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Time Finance PLC
20 January 2022

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Time Finance plc
(the "Group" or the "Company")

HALF YEAR RESULTS FOR SIX MONTHS ENDED 30 NOVEMBER 2021

Time Finance plc, the AIM listed independent specialist finance provider, today announces its unaudited interim results for the six-months ended 30 November 2021 ("Results" or "Interims").

Financial Highlights:
- Origination up 3% to £58.1m (H1 2020/21: £56.6m).
- Revenue* up 1% to £11.8m (H1 2020/21: £11.7m)
- Gross profit* up 3% to £7.6m (H1 2020/21: £7.4m)
- Profit before tax* up 1% to £1.2m (H1 2020/21: £1.2m)
- Blended cost of borrowings maintained at approximately 4% (year to 31 May 2021: 4%)
- Gross lending portfolio increased to £120.5m as at 30 November 2021 (31 May 2021: £115.7m)
- Net Assets increased to £58.2m as at 30 November 2021 (31 May 2021: £57.1m)
- Net Tangible Assets increased to £29.6m as at 30 November 2021 (31 May 2021: £28.4m)
- Net deals in arrears as at 30 November 2021 reduced by 26% representing 9% of the gross lending book (31 May 2021: 12%)
- Nil net deals in forbearance as at 30 November 2021 (31 May 2021: £0.8m)

** Excluding furlough Other Income of £0.165m in H1 2020/21.*

Operational Highlights:
- Accreditation from the British Business Bank to provide the Recovery Loan Scheme ("RLS") to SMEs
- £50m Invoice Finance three-year funding facility agreed with the Group's corporate bankers
- Investment made in sales resource across Asset, Invoice Finance and Commercial Loans
- Lending portfolio performance better than pre-pandemic levels and continues to improve
- UK SMEs have remained resilient during pandemic with borrowers missing payments reducing
- Strong cash position with £9.6m of cash, cash equivalents and convertible 'paper' at period end, leaving the business well placed to capitalise on future opportunities

Commenting on the Interim Results, Tanya Raynes, Non-Executive Chairman, said:

"Given the continued impact of the Covid-19 pandemic on our business sector and the wider UK economy, it is pleasing that momentum is again building in our core product offerings and that our loan book is also growing. This gives us confidence in our strategy for the medium-term. The balance sheet continues to demonstrate its resilience and it is particularly encouraging to see deals in arrears at their lowest level since late 2018. Lending to smaller SMEs will always mean there are deals in arrears. This is to be expected, and risk is priced into our model, however we are delighted to see the levels both lower than anticipated and continuing to fall. The Board continue to assess the impact of the current wave of the pandemic but remain confident the fundamentals of the business are secure, that the Group remains well placed to capture the opportunities ahead of us, and that the medium-term strategy will deliver significant growth."

This announcement contains inside information for the purposes of article 7 of Regulation (EU) No 596/2014.

For further information, please contact:

Time Finance plc
Ed Rimmer, Chief Executive Officer 01225 474230
James Roberts, Chief Financial Officer 01225 474230

Cenkos (NOMAD)
Ben Jeynes / Mac Gould (NOMAD) 0207 3978900
Julian Morse (Sales)

Walbrook PR 0207 9338780
Paul Vann / Nicholas Johnson 07768 807631
paul.vann@walbrookpr.com

About Time Finance:

Time Finance's core strategy is to focus on providing or arranging the finance UK SMEs require to fund their businesses. It offers a multi-product range for SMEs including asset, vehicle, loan and invoice finance. While primarily an 'own-book' lender the Group does operates a "hybrid" lending and broking model enabling it to optimize business levels through market and economic cycles.

More information is available on the Company website www.timefinance.com

CHIEF EXECUTIVE OFFICER'S STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 30 NOVEMBER 2021

Introduction
Time Finance plc is a multi-product speciality finance provider to UK SMEs. It is primarily a lender for the working capital requirements of UK businesses but can also act as a broker in arranging funding where appropriate.

The Group comprises three core own-book divisions - Asset Finance, Loan Finance and Invoice Finance - as well as a Broking division which primarily arranges vehicle and property finance for consumers. Lending proposals are originated through a variety of channels, sourced from national and regional finance brokers, other intermediaries such as professional firms, equipment vendors, suppliers and dealers, and direct from borrowers. This is

both via field sales personnel and also direct online. Funds are advanced to borrowers using a mix of the Group's own reserves and operational debt facilities provided by a range of wholesale funding partners.

Financial Results
The various waves of the Covid-19 pandemic mean its effects on trading activity is still being felt and normal business has yet to be fully resumed. The impact of the pandemic continues to fall primarily on the Group's non-core brokerage arms and particularly in the vehicles arena exacerbated by the well-publicised delays in sourcing vehicles. Despite the dampening effect of the brokerages, the Group has delivered a solid interim set of financial results.

Deal origination is a key performance indicator for the Group. Pleasingly, in the six-month period to 30 November, deal origination amounted to £58.1m, the highest level since the start of the pandemic and an increase of more than 24% when compared to £46.7m in the preceding six-month period to 31 May 2021. This increase has resulted in the Group's gross lending book growing to £120.5m as at 30 November 2021 compared to £115.7m at 31 May 2021. An increasing own-book lending portfolio underpins the Group's future income generation and, in turn, profitability. Crucially, the Group's own-book lending portfolio has continued to grow since the half-year period end.

When reviewing the Profit and Loss account, it is important to note that the prior half-year comparatives and the full year to 31 May 2021 include significant 'other income' from government grants in the form of the Coronavirus Job Retention Scheme which the Group no longer has access to. These historical grants equated to £0.2m in the six-month period to 31 May 2021 and a further £0.2m in the six-month period to 30 November 2020. As such, the true comparison in performance is to compare the results without this pandemic 'other income' stream as detailed in the table below:

£'m	**6m to 30/11/21**	**6m to 31/05/21**	**6m to 30/11/20**
Revenue	**11.8**	12.1	11.7
Gross Profit	**7.6**	7.0	7.4
Profit before Tax	**1.2**	0.4	1.2

It is therefore encouraging to see that both Gross Profit and Profit Before Tax have grown significantly from the preceding six-month period despite the ongoing dampening effect of the slow recovery of the Group's non-core brokerage arms. This demonstrates the strength of the core own-book lending businesses.

With regards to the Group's Balance Sheet, the lending portfolio itself is another key performance indicator. It is extremely pleasing to report a continuing reduction in the value of portfolio arrears. As at 30 November 2021, net arrears were down a further £3.8m from year end, equating to 9% of the period end gross lending book (31 May 2021: 12%; 30 November 2020: 14%). It is also encouraging to report that at the period end there were no longer any deals in forbearance resulting from the impact of the pandemic. This compares to £0.8m as at 31 May 21, £2.2m as at 30 November 2020 and a pandemic-high of £20.5m as at 31 May 2020.

The Group's increasing level of deal origination, lending portfolio management and continued support from external funders have all combined to further strengthen the Group's balance sheet and to generate an increase in Net Assets to £58.2m and in Net Tangible Assets to £29.6m as at 30 November 2021. This compares with £57.1m and £28.4m as at 31 May 2021 and 30 November 2020 respectively.

Strategy and Outlook
The Group remains committed to its medium-term strategy which it firmly believes will lead to increased shareholder value over time. The focus on our key initiatives - core product own-book lending, investing in key sales resources to grow the business and maximising our multi-product offering - continues apace.

Given the continued, somewhat unpredictable waves of the pandemic and their impact on trading conditions the Board is satisfied with the financial results and pleased with the operational progress made during the first half of the current financial year with the overall strategic plan set out at the start of the current financial year being broadly on track. The Group has continually shown its operational resilience, balance sheet strength and liquidity throughout the pandemic and the Board remains optimistic of a return to significant organic growth in due course whilst remaining vigilant and cautious as to the potential impact that further economic uncertainty or additional government restrictions could have on the Group.

Ed Rimmer
Chief Executive Officer, Time Finance plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 NOVEMBER 2021

	Note	**Unaudited 6 months to 30 November 2021 £'000**	Unaudited 6 months to 30 November 2020 £'000	Audited 12 months to 31 May 2021 £'000
Revenue		**11,774**	11,698	23,799
Other income		**8**	165	425
TOTAL REVENUE		**11,782**	11,863	24,224
Cost of sales		**(4,196)**	(4,315)	(9,362)
GROSS PROFIT		**7,586**	7,548	14,862
Administrative expenses		**(6,210)**	(5,794)	(11,475)
Exceptional items		**(47)**	(224)	(843)
Share-based payments		**(33)**	-	(277)
OPERATING PROFIT		**1,296**	1,530	2,267
Finance income		**-**	-	3

Finance expense		**(95)**	(179)	(250)
PROFIT BEFORE INCOME TAX		**1,201**	1,351	2,020
Income Tax		**(228)**	(257)	(243)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**973**	1,094	1,777
Attributable to:				
Owners of the parent company		**973**	1,094	1,777

		Pence per share	Pence per share	Pence per share
- basic	**6**	**1.07**	1.21	1.98
- diluted	**6**	**0.99**	1.20	1.85

All of the above amounts are in respect of continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS TO 30 NOVEMBER 2021

	Unaudited 6 months to 30 November 2021	Audited 12 months to 31 May 2021
	£'000	£'000
NON-CURRENT ASSETS		
Goodwill	**28,241**	28,241
Intangible assets	**358**	476
Property, plant and equipment	**839**	551
Right-of-use property, plant & equipment	**137**	224
Trade and other receivables	**43,012**	44,335
Deferred tax	**884**	806
	73,471	74,633
CURRENT ASSETS		
Trade and other receivables	**62,492**	55,073
Cash and cash equivalents	**5,905**	7,969
Tax receivable	**160**	113
	68,557	63,155
TOTAL ASSETS	**142,028**	137,788
EQUITY		
Called up share capital	**9,252**	9,252
Share premium	**25,543**	25,543
Employee Shares	**96**	63
Treasury Shares	**(749)**	(790)
Retained earnings	**24,024**	23,051
TOTAL EQUITY	**58,166**	57,119
LIABILITIES		
NON-CURRENT LIABILITIES		
Trade and other payables	**33,320**	33,749
Financial liabilities - borrowings	**2,877**	3,369
Lease liability	**3**	44
	36,200	37,162
CURRENT LIABILITIES		
Trade and other payables	**45,615**	41,692
Financial liabilities - borrowings	**1,500**	1,331
Overdrafts	**421**	303
Lease liability	**126**	181
	47,662	43,507

TOTAL LIABILITIES	**83,862**	80,669
TOTAL EQUITY AND LIABILITIES	**142,028**	137,788

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 NOVEMBER 2021

	Unaudited 6 months to 30 November 2021	Unaudited 6 months to 30 November 2020
	£'000	£'000
Cash generated from operations		
Profit before tax	**1,201**	1,351
Depreciation and amortisation charges	**203**	380
Finance costs	**95**	179
Finance income	**-**	-
(Increase)/Decrease in trade and other receivables	**(6,095)**	(384)
Increase/(Decrease) in trade and other payables	**3,495**	(833)
Movement in other non-cash items	**(374)**	933
	(1,475)	1,626
Cash flows from operating activities		
Interest paid	**(95)**	(179)
Tax paid	**(258)**	(368)
Net cash generated from operating activities	**(1,828)**	1,079
Cash flows from investing activities		
Contingent consideration paid	**-**	(197)
Purchase of software, property, plant & equipment	**(45)**	(119)
Net cash generated from investing activities	**(45)**	(316)
Cash flows from financing activities		
Payment of lease liabilities	**(103)**	(109)
Loan repayments in period	**(323)**	(435)
Loans issued in period	**-**	3,100
Change in overdrafts	**118**	779
Purchase of own shares in EBT	**-**	(80)
Net cash generated from financing activities	**(308)**	1,747
(Decrease)/Increase in cash and cash equivalents	**(2,181)**	2,510
Cash and cash equivalents at the beginning of the period	**7,665**	132
Cash and cash equivalents at the end of the period	**5,484**	2,642

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 NOVEMBER 2021

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Treasury Shares £'000	Employee Shares £'000	**Total Equity £'000**
Balance at 31 May 2021	**9,252**	**25,543**	**23,051**	**(790)**	**63**	**57,119**
Total comprehensive income	-	-	973	-	-	**973**

Transactions with owners						
Sale of treasury shares	-	-	-	41	-	**41**
Dividends	-	-	-	-	-	**-**
Issue of share capital	-	-	-	-	-	**-**
Value of employee services	-	-	-	-	33	**33**
Balance at 30 November 2021	**9,252**	**25,543**	**24,024**	**(749)**	**96**	**58,166**

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Treasury Shares £'000	Employee Shares £'000	**Total Equity £'000**
Balance at 31 May 2020	**8,899**	**25,360**	**21,274**	**(310)**	**-**	**55,223**
Total comprehensive income	-	-	1,094	-	-	**1,094**
Transactions with owners						
Purchase of treasury shares	-	-	-	(80)	-	**(80)**
Dividends	-	-	-	-	-	**-**
Issue of share capital	138	183	-	-	-	**321**
Balance at 30 November 2020	**9,037**	**25,543**	**22,368**	**(390)**	**-**	**56,558**

1 BASIS OF PREPARATION

The financial information set out in the interim report does not constitute statutory accounts as defined in section 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 May 2021 prepared in accordance with IFRS as adopted by the European Union and with the Companies Act 2006 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These interim financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies set out in the most recently available public information, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 May 2021. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information for the six months ended 30 November 2020 and the six-month period to 30 November 2021 are unaudited and do not constitute the Group's statutory financial statements for these periods. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Going Concern
While the Covid-19 pandemic continues to have an impact on the business, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2 SEGMENTAL REPORTING

The Group has four trading divisions which reflect its organisational and management structures, and these are differentiated by the type of finance products provided. Asset, Loans and Invoice Finance represent the core products. Other represents central overheads related to being listed and running a group of Companies. The Group reports internally on these segments in order to assess performance and allocate resources.

6 months to 30 November 2021

£'000	**Asset**	**Loans**	**Invoice Finance**	**Brokerage**	**Other**	**TOTAL**
Revenue	5,520	964	3,772	1,526	**-**	**11,782**
Profit before Tax	**934**	**244**	**1,767**	**(122)**	**(1,622)**	**1,201**

6 months to 30 November 2020

£'000	**Asset**	**Loans**	**Invoice Finance**	**Brokerage**	**Other**	**TOTAL**
Revenue	6,254	640	3,308	1,651	10	**11,863**
Profit before Tax	**1,463**	**60**	**1,374**	**(75)**	**(1,471)**	**1,351**

3 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 where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

4 TAXATION

Taxation charged for the period ended 30 November 2021 is calculated by applying the Directors' best estimate of the annual tax rate to the result for the period.

5 SHARE CAPITAL

The Articles of Association of the company state that there is an unlimited authorised share capital.

Each share carries the entitlement to one vote.

6 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share have been calculated using the profit for the period and the weighted number of ordinary shares in issue during the period. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months to 30 Nov 2021 £'000	6 months to 30 Nov 2020 £'000	12 months to 31 May 2021 £'000
Earnings attributable to ordinary shareholders	**973**	1,094	1,777
Basic EPS			
Weighted average number of shares	**90,806,852**	90,374,204	89,481,386
Per-share amount pence	**1.07**	1.21	1.98
Adjusted earnings	**912**	1,094	1,696
Diluted EPS			
Weighted average number of shares	**91,621,519**	90,739,365	91,685,404
Per-share amount pence	**0.99**	1.20	1.85

7 DIVIDENDS

Dividends were not paid during the pandemic due to cash preservation in an uncertain time. At the current time, under the strategy published in June 2020, cash reserves are being deployed for business growth. Future dividends will be kept under review.

8 SHARE-BASED PAYMENT TRANSACTIONS

On 1 October 2021, the Group announced that following the achievement of time-based criteria in relation to the Company's Unapproved Share Option Scheme, a total of 305,500 previously awarded nil cost options over ordinary shares of 10 pence each in the capital of the Company vested. These vested options may be exercised at any time prior to an expiry date of 30 September 2022 being 12 months from the vesting date.

The terms of the scheme were previously announced by the Group on 29 October 2020.

9 COPIES OF THE INTERIM REPORT

Copies of the Interim Report are available from www.timefinance.com and the Company Secretary at the registered office: Time Finance plc, St James House, The Square, Lower Bristol Road, Bath, BA2 3BH.

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