3.7)	(0.5)	(8.3)
Financial assets derecognised	4.0	8.8	12.0	24.8
Changes in models and risk parameters	6.8	4.2	(1.2)	9.8
Impairment losses for the year charged to the income statement	7.2	6.0	(69.2)	(56.0)
Unwind of discount	–	–	14.7	14.7
Write-offs net of recoveries	–	–	4.7	4.7
Balance at end of year	(10.4)	(24.6)	(111.4)	(146.4)

Loss allowance	2023 Stage 1	2023 Stage 2	2023 Stage 3 and POCI	2023 Total
Balance at beginning of year	(7.1)	(27.1)	(51.5)	(85.7)
Transfer to a 12-month ECL	(17.2)	17.2	–	–
Transfer to a lifetime ECL not credit impaired	12.6	(15.0)	2.4	–
Transfer to a lifetime ECL credit impaired	0.7	16.7	(17.4)	–
Changes due to stage movement[1]	13.0	(5.3)	(8.6)	(0.9)
Other changes in credit risk during the year	(26.9)	(27.6)	(10.4)	(64.9)
Impairment of interest income on stage 3 loans	–	–	(11.0)	(11.0)
New financial assets originated[2]	(5.6)	(2.3)	(1.8)	(9.7)
Financial assets derecognised	6.1	9.8	12.5	28.4
Changes in models and risk parameters	6.8	3.0	5.4	15.2
Impairment losses for the year charged to the income statement	(10.5)	(3.5)	(28.9)	(42.9)
Unwind of discount	–	–	11.0	11.0
Write-offs net of recoveries	–	–	7.8	7.8
Balance at end of year	(17.6)	(30.6)	(61.6)	(109.8)

The loss allowance has increased by £36.6m to £146.4m (2023: £109.8m).

This net movement in loss allowance comprises a range of drivers which are reconciled further in the table below. The principal changes can be summarised as follows:

- Changes in models and risk parameters resulted in a release of £9.8m (2023: release £15.2m). The main drivers of this change were updates to macroeconomic data based on latest actuals and forecasts, as well as updates to model parameters.
- Offsetting this release, presented within the "other changes in credit risk" row, is a £13.5m (2023: £15.9m) charge from increases in post model adjustments to £40.8m (2023: £27.3m) as a result of identifying potential further risk on accounts not fully captured by the ECL model, where additional coverage was deemed appropriate.

[1] A new line has been added, "Changes due to stage movement," and the "transfers to stages" lines have been reworked to provide a clearer analysis of balances moving between stages. As a result, the comparative period has also been re-presented to allow comparability to the current period.

[2] All new originations are in stage 1 and POCI. The table above shows items originating in stage 1, which have moved to stage 2 or 3 during the year.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

13. Loans and advances to customers *continued*

- Allowances recognised on newly originated loans resulted in a charge of £8.3m (2023: charge £9.7m) due to the forward-looking nature of the ECL approach, where all loans have some level of allowance from origination.
- The impairment of interest income recognised on stage 3 loans, a charge of £14.7m (2023: £11.0m), was offset by the unwinding of discounting on expected cash flows; a release of £14.7m (2023: £11.0m).
- The remaining net £24.2m charge (2023: £13.7m charge) comprises of increases in ECL during the life of loans, offset where allowances are released on loans which redeem. This has been driven by a growing loan book, increases in arrears levels, changes to probabilities of default assigned to the loans, changes to valuations as a result of indexation and individual revaluations, and lower releases from redemptions compared to the prior year.

Impairment losses for the period also increased to a charge of £54.1m (2023: charge £42.4m). In the current year, the principal components of the charge can be summarised as:

- Maintaining the coverage on the balance sheet, for a growing loan book contributed £21.1m (2023: £26.9m) to the charge due to the changes in the balance sheet of £16.4m (2023: £19.1m), in addition to replacing balance sheet coverage utilised by write-offs of £4.7m (2023: £7.8m).
- Impairment of interest charged on certain stage 3 loans of £14.7m (2023: £11.0m) as described above, which also acts to maintain the level of coverage on the loan book.
- Increasing the post model adjustments as described above has contributed a further £13.5m (2023:£16.0m) to the charge.

Impairment losses for the period

	30 June 2024	30 June 2023
Movements in impairment allowance, charged to income	(56.0)	(42.9)
Amounts released from deferred income	0.4	0.4
Write-offs net of recoveries	1.5	0.1
Charge to the income statement	**(54.1)**	**(42.4)**

The following tables set out changes in the gross carrying amount of loans and advances to customers that contributed to the changes in the loss allowance:

	2024			
Movements in gross carrying amounts	Stage 1	Stage 2	Stage 3 and POCI	Total
Balance at beginning of year	4,575.2	1,459.6	485.2	6,520.0
Transfer to a 12-month ECL	1,158.3	(1,158.3)	–	–
Transfer to a lifetime ECL not credit impaired	(1,432.9)	1,499.5	(66.6)	–
Transfer to a lifetime ECL credit impaired	(17.2)	(418.3)	435.5	–
New financial assets originated	2,742.5	45.4	2.1	2,790.0
Financial assets derecognised including write-offs	(1,257.2)	(370.6)	(171.9)	(1,799.7)
Balance at end of year	**5,768.7**	**1,057.3**	**684.3**	**7,510.3**

	2023			
Movements in gross carrying amounts	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	3,879.0	1,042.5	412.1	5,333.6
Transfer to a 12-month ECL	1,157.5	(1,157.5)	–	–
Transfer to a lifetime ECL not credit impaired	(2,088.4)	2,155.6	(67.2)	–
Transfer to a lifetime ECL credit impaired	(15.4)	(286.6)	302.0	–
New financial assets originated	2,613.0	31.1	4.2	2,648.3
Financial assets derecognised including write-offs	(970.5)	(325.5)	(165.9)	(1,461.9)
Balance at end of year	4,575.2	1,459.6	485.2	6,520.0

Analysis of stage 2 loans

	30 June 2024		30 June 2023	
Days past due	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
> 30 days past due	106.3	5.9	94.1	9.2
< 30 days past due	951.0	18.6	1,365.4	21.4
Total	**1,057.3**	**24.5**	1,459.5	30.6

13. Loans and advances to customers *continued*

Significant accounting estimates

Key areas of estimation uncertainty in the ECL models are the macroeconomic scenarios used, and the calculations of loss given default and probability of default. The sensitivities below were performed by recalculating the impairment allowance by changing only those assumptions stated, and with all other variables unchanged.

Macroeconomic scenarios

The following table shows unweighted ECL when 100% probability was applied to each scenario as at 30 June 2023 and 30 June 2024.

	2024	
Scenarios	Probability of the scenario	Unweighted ECL
Upside	**15%**	**99.7**
Base case	**60%**	**125.2**
Downside	**15%**	**203.3**
Severe downside	**10%**	**258.1**
Weighted average		**146.4**

	2023	
Scenarios	Probability of the scenario	Unweighted ECL
Upside	10%	62.0
Mild upside	10%	71.7
Base case	50%	94.3
Stagnation	10%	135.1
Downside	10%	154.9
Severe downside	10%	202.8
Weighted average		109.8

The mild upside scenario at 30 June 2023 has been renamed as the upside scenario at 30 June 2024 now that there is only one upside scenario.

Utilising multiple economic scenarios reflects the non-linearity of the forward-looking ECL approach.

Sensitivities can be derived from this table by applying different combinations of probabilities to the unweighted ECLs and comparing these with the weighted average which is the amount recorded within the statement of financial position.

Loss given default

The LGD model uses current security values and forecast HPI assumptions to project property values for each of the economic scenarios. An immediate and sustained 10% reduction in forecast house prices applied in each scenario (i.e. a 10% cut applied to the index in each forecast future period) would result in an increase in the impairment allowance of £25.5m at 30 June 2024 (30 June 2023: £19.1m); conversely, a 10% increase would result in a decrease in the impairment allowance of £19.6m at 30 June 2024 (30 June 2023: £14.5m).

Probability of default and probability of repossession given default

A 10% relative worsening of both PDs and PPGDs simultaneously (e.g. a 1.0% PD increasing to 1.1%) would increase the total impairment allowance by £5.9m at 30 June 2024 (30 June 2023: £8.3m). A 10% relative improvement of both PDs and PPGDs simultaneously (eg a 1.0% PD decreasing to 0.9%) would result in a decrease in the impairment allowance by £5.6m at 30 June 2024 (30 June 2023: £7.9m).

Significant accounting judgements

Key areas of judgement in the ECL models include judgements about which loans have been subject to a significant increase in credit risk since initial recognition and therefore should be classified as stage 2, with a resultant loss allowance based on a lifetime rather than a 12-month ECL.

The sensitivity below was performed by recalculating the impairment allowance by changing only the item stated, and with all other variables unchanged. These were performed at an account level and hence excludes post model adjustments.

	Increase in allowance	
Sensitivities	2024	2023
Measure all loans in stage 1 using a lifetime ECL	**20.2**	28.5

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

14. Other assets

Group	2024	2023
Amounts owed by related parties	**2.2**	1.3
Prepayments and accrued income	**6.9**	6.1
Other assets	**1.0**	3.3
Total other assets	**10.1**	10.7

Company	2024	2023
Amounts owed by related parties	**1,202.9**	1,419.4
Prepayments and accrued income	**5.8**	6.2
Other assets	**0.5**	0.2
Total other assets	**1,209.2**	1,425.8

Amounts owed by related parties of the Group are mainly in respect of companies in which HN Moser is a director and shareholder, including amounts owed by parent undertakings. Also included within amounts owed by the related parties is £0.4m (2023: £0.4m) in relation to a director's loan. The loan is interest free and repayable on demand.

For the Company, amounts owed by related parties are primarily balances with subsidiary companies and also includes £0.5m (2023: £0.1m) in respect of non-subsidiary companies of which HN Moser is a director and shareholder.

The Company regularly assesses whether there is evidence that financial assets are impaired. The Group has continued to report substantial profits and the directors do not consider that there has been a significant increase in credit risk; accordingly, any ECL for the amounts owed by subsidiaries is considered to be immaterial.

15. Investments in subsidiaries

The Company held the following investments in subsidiary undertakings:

	2024	2023
At beginning of year	**35.2**	35.5
Capital injections	**10.0**	–
Impairment	**–**	(0.3)
At end of year	**45.2**	35.2

During the current year, there was a capital contribution of £10.0m paid from the parent, Together Financial Services Limited, to Blemain Finance Limited. Impairment in the prior year related to Companies under members voluntary liquidation which is part of a process to simplify the Group structure.

The Company has the following subsidiaries, all of which are incorporated in Great Britain and are registered in England and Wales and operate throughout the United Kingdom:

Subsidiary companies' names	Company numbers	Shares and voting rights	Principal activities
Blemain Finance Limited	01185052	100%	Retail lending
Bridging Finance Limited	03166982	100%	Commercial lending
FactFocus Limited	01402330	100%	Property investment
Harpmanor Limited	01954109	100%	Commercial lending
Jerrold Finco PLC	04949914	100%	Raising finance
Spot Finance Limited	01998543	100%	Non-trading
Supashow Limited	02544317	100%	Non-trading
Together Commercial Finance Limited	02058813	100%	Commercial lending
Together Financial Services (Retail) Ltd (Formally: Auction Finance Limited)	04949929	100%	Commercial lending
Together Personal Finance Limited	02613335	100%	Retail lending

The above are all owned via direct holdings of ordinary share capital, with the exception of Spot Finance Limited which is held by Blemain Finance Limited. The registered address of all subsidiaries is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

The employee benefit trust, Jerrold Holdings Employee Benefit Trust, is treated as a branch of the Company and therefore its results are included within these Financial statements.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

15. Investments in subsidiaries *continued*

The results of the following securitisation vehicles are consolidated in the Group accounts:

- Brooks Asset Backed Securitisation 1 Limited
- Charles Street Conduit Asset Backed Securitisation 2 Limited
- Delta Asset Backed Securitisation 2 Limited
- Highfield Asset Backed Securitisation 1 Limited
- Lakeside Asset Backed Securitisation 1 Limited
- Together Asset Backed Securitisation 2019 – 1 PLC
- Together Asset Backed Securitisation 2020 – 1 PLC
- Together Asset Backed Securitisation 2021 – CRE1 PLC
- Together Asset Backed Securitisation 2021 – CRE2 PLC
- Together Asset Backed Securitisation 2021 – 1ST1 PLC
- Together Asset Backed Securitisation 2022 – 2ND1 PLC
- Together Asset Backed Securitisation 2022 – 1ST1 PLC
- Together Asset Backed Securitisation 2022 – CRE-1 PLC
- Together Asset Backed Securitisation 2023 – 1ST1 PLC
- Together Asset Backed Securitisation 2023 – 1ST2 PLC
- Together Asset Backed Securitisation 2024 – 2ND1 PLC
- Together Asset Backed Securitisation 2024 – 1ST1 PLC
- Together Asset Backed Securitisation 2023 – CRE-1 PLC
- Fairway Asset Backed Securitisation 1 Limited
- Adalo Asset Backed Securitisation Limited

16. Property, plant and equipment

2024 Group	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Right-of-use assets	Total
Cost					
At beginning of year	0.5	11.5	3.0	35.5	50.5
Additions	–	0.5	0.5	–	1.0
Disposals	–	–	(0.4)	–	(0.4)
At end of year	0.5	12.0	3.1	35.5	51.1
Depreciation					
At beginning of year	–	7.1	1.4	9.8	18.3
Charge for the year	–	1.3	0.4	1.1	2.8
Disposals	–	–	(0.3)	–	(0.3)
At end of year	–	8.4	1.5	10.9	20.8
Net book value					
At 30 June 2024	0.5	3.6	1.6	24.6	30.3
At 30 June 2023	0.5	4.4	1.6	25.7	32.2

2023 Group	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Right-of-use assets	Total
Cost					
At beginning of year	0.5	10.5	2.6	35.5	49.1
Additions	–	1.1	1.0	–	2.1
Disposals	–	(0.1)	(0.6)	–	(0.7)
At end of year	0.5	11.5	3.0	35.5	50.5
Depreciation					
At beginning of year	–	5.9	1.0	8.9	15.8
Charge for the year	–	1.2	0.7	0.9	2.8
Disposals	–	–	(0.3)	–	(0.3)
At end of year	–	7.1	1.4	9.8	18.3
Net book value					
At 30 June 2023	0.5	4.4	1.6	25.7	32.2
At 30 June 2022	0.5	4.6	1.6	26.6	33.3

2024 Company	Fixtures, fittings and equipment	Motor vehicles	Right-of-use assets	Total
Cost				
At beginning of year	11.5	3.0	35.5	50.0
Additions	0.5	0.5	–	1.0
Disposals	–	(0.4)	–	(0.4)
At end of year	12.0	3.1	35.5	50.6
Depreciation				
At beginning of year	7.1	1.4	9.8	18.3
Charge for the year	1.3	0.5	1.1	2.9
Disposals	–	(0.3)	–	(0.3)
At end of year	8.4	1.6	10.9	20.9
Net book value				
At 30 June 2024	3.6	1.5	24.6	29.7
At 30 June 2023	4.4	1.6	25.7	31.7

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

16. Property, plant and equipment *continued*

2023 Company	Fixtures, fittings and equipment	Motor vehicles	Right-of-use assets	Total
Cost				
At beginning of year	10.5	2.6	35.5	48.6
Additions	1.1	1.0	–	2.1
Impairment	(0.1)	(0.6)	–	(0.7)
At end of year	11.5	3.0	35.5	50.0
Depreciation				
At beginning of year	5.9	1.0	8.9	15.8
Transfer of assets	1.2	0.7	0.9	2.8
Charge for the year	–	(0.3)	–	(0.3)
At end of year	7.1	1.4	9.8	18.3
Net book value				
At 30 June 2023	4.4	1.6	25.7	31.7
At 30 June 2022	4.6	1.6	26.6	32.8

17. Intangible assets

Group and Company	Computer software 2024	Computer Software 2023
Cost		
At beginning of year	**28.7**	23.1
Additions	**6.3**	7.2
Disposals	**–**	(1.6)
At end of year	**35.0**	28.7
Amortisation		
At beginning of year	**17.5**	16.0
Charge for the year	**4.3**	3.1
Disposals	**–**	(1.6)
At end of year	**21.8**	17.5
Net book value		
At end of year	**13.2**	11.2
At beginning of year	**11.2**	7.1

At 30 June 2024, £5.3m of the £6.3m additions to intangibles represents cash outflows and is included as investment in intangible assets within the statements of cash flows. The remaining £1.0m relates to an accrual of software capitalisation which represents a non-cash flow item.

18. Deferred tax asset

2024 Group	Accelerated capital allowances	Short-term timing differences	Total
At beginning of year	(0.6)	8.3	7.7
Release/(charge) to income statement	0.3	(2.2)	(1.9)
Adjustment in respect of prior years	(0.1)	0.5	0.4
At end of year	(0.4)	6.6	6.2

2023 Group	Accelerated capital allowances	Short-term timing differences	Total
At beginning of year	(0.6)	9.4	8.8
Release/(charge) to income statement	0.1	(2.4)	(2.3)
Adjustment in respect of prior years	(0.1)	1.0	0.9
Effect of changes in tax rates	–	0.3	0.3
At end of year	(0.6)	8.3	7.7

2024 Company	Accelerated capital allowances	Short-term timing differences	Total
At beginning of year	(0.6)	2.6	2.0
Release/(charge) to income statement	0.3	(0.6)	(0.3)
Adjustment in respect of prior years	–	0.3	0.3
At end of year	(0.3)	2.3	2.0

2023 Company	Accelerated capital allowances	Short-term timing differences	Total
At beginning of year	(0.7)	2.1	1.4
Release/(charge) to income statement	0.1	(0.6)	(0.5)
Adjustment in respect of prior years	–	0.8	0.8
Effect of changes in tax rates	–	0.3	0.3
At end of year	(0.6)	2.6	2.0

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

19. Borrowings

Group	Note	2024	2023
Revolving credit facility		–	70.0
Loan notes		5,564.7	4,511.3
Subordinated shareholder loans		22.8	33.7
Lease liabilities	26	28.4	29.1
		5,615.9	4,644.1
Senior secured notes		950.0	1,055.2
Fair value adjustment due to hedging on senior secured notes		2.7	–
Senior secured notes at end of year		952.7	1,055.2
Debt issue costs		(25.3)	(19.0)
Total borrowings		6,543.3	5,680.3

Of which:

Due for settlement within 12 months	660.6	515.1
Due for settlement after 12 months	5,882.7	5,165.2
Total borrowings	6,543.3	5,680.3

Company	Note	2024	2023
Revolving credit facility		–	70.0
Subordinated shareholder loans		22.8	33.7
Lease liabilities	26	28.4	29.1
		51.2	132.8
Debt issue costs		(0.6)	(0.9)
Total borrowings		50.6	131.9

Of which:

Due for settlement within 12 months	1.2	1.1
Due for settlement after 12 months	49.4	130.8
Total borrowings	50.6	131.9

Interest accrued on the funding facilities is presented within other liabilities. Please refer to note 21 for further information.

19. Borrowings *continued*

Loan notes have the following features:

Loan facility	Established	Securitisation type	Facility type	Facility size (£m)	Maturity
ADALO ABS	2024	Wholesale funding	Revolving	150.0	Mar 2028
Brooks ABS	2021	Wholesale funding	Amortising	74.5	Mar 2028
Charles Street ABS 2	2022	Wholesale funding	Revolving	1,251.5	Mar 2026
Delta ABS 2	2019	Wholesale funding	Revolving	400.0	Dec 2025[1]
Highfield ABS	2018	Wholesale funding	Revolving	725.0	Dec 2027
Lakeside ABS	2015	Wholesale funding	Revolving	825.0	Apr 2026
Together ABS 5	2021	Public securitisation	Amortising	135.1	Oct 2025
Together ABS 6	2022	Public securitisation	Amortising	190.3	May 2026
Together ABS 7	2022	Public securitisation	Amortising	289.2	Jun 2026
Together ABS 8	2023	Public securitisation	Amortising	338.7	Apr 2027
Together ABS 9	2023	Public securitisation	Amortising	363.1	Sep 2027
Together ABS 10	2024	Public securitisation	Amortising	253.7	Jan 2028
Together ABS 11	2024	Public securitisation	Amortising	344.6	May 2028
Together CRE1	2021	Public securitisation	Amortising	104.4	Feb 2025
Together CRE2	2021	Public securitisation	Amortising	136.4	Feb 2026
Together CRE3	2022	Public securitisation	Amortising	264.7	Oct 2026
Together CRE4	2023	Public securitisation	Amortising	335.0	Nov 2027

1. Following the post-year end refinancing of Delta ABS 2 in August 2024, its maturity date has been extended to December 2028.

In the case of the amortising facilities, the maturity date shown is the date of the option to call the facility and the facility size is shown as the amortised position at the balance sheet date. The maturity dates for revolving facilities include an amortisation period covering one year prior to the maturity date, except for Lakeside ABS which has no amortisation period.

The maturity date on the revolving credit facility (RCF) is September 2026, with a total facility size of £138.3m.

The senior secured notes are initially measured at fair value, and subsequently measured at amortised cost, however is subject to a fair value adjustment, for the hedged risk only, due to the adoption of fair value hedge accounting with respect to the interest rate swap of the bond. Accordingly, whilst the carrying value of the bond is £950.0m at year-end, this is subject to a fair value adjustment relating to the hedged risk of £2.7m, resulting in a closing balance of £952.7m at year-end.

Subordinated shareholder loans were originally issued on 2 November 2016, although their maturity extensions in the current year resulted in the derecognition and re-recognition of subordinated shareholder loans. They are interest-free loans totalling £68.1m, which comprised £25.1m due in 2036 after maturity extension during the year, and £43.0m due in 2036.The difference between the nominal value and the initial fair value represents a capital contribution, and the further extension of the 2027 notes during the year has resulted in a net increase in the carrying value of the loans of £13.2m, and a corresponding modification gain through income which was then transferred to non-distributable reserves.

The difference between the total nominal value of £68.1m and the initial fair values on origination or extension of £15.4m represents a cumulative non-distributable capital contribution of £52.7m, £7.4m of which has amortised by 30 June 2024 (30 June 2023: £13.5m). The remainder of the reserve will be amortised over the life of the instruments.

The Group has undertaken the following refinancing activity during and subsequent to the year ended 30 June 2024:

- In July 2023, the Group issued an RMBS, Together ABS 8, raising £404.4m of external funding.
- In September 2023, the Group refinanced its BABS facility, extending its maturity to March 2028 with an additional £55.0m of funding secured.
- Also in September 2023, the Group issued a further RMBS, Together ABS 9, raising £425.0m of external funding, whilst in the same month repaying its Together ABS 3 facility.
- In November 2023, the Group issued an RMBS, Together CRE 4, raising £367.0m of external funding.
- In December 2023, the Group upsized and extended the maturity date on its HABS facility, increasing the facility size by £200.0m.
- In January 2024, the Group issued an RMBS, Together ABS 10, raising £283.8m in external funding.
- In March 2024, the Group issued its first development facility, ADALO ABS, raising £150.0m of external funding.
- In April 2024, the Group announced the issuance of £450m in aggregate principal at a coupon rate of 7.875% in Senior Secured Notes due 2030. The gross proceeds of the Notes were used to both redeem £555.0m in aggregate principal amount of the Senior Secured Notes due 2026 and pay fees and expenses in connection with the offering of the Notes.
- In May 2024, the Group issued an RMBS, Together ABS 11, raising £378.0m of external funding.
- Also in May 2024, the Group redeemed its Fairway Asset Backed Securitisation 1 Limited (FABS) facility.
- In August 2024 the Group refinanced its DABS facility securing an additional £200m, resulting in a total facility size of £600m and extending the maturity date to December 2028.

Refer to note 26 for more details in relation to the lease liabilities.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

19. Borrowings *continued*

Debt-issue costs, which consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes, are deducted from the loan carrying amounts and charged to interest expense over the expected duration or term of the facility or notes as appropriate.

Borrowings have the following maturities:

As at 30 June 2024:

Group	<1 year	1-2 years	2-5 years	>5 years	Total
Loan notes	662.5	3,156.9	1,745.3	–	5,564.7
Senior secured notes	–	–	500.0	452.7	952.7
Subordinated shareholder loans	–	–	–	22.8	22.8
Lease liabilities	1.2	1.1	2.5	23.6	28.4
	663.7	3,158.0	2,247.8	499.1	6,568.6
Debt-issue costs	(3.1)	(6.0)	(13.7)	(2.5)	(25.3)
Total borrowings	660.6	3,152.0	2,234.1	496.6	6,543.3

Company	<1 year	1-2 years	2-5 years	>5 years	Total
Revolving credit facility	–	–	–	–	–
Subordinated shareholder loans	–	–	–	22.8	22.8
Lease liabilities	1.2	1.1	2.5	23.6	28.4
	1.2	1.1	2.5	46.4	51.2
Debt-issue costs	–	–	(0.6)	–	(0.6)
Total borrowings	1.2	1.1	1.9	46.4	50.6

As at 30 June 2023:

Group	<1 year	1-2 years	2-5 years	>5 years	Total
Revolving credit facility	–	–	70.0	–	70.0
Loan notes	516.0	306.2	3,689.1	–	4,511.3
Senior secured notes	–	–	1,055.2	–	1,055.2
Subordinated shareholder loans	–	–	19.3	14.4	33.7
Lease liabilities	1.1	1.1	2.4	24.5	29.1
	517.1	307.3	4,836.0	38.9	5,699.3
Debt-issue costs	(2.0)	(1.8)	(15.2)	–	(19.0)
Total borrowings	515.1	305.5	4,820.8	38.9	5,680.3

Company	<1 year	1-2 years	2-5 years	>5 years	Total
Revolving credit facility	–	–	70.0	–	70.0
Subordinated shareholder loans	–	–	19.3	14.4	33.7
Lease liabilities	1.1	1.1	2.4	24.5	29.1
	1.1	1.1	91.7	38.9	132.8
Debt-issue costs	–	–	(0.9)	–	(0.9)
Total borrowings	1.1	1.1	90.8	38.9	131.9

20. Provisions and contingent liabilities

Provisions

	Customer provisions	Other provisions	Total
Balance at beginning of year	3.1	4.1	7.2
Release for the year	(0.2)	(0.5)	(0.7)
Provisions utilised	(2.6)	(0.7)	(3.3)
Balance at end of year	0.3	2.9	3.2

As at 30 June 2024, the Group has recognised provisions of £3.2m (30 June 2023: £7.2m). Estimating the amount of provisions requires the exercising of judgement, with the amounts representing the best estimate of the amount required to settle or transfer the obligation at the reporting date.

The Group continually focuses on improving its customer processes and responding to changes in customer needs. In the prior year, the regulated division continued to identify ways to improve customer experience and outcomes, including the further development and delivery of a framework aimed at ensuring consistency of customer outcomes, which seeks to build upon and enhance existing practices, policies and procedures. The framework has a particular focus on customers who have experienced financial difficulty and has seen reductions applied to such customer account balances.

As a financial services company, the Group is required to comply with relevant legislation, and has processes in place to meet these standards and to manage any legal claims against the Group. Where such claims are received, the Group will investigate the facts and circumstances and will defend claims without merit.

Other provisions substantially represents a provision for such legal claims, which includes both legal claims already received but not yet concluded, and an expectation for future claims which are yet to be received, but relate to events which are judged to have already occurred, and the anticipated costs of undertaking these processes for claims which are received by the Group.

Contingent liabilities – fixed and floating charges

As at 30 June 2024, the Group's assets were subject to a fixed and floating charge in respect of £950.0m senior secured notes (30 June 2023: £1,055.0m) and £nil in respect of revolving credit facility (30 June 2023: £70.0m).

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

21. Other liabilities

Group	2024	2023
Trade and other creditors	4.3	4.4
Other taxation and social security	1.7	1.5
Accruals and deferred income	33.6	26.0
Accrued interest on borrowings	48.2	49.9
Total other liabilities	87.8	81.8

Company	2024	2023
Amounts owed to related parties	1,024.3	1,093.7
Trade and other creditors	2.7	2.4
Other taxation and social security	1.7	1.5
Accruals and deferred income	31.3	23.7
Accrued interest on borrowings	0.4	0.5
Total other liabilities	1,060.4	1,121.8

Amounts owed to other related parties of the Company are primarily balances with subsidiary companies.

22. Share capital

Authorised	2024	2023
10,405,653 A ordinary shares of 50 pence each	5.2	5.2
9,149,912 B ordinary shares of 49.9 pence each	4.6	4.6
921,501 C ordinary shares of 1 penny each	–	–
70,000 D ordinary shares of 1 penny each	–	–
10,000 E ordinary shares of 1 penny each	–	–
Total	9.8	9.8

Issued, allotted and fully paid	2024	2023
10,405,653 A ordinary shares of 50 pence each	5.2	5.2
9,149,912 B ordinary shares of 49.9 pence each	4.6	4.6
921,501 C ordinary shares of 1 penny each	–	–
70,000 D ordinary shares of 1 penny each	–	–
Total	9.8	9.8

A ordinary shares carry voting rights, rights to certain dividends and rights to participate in a distribution (including on winding up) as set out in the articles of association. The holders of B, C and D ordinary shares do not have voting rights, but do have rights to certain dividends and participation in a distribution (including on winding up) as set out in the articles of association. E ordinary shares have been issued, and the Company's directors are authorised to allot up to 10,000 E ordinary shares to holders of D ordinary shares.

11,620 of the D Ordinary shares are held in an employee benefit trust and accounted for as treasury shares.

23. Financial instruments and fair values

The Group measures fair values using the following hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Measurements derived from observable data, such as market prices or rates; and

Level 3: Measurements relying on significant inputs not based on observable market data.

Financial instruments measured at fair value

The following table analyses the fair values as at the year end of financial instruments measured at fair value, analysed into different levels according to the degree to which they are based on observable inputs:

2024	Level 1	Level 2	Level 3	Fair value	Carrying value
Derivative assets/(liabilities) held for risk management – Interest-rate risk					
Derivative assets	–	15.6	–	15.6	15.6
Derivative liabilities	–	(4.4)	–	(4.4)	(4.4)

2023	Level 1	Level 2	Level 3	Fair value	Carrying value
Derivative assets/(liabilities) held for risk management – Interest-rate risk					
Derivative assets	–	62.3	–	62.3	62.3
Derivative liabilities	–	(0.1)	–	(0.1)	(0.1)

The Group's derivative assets at 30 June 2024 and 2023 were interest-rate swaps and caps; its derivative liabilities at 30 June 2024 were interest-rate swaps. The valuations of these instruments are level 2, being derived from generally accepted valuation models that use forecast future interest-rate curves derived from market data.

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

23. Financial instruments and fair values *continued*

Financial instruments not measured at fair value

All the Group's other financial assets and liabilities are held at amortised cost. The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The following table analyses the fair values of loans and advances and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

2024	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	**–**	**–**	**7,347.6**	**7,347.6**	**7,363.9**
Financial liabilities					
Borrowings	**936.3**	**2,755.2**	**2,852.5**	**6,544.0**	**6,543.3**

2023	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	–	–	6,317.3	6,317.3	6,410.2
Financial liabilities					
Borrowings	903.9	2,261.5	2,367.7	5,533.1	5,680.3

The fair value of loans and advances to customers is based on future interest cash flows (at current customer rates) and principal cash flows discounted using the rate at which we most recently advanced similar loans (a market rate). This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets. Forecast principal repayments are based on redemption at maturity with an overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour. A further adjustment is made to reflect expected credit losses over the life of each loan.

For borrowings, the fair value of senior secured notes is considered to be level 1, reflecting quoted prices. The fair value of the £500.0m SSNs 2027 is lower than the carrying value as the notes are trading at a discount to their par value as at 30 June 2024. The fair value of the £450.0m SSN 2030 is higher than the carrying value as the notes are trading at a premium to their par value as at 30 June 2024.

The fair value of loan notes issued by private securitisations is estimated to be the carrying value because the notes track a floating rate of interest but where the margins payable are observable inputs only when they are issued or refinanced. These notes are classified as level 3 with publicly issued residential mortgage-backed securities classified as level 2. The revolving credit facility is classified as level 2 given this is a private facility without quoted market prices, but with observable inputs.

Subordinated shareholder loans and lease liabilities are also classified as level 3. Market prices are not available for these loans and so fair value has been estimated by discounting the related expected future cash flows. As market rates are not observable for these loans, management has derived discount rates by reference to other arm's length transactions with investors, making allowance for the tenor and seniority of the loans.

24. Notes to the statement of cash flows

Group	2024	2023
Adjustments for non-cash items in profit after tax:		
Interest payable	407.0	271.8
Impairment losses	54.1	42.4
Taxation	44.8	28.7
Release in provisions for liabilities	(0.7)	(1.0)
Depreciation and amortisation	7.1	6.0
Net losses on financial instruments	11.2	2.1
Loss on disposal of fixed assets	0.1	–
Total	523.6	350.0

	2024	2023
Changes in operating assets and liabilities		
Increase in loans and advances to customers	(1,007.8)	(1,204.7)
Increase in other operating assets	(4.1)	(3.2)
Increase/(decrease) in other operating liabilities	2.8	(26.2)
Total	(1,009.1)	(1,234.1)

Additional information on cash flows from operating activities		
Interest income receipts	659.5	484.7

Company	2024	2023
Adjustments for non-cash items in profit after tax:		
Interest payable	1.8	60.2
Taxation	0.1	0.6
Depreciation and amortisation	7.1	6.0
Net losses on financial instruments	0.4	–
Share-based payment	–	(3.7)
Impairment of investment in subsidiaries	–	0.3
Loss on disposal of fixed assets	0.1	–
Total	9.5	63.4

	2024	2023
Changes in operating assets and liabilities		
Increase/(decrease) in other assets	137.3	(1.1)
Increase in other liabilities	4.9	41.6
Total	142.2	40.5

Additional information on cash flows from operating activities		
Interest income receipts	15.7	4.3
Dividends received	13.0	–

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

24. Notes to the statement of cash flows *continued*

Reconciliation of changes in liabilities arising from financing activities

As at 30 June 2024:

Group	At beginning of year	Net cash flows	Non-cash changes: Lease additions	Non-cash changes: Amortisation of debt issue costs	Non-cash changes: Amortisation of premiums and discounts	Non-cash changes: Fair value movements	At end of year
Revolving credit facility	70.0	(70.0)	–	–	–	–	–
Loan notes	4,511.3	1,053.4	–	–	–	–	5,564.7
Senior secured notes	1,055.2	(105.0)	–	–	(0.2)	2.7	952.7
Subordinated shareholder loans[1]	33.7	–	–	–	2.2	(13.1)	22.8
Lease liabilities	29.1	(1.3)	0.6	–	–	–	28.4
	5,699.3	877.1	0.6	–	2.0	(10.4)	6,568.6
Net debt issue costs	(19.0)	(13.0)	–	6.7	–	–	(25.3)
Total borrowings	5,680.3	864.1	0.6	6.7	2.0	(10.4)	6,543.3

As at 30 June 2023:

Group	At beginning of year	Net cash flows	Non-cash changes: Lease additions	Non-cash changes: Amortisation of debt issue costs	Non-cash changes: Amortisation of premiums and discounts	Non-cash changes: Fair value movements	At end of year
Revolving credit facility	–	70.0	–	–	–	–	70.0
Loan notes	3,391.9	1,119.4	–	–	–	–	4,511.3
Senior secured notes	1,055.4	–	–	–	(0.2)	–	1,055.2
Subordinated shareholder loans	31.4	–	–	–	2.3	–	33.7
Lease liabilities	29.6	(1.4)	0.9	–	–	–	29.1
	4,508.3	1,188.0	0.9	–	2.1	–	5,699.3
			–				
Net debt issue costs	(25.5)	–	–	6.5	–	–	(19.0)
Total borrowings	4,482.8	1,188.0	0.9	6.5	2.1	–	5,680.3

As at 30 June 2024:

Company	At beginning of year	Net cash flows	Non-cash changes: Lease additions	Non-cash changes: Amortisation of debt issue costs	Non-cash changes: Amortisation of premiums and discounts	Non-cash changes: Fair value movements	At end of year
Revolving credit facility	70.0	(70.0)	–	–	–	–	–
Subordinated shareholder loans[1]	33.7	–	–	–	2.2	(13.1)	22.8
Lease liabilities	29.1	(1.3)	0.6	–	–	–	28.4
	132.8	(71.3)	0.6	–	2.2	(13.1)	51.2
Net debt issue costs	(0.9)	–	–	0.3	–	–	(0.6)
Total borrowings	131.9	(71.3)	0.6	0.3	2.2	(13.1)	50.6

1. Two subordinated loans to a related party, Midco2 Limited, totalling £25.1m had their maturity extended in the year from September 2027 to November 2036. This resulted in the accounting derecognition of the loans due in 2027, and a recognition of the loans of the same value due in 2036.

24. Notes to the statement of cash flows *continued*

As at 30 June 2023:

Company	At beginning of year	Net cash flows	Non-cash changes IFRS 16 adjustment	Amortisation of debt issue costs	Amortisation of premiums and discounts	Fair value movements	At end of year
Revolving credit facility	–	70.0	–	–	–	–	70.0
Subordinated shareholder loans	31.4	–	–	–	2.3	–	33.7
Lease liabilities	29.6	(1.4)	0.9	–	–	–	29.1
	61.0	68.6	0.9	–	2.3	–	132.8
Net debt issue costs	–	–	–	(0.9)	–	–	(0.9)
Total borrowings	61.0	68.6	0.9	(0.9)	2.3	–	131.9

25. Related party transactions

Relationships

The Company has the following related parties:

a) Controlling party

All the voting shares of Together Financial Services Limited are controlled by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited, which is ultimately controlled by HN Moser, a director of Together Financial Services Limited.

Besides the companies owned by Redhill Famco Limited, other entities owned by HN Moser are deemed to be related parties and during the year transacted with the Company's subsidiaries as follows:

Entity	Nature of transactions
Bracken House Properties LLP	The Group pays operating lease and insurance costs to Bracken House Properties LLP for its provision of the Group's head office property.
Charles Street Commercial Investments Limited, Charles Street Capital Limited, and Charles Street Finance Holdings Limited	The Group refers borrowers outside its lending criteria to Charles Street Commercial Investments Limited, Charles Street Capital Limited, and Charles Street Finance Holdings Limited. The Group performs underwriting, collection and arrears-management activities for these loans. The Group also manages accounts payable on behalf of the company and provides accounting and treasury services for which it receives a fee.
Sterling Property Co. Limited	Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group. These services solely relate to properties repossessed prior to the current year. The Group also pays Sterling Property Co. Limited for the rental of temporary office space.
Sunnywood Estates Limited	The Group provided loans with interest charged at 5% per annum, secured on certain assets of this company which was redeemed during the year. The Group also managed accounts payable on behalf of the entity.
Edgworth Developments Limited	The Group provided loans with interest charged at 5% per annum, secured on certain assets of this company which was redeemed in the prior year. The Group also managed accounts payable on behalf of the entity up to redemption.

Balances due to or from the above entities are interest-free and repayable on demand, unless otherwise stated.

b) Parent companies

The Group transacted with the following parent companies owned by HN Moser:

Entity	Nature of transactions
Bracken Midco2 Limited	In November 2016 the Company received subordinated funding from Bracken Midco2 Limited. The subordinated loans are interest-free and for fixed terms, as set out in note 19. The difference between the loans' maturity amounts and their fair values represents a capital contribution to the Group which is being amortised through income over the life of each loan. The Group pays dividends to its parent company Bracken Midco2 Limited.

c) Subsidiaries

Details of the Company's interest in its subsidiaries are listed in note 15. The Company utilises its bank and subordinated shareholder funding, and bonds raised by a subsidiary company, to provide treasury funding to its lending subsidiaries. Interest is recharged among Group companies based on the Group's external cost of borrowings and the risk of the assets funded. The cost of equity funding and group relief for tax is not charged. All amounts are repayable on demand.

d) Key management personnel

Key management personnel comprise directors of the Group. There are no transactions with directors other than the director's loan disclosed in note 14 and remuneration in the ordinary course of business disclosed in note 8.

25. Related party transactions *continued*

Transactions

The amounts receivable from and payable to related parties by the Group and Company are disclosed in notes 14 and 21 to the Financial statements. The Group and Company had the following transactions with related parties during the year:

Group	2024 Charge/ (credit) to income or equity	2024 Paid	2023 Charge to income or equity	2023 Paid/ (received)
Lease and insurance costs	1.6	1.6	2.7	2.7
Accounts payable transactions	–	0.7	–	0.6
Impairment of related party loans	(0.3)	–	–	–
Net provision of treasury funding	–	–	–	(0.7)
Related parties of HN Moser	1.3	2.3	2.7	2.6
Interest expense	2.3	–	2.2	–
Dividends paid	65.7	65.7	82.5	82.5
Parent companies	68.0	65.7	84.7	82.5
Total related parties	69.3	68.0	87.4	85.1

Company	2024 Charge/ (credit) to income or equity	2024 Paid/ (received)	2023 Charge/ (credit) to income or equity	2023 Paid/ (received)
Interest expense	2.3	–	2.2	–
Dividends paid	65.7	65.7	82.5	82.5
Parent companies	68.0	65.7	84.7	82.5
Depreciation expense of right-of-use assets	1.0	–	1.0	–
Interest expense on lease liabilities	1.5	–	1.5	–
Interest recharges	(13.9)	–	(10.0)	–
Dividends received	(13.0)	(13.0)	–	–
Net provision of treasury funding	–	(162.8)	–	(56.1)
Subsidiary companies	(24.4)	(175.8)	(7.5)	(56.1)
Total related parties	43.6	(110.1)	77.2	26.4

Notes to the financial statements *continued*

Unless otherwise indicated, all amounts are stated in £m

26. Leases

The table below sets out the amounts recognised in the income statement in respect of the Group's and Company's right-of-use assets and lease liabilities during the year ended 30 June 2024 and year ended 30 June 2023:

2024	Administrative expenses £m	Interest expense £m	Total £m
Depreciation expense of right-of-use assets	1.1	–	1.1
Interest expense on lease liabilities	–	1.5	1.5
Total recognised in the income statement	1.1	1.5	2.6

2023	Administrative expenses £m	Interest expense £m	Total £m
Depreciation expense of right-of-use assets	1.0	–	1.0
Interest expense on lease liabilities	–	1.5	1.5
Total recognised in the income statement	1.0	1.5	2.5

The below table sets out the carrying amounts of the Group's and Company's right-of-use assets and lease liabilities and the movements during the years ended 30 June 2024 and 30 June 2023.

	2024		2023	
	Right-of-use assets – leasehold property £m	Lease liabilities £m	Right-of-use assets – leasehold property £m	Lease liabilities £m
As at beginning of year	25.7	(29.1)	26.6	(29.6)
Additions	–	(0.6)	–	(0.9)
Depreciation expense	(1.1)	–	(0.9)	–
Interest expense on lease liabilities	–	(1.5)	–	(1.5)
Payments	–	2.8	–	2.9
As at end of year	24.6	(28.4)	25.7	(29.1)

The analysis of lease liabilities includes hire-purchase obligations for motor vehicles. The Group had total cash outflows for leases of £2.7m during the year ended 30 June 2024 (2023: £3.0m).

27. Pension arrangements

During the year the Group contributed to employees' personal pension plans. The total cost for the year amounted to £2.1m (2023: £1.8m).

28. Share-based payments

Senior management has previously been granted D shares and options over E shares of the Company. The ability to dispose of such shares and execute such options is conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital on a cumulative basis. The value of these shares is dependent upon the value of the Company at the time of granting and is not reassessed. Awards are treated as equity settled and are satisfied by the same entity where the obligation rests at the point awards are realised. The options over the E shares have not yet been exercised.

Share-based payment expenses for the year amounted to £nil (2023: £3.7m).

29. Commitments

The Group has commitments to extend credit which are not recorded on the balance sheet. This includes both the undrawn element of existing facilities and new commitments to lend.

As 30 June 2024, the Group had undrawn commitments to lend of £130.1m (30 June 2023: £156.0m). These relate mostly to lines of credit granted to existing customers for property development. The amounts do not represent the amounts at risk at the reporting date but the amounts that would be at risk should the facilities be fully drawn upon and should the customer default.

The ECL on the undrawn elements of existing facilities is included within the total ECL held within net loans and advances to customers. The ECL on new lending commitments is £0.2m (30 June 2023: £0.1m) and is classified within provisions for liabilities and charges.

30. Ultimate parent company

The largest (and only additional) group of which Together Financial Services Limited is a member, and for which group financial statements will be drawn up, is that headed by Redhill Famco Limited, the Company's ultimate parent company. The immediate parent company of Together Financial Services Limited is Bracken Midco2 Limited.

The registered office of Redhill Famco Limited and Bracken Midco2 Limited is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

31. Events after the reporting date

In August 2024 the Group refinanced its DABS facility securing an additional £200m, resulting in a total facility size of £600m and extending the maturity date to December 2028.

In September 2024, the Group announced the pricing of a further RMBS, Together Asset Backed Securitisation 2024 – 1st 2 PLC (TABS 12).

Glossary

2026 Senior Secured Notes (SSNs 2026)	£555m senior secured notes issued by a subsidiary of the Group, Jerrold Finco PLC and were fully repaid in the year.
2027 Senior Secured Notes (SSNs 2027)	£500.0m senior secured notes issued by a subsidiary of the Group, Jerrold Finco PLC.
2030 Senior Secured Notes (SSNs 2030)	£450.0m senior secured notes issued by a subsidiary of the Group, Jerrold Finco PLC.
ADALO ABS	ADALO Asset Backed Securitisation Limited – £150.0m development finance facility with a maturity date of 2028
Bank Rate	Bank of England Bank Rate, also known as Base Rate.
Brooks ABS	Brooks Asset Backed Securitisation 1 Limited – this is an amortising facility, which initially raised £71.0m against a loan portfolio of £96.2m, before being refinanced in September 2022 with a further £24m. In September 2023 a further £55.0m of funding was obtained whilst extending the contractual maturity to March 2028 with an option to call the facility in September 2027.
BTL	Buy-to-let.
Capital risk	The risk that the Group fails to hold adequate capital buffers and to appropriately manage the Group's capital base.
Charles Street ABS 2	Charles Street Conduit Asset Backed Securitisation 2 Limited – £1,251.5m facility with a maturity date of March 2027.
Company	Together Financial Services Limited, a private company, limited by shares, and registered in England (company number: 02939389).
Compliance risk	The risk arising from the failure to comply with existing or new legislation or regulations in the markets within which the Group operates.
Conduct risk	The risk arising from business activities that fail to deliver appropriate and consistent outcomes to customers and stakeholders.
CMBS	Commercial-mortgage-backed securitisation.
Credit risk	The risk arising as result of default by customers or counterparties due to failure to honour obligations when they fall due.
Delta ABS 2	Delta Asset Backed Securitisation 2 Limited – £400m facility with a maturity date of December 2025. In August 2024 the Group refinanced its DABS facility securing an additional £200m, resulting in a total facility size of £600m and extending the maturity date to December 2028.
Development loans	Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units.
EBITDA	Earnings before interest, tax, depreciation and amortisation. The calculation of this is shown in the following section on alternative performance measures.
Expected credit loss (ECL)	ECLs are a probability-weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate. Calculated using a statistical model based on probability of default, loss given default and exposure at default.
EIR	Effective interest rate, i.e. the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the gross carrying amount, in the case of financial assets, or to the amortised cost in the case of financial liabilities.
Enterprise risk management framework (ERMF)	This provides the requisite organisational arrangements and foundation for managing risks in a consistent and structured manner.
Fair value	The amount at which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.
Fairway ABS	Fairway Asset Backed Securitisation 1 Limited – £467m facility size for first charge owner occupied and buy-to-let loans, with a maturity date of December 2026. In May 2024, the Group redeemed its Fairway Asset Backed Securitisation 1 Limited (FABS) facility.
Financial Conduct Authority (FCA)	The FCA is the conduct regulator for financial services firms and financial markets in the UK.
Forbearance	A concession that is made on the contractual terms of a loan or mortgage in response to a borrower's financial difficulties.
Funding risk	Funding risk is the risk of being unable to access funding markets or to only be able to do so at excessive cost. This includes the risk of reduced funding options due to adverse conditions in the wholesale-funding market, potentially caused by political and economic uncertainty leading to the inability to secure additional funding for new business, or refinance existing facilities at an acceptable cost.
Highfield ABS	Highfield Asset Backed Securitisation 1 Limited – £725m facility size with a maturity date of December 2027.
IFRS	International Financial Reporting Standards.

Lakeside ABS	Lakeside Asset Backed Securitisation 1 Limited – £825m facility with a maturity date of April 2026.
Liquidity risk	Liquidity risk is the risk that the Group is unable to maintain sufficient accessible liquid financial resources to meet the Group's financial obligations as they fall due.
Loan book	This refers to the gross loans and advances to customers, i.e. before impairment allowances.
Loan origination	The process of creating a loan(s) or mortgage(s).
Loss given default (LGD)	An estimate of the likely loss, as a percentage of the loan amount, in the event of a default.
LPA	Law of Property Act. The act provides a means by which a secured lender can gain control of a freehold property against a defaulting borrower.
Loan to value (LTV)	The ratio of the carrying amount of a mortgage loan to the appraised value of the property securing the loan. The carrying amount is calculated as the aggregate of: i. the principal amount of a mortgage loan, ii. any higher-ranking-charge mortgage loans secured on the same property, iii. the accrued interest and fees thereon, iv. less allowances for impairments, and v. other accounting adjustments (including adjustments to recognise income at the effective interest rate). The appraised value is typically: i. the assessed value of real property in the opinion of a qualified appraiser or valuer, or ii. derived from an automated valuation model during the mortgage origination process, or iii. the revised valuation of the property if a later valuation has been undertaken.
Market risk	The risk arising from the Group's exposure to movements in market values, including movements in interest rates.
Net loan book	This refers to the net loans and advances to customers, i.e. loans and advances to customers after impairment allowances.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
PIK toggle notes	A PIK toggle note is a bond in which the issuer has the option, subject to certain conditions being met, to pay interest in the form of payment-in-kind (PIK) as opposed to cash interest.
Probability of default (PD)	An estimate of the likelihood of default over a given time horizon, estimated at a point in time.
Repossession and LPA receivership	Repossessed properties are properties in respect of which a court order has been actioned by a charge holder of the security or in respect of which the borrower has surrendered ownership of the property. LPA receivership is typically used to exercise security over property used for commercial-purpose loans to enable us subsequently to sell the property (LPA sales).
Revolving credit facility (RCF)	Syndicated revolving credit loan facility of £138.3m with a maturity date of September 2026.
RMBS	Residential mortgage-backed securitisation.
Senior Borrower Group (SBG)	The Company and its subsidiaries, not including its securitisation vehicles listed in note 15 to the Financial statements.
Senior management	The Executive Committee members, not including NEDs, and Executive Direct Reports (EDRs).
Shareholder funds	Equity and subordinated shareholder loans and notes. The calculation of this is shown in the section on alternative performance measures.
Strategic risk	The risk of failure to achieve objectives that impact the long-term interest of stakeholders.
TCFD	Task Force on Climate-related Financial Disclosures.
The Group	Together Financial Services Limited and its subsidiaries.
The tax group	This is the Redhill corporation tax group, which is Redhill Famco Limited, the ultimate parent company of Together Financial Services Limited, together with its subsidiaries, excluding the securitisation vehicles.

Glossary *continued*

Together ABS 3	Together Asset Backed Securitisation 2019 – 1 PLC – this was an amortising facility, which raised £315.4m against a loan portfolio of £332.0m with a contractual maturity of 2061. As there was an option to call the facility in September 2023, this was fully repaid on 15 September 2023.
Together ABS 4	Together Asset Backed Securitisation 2020 – 1 PLC – this was an amortising facility, which raised £360.5m against a loan portfolio of £366.0m with a contractual maturity of December 2061. As there was an option to call the facility in June 2024, this was fully repaid on 17 June 2024.
Together ABS 5	Together Asset Backed Securitisation 2021 – 1ST1 PLC – this is an amortising RMBS facility which raised £318.0m against a loan portfolio of £332.9m with a contractual maturity of July 2063 and an option to call the facility in October 2025.
Together ABS 6	Together Asset Backed Securitisation 2022 – 2ND1 PLC – this is an amortising RMBS facility which raised £349.8m against a loan portfolio of £366.3 with a contractual maturity of February 2054 and an option to call the facility in May 2026.
Together ABS 7	Together Asset Backed Securitisation 2022 – 1ST1 PLC – this is an amortising RMBS facility which raised £462.6m against a loan portfolio of £499.4m with a contractual maturity of June 2066 and an option to call the facility in June 2026.
Together ABS 8	Together Asset Backed Securitisation 2023 – 1ST1 PLC – this is an amortising RMBS facility which raised £404.4m against a loan portfolio of £425.5m with a contractual maturity of January 2067 and an option to call the facility in April 2027.
Together ABS 9	Together Asset Backed Securitisation 2023 - 1ST2 PLC PLC – this is an amortising RMBS facility which raised £425.0m against a loan portfolio of £442.8m with a contractual maturity of April 2065 and an option to call the facility in September 2027.
Together ABS 10	Together Asset Backed Securitisation 2024 - 2ND1 PLC PLC – this is an amortising RMBS facility which raised £283.8m against a loan portfolio of £302.3m with a contractual maturity of August 2055 and an option to call the facility in January 2028.
Together ABS 11	Together Asset Backed Securitisation 2024 - 1ST1 PLC PLC – this is an amortising RMBS facility which raised £364.6m against a loan portfolio of £378.6m with a contractual maturity of August 2064 and an option to call the facility in May 2028.
Together CRE 1	Together Asset Backed Securitisation 2021 – CRE1 PLC – this is an amortising facility which raised £194.3m against a loan portfolio of £200.0m with a contractual maturity of January 2055 and an option to call the facility in February 2025.
Together CRE 2	Together Asset Backed Securitisation 2021 – CRE2 PLC – this is an amortising facility which raised £241.6m against a loan portfolio of £249.0m with a contractual maturity of August 2052 and an option to call the facility in February 2026.
Together CRE 3	Together Asset Backed Securitisation 2022 – CRE1 PLC – this is an amortising facility which raised £365.2m against a loan portfolio of £378.4m with a contractual maturity of April 2054 and an option to call the facility in October 2026.
Together CRE 4	Together Asset Backed Securitisation 2023 – CRE1 PLC – this is an amortising facility which raised £367.0m against a loan portfolio of £380.4m with a contractual maturity of July 2055 and an option to call the facility in November 2027.
Underlying profit before tax	Underlying profit before tax (PBT) is the Group's statutory profit before tax adjusted for one-off exceptional items. In 2024, underlying PBT excludes costs related to the Group's transformation programme of £6.9m. In 2023, underlying PBT excluded one-off discretionary bonus of £8.4m and a £3.4m release of costs accrued in a prior period relating to the Group's strategic options costs.
Weighted average LTV of originations	The average LTV on originations is calculated on a weighted-average basis, by multiplying each LTV by the respective principal loan amount and then dividing the sum of the weighted LTVs by the total of principal amounts excluding further advances.
Weighted average indexed LTV of portfolio	Indexation is applied to the values of properties securing loans within our portfolio on a quarterly basis. The value of the properties securing our loans are adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices. The weighted average indexed LTV of our loan portfolio is subsequently calculated by multiplying each indexed LTV by the respective loan amount and then dividing the sum of the weighted indexed LTVs by the total amount of loans.

Alternative performance measures

In the reporting of financial information, we use certain measures that are not required under the UK adopted International Accepted Accounting Principles under which we report. These measures are consistent with some of those used by management to assess underlying performance. In addition, a number of non-IAS metrics are calculated which we consider to be helpful in understanding the performance of the Group.

These alternative performance measures have been defined below:

Cost of risk

Impairment charge expressed as a percentage of the average of the opening and closing gross loans and advances to customers.

	2024 £m	2023 £m
Impairment charge	54.1	42.4
Average net loans and advances to customers	6,887.1	5,829.1
Cost of risk	0.79%	0.73%

Cost-to-income ratio

Administrative expenses including depreciation and amortisation divided by operating income.

	2024 £m	2023 £m
Administrative expenses	116.1	101.0
Operating income	364.2	302.0
Cost-to-income ratio	31.9%	33.4%

Underlying cost-to-income ratio

Administrative expenses including depreciation and amortisation divided by operating income but excluding the effects of transformation costs.

	2024 £m	2023 £m
Administrative expenses	116.1	101.0
Add back strategic options release	–	3.4
Less discretionary bonus	–	(8.4)
Less transformation costs	(6.9)	–
Administrative expenses excluding exceptional items	109.2	96.0
Operating income	364.2	302.0
Operating income excluding exceptional items	364.2	302.0
Underlying cost-to-income ratio	30.0%	31.8%

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Profit before taxation adding back interest payable and similar charges and depreciation and amortisation.

	2024 £m	2023 £m
Profit before tax	194.0	158.6
Add back:		
Interest payable and similar charges	407.0	271.8
Depreciation and amortisation	7.1	5.9
EBITDA	608.1	436.3

Alternative performance measures *continued*

Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)

EBITDA has been adjusted for the effects of transformation costs.

	2024 £m	2023 £m
EBITDA	608.1	436.3
Add back:		
Strategic options release	–	(3.4)
Discretionary bonus	–	8.4
Transformation costs	6.9	–
Underlying EBITDA	**615.0**	441.3

Interest-cover ratio

The ratio of EBITDA to interest payable and similar charges.

	2024 £m	2023 £m
EBITDA	608.1	436.3
Interest payable and similar charges	407.0	271.8
Interest-cover ratio	**1.49:1**	1.61:1

Underlying interest-cover ratio

The ratio of underlying EBITDA to interest payable and similar charges.

	2024 £m	2023 £m
Underlying EBITDA	615.0	441.3
Interest payable and similar charges	407.0	271.8
Underlying interest-cover ratio	**1.51:1**	1.62:1

Net debt gearing

Net debt expressed as a percentage of loans and advances to customers. Net debt consists of certain borrowings facilities excluding any premiums, less cash and cash equivalents.

	2024 £m	2023 £m
Revolving credit facility	–	70.0
Loan notes	5,567.3	4,511.3
Senior secured notes	950.0	1,055.2
Less premium on senior secured notes	–	(0.2)
Less cash and cash equivalents	(336.2)	(322.8)
Net debt	**6,181.1**	5,313.5
Loans and advances to customers	**7,363.9**	6,410.2
Net debt gearing	**83.9%**	82.9%

Net interest margin (NIM)

Net interest income as a percentage of the average of the opening and closing net loans and advances to customers.

	2024 £m	2023 £m
Net interest income	369.3	301.1
Average loans and advances to customers	6,887.1	5,829.1
Net interest margin (NIM)	5.4%	5.2%

Underlying profit before tax

Calculated as the Group's statutory profit before tax adjusted for one-off exceptional items.

	2024 £m	2023 £m
Profit before tax	194.0	158.6
Add back:		
Strategic options release	–	(3.0)
Discretionary bonus	–	8.0
Transformation costs	6.9	–
Underlying PBT	200.9	163.6

Return on equity (ROE)

Calculated as the return to shareholder funds expressed as a percentage of the average of the opening and closing shareholder funds (which are defined later in this section). The return to shareholder funds is profit after tax adding back shareholder-loan interest net of associated tax at the effective tax rate.

	2024 £m	2023 £m
Profit after tax	149.2	129.9
Add back shareholder-loan interest	2.3	2.2
Less tax on shareholder-loan interest	(0.5)	(0.2)
Total return to shareholder funds	151.0	131.9
Average shareholder funds	1,140.4	1,072.9
Return on equity	13.2%	12.3%

Charitable deployment

Charitable deployment during the year is made up of the company donations included within the Directors Report, plus other charitable amounts including colleague donations and the cost of volunteering time.

	2024 £k	2023 £k
Company donations	798.8	974.9
Colleague fundraising	53.9	58.8
Colleague volunteering	68.6	68.4
Charity activities and events	57.2	34.9
Charitable deployment	978.5	1,137.0

Alternative performance measures *continued*

Underlying return on equity (underlying ROE)

Calculated as total return to the shareholder, adjusted for exceptional items and their associated tax, expressed as a percentage of the average of the opening and closing shareholder funds.

	2024 £m	2023 £m
Total return to shareholder funds	151.0	131.9
Add back exceptional items:		
Strategic options release	–	(3.4)
Discretionary bonus	–	8.4
Transformation costs	6.9	–
	6.9	5.0
Less tax on exceptional items using effective tax rate	(1.6)	(0.9)
	5.3	4.1
Underlying return to shareholder funds	156.3	136.0
Underlying average shareholder funds	1,140.4	1,072.9
Underlying return on equity	**13.7%**	12.7%

Cost-to-asset ratio

Administrative expenses expressed as a percentage of the average of the opening and closing total assets.

	2024 £m	2023 £m
Administrative expenses	116.1	101.0
Average total assets	7,316.3	6,218.7
Cost-to-asset ratio	**1.59%**	1.62%

Underlying cost-to-asset ratio

Administrative expenses, excluding exceptional items, divided by the average of the opening and closing total assets.

	2024 £m	2023 £m
Administrative expenses	116.1	101.0
Add strategic options release	–	3.4
Less discretionary bonus	–	(8.4)
Less transformation costs	(6.9)	–
Adjusted administrative expenses	109.2	96.0
Average total assets	7,316.3	6,218.7
Underlying cost-to-asset ratio	**1.49%**	1.54%

Shareholder funds

This is equity plus subordinated shareholder loans.

	2024 £m	2023 £m
Equity	1,136.4	1,084.3
Shareholder loans	22.8	33.7
Total shareholder funds	**1,159.2**	1,118.0

Further information

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

External auditor

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3DF

For further information:

Mike Davies
Director of Corporate Affairs
+ 44 7753 138185
Mike.davies@togethermoney.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C107262

This report is printed on Genyous. Manufactured at a mill certified to both ISO 14001 and the Forest Stewardship Council®.

Printed by Principal Colour.

Principal Colour are ISO 14001 certified, Alcohol Free and FSC® Chain of Custody certified.

Designed and produced by Black Sun Global.

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

togethermoney.com

investor.relations@togethermoney.com