

Investment Profile

1. Significant valuation discrepancy between current market capitalisation (c£15m) and Net Tangible Assets (£30m+)
2. Early stage of an ambitious growth focussed Medium-Term Strategy through to May 2025
3. Focussed on growing value on the balance sheet through own-book lending across Asset Finance, Invoice Finance and Business Loans
4. Highest margins and most secured lending in the fastest growth division - Invoice Finance
5. Significant growth potential with c£50m of lending facility headroom
6. Additional sales resource embedded to drive growth with senior hires

Share Information

Ticker	AIM: TIME
Share Price (GB pence)	17.90
Shares in issue (m)	92.8
Market Cap (£m)	15.0
12m Hi/Low (GB pence)	27.7/15.0

(Source: The London Stock Exchange, November 2022)

12-Month Share Price



(Source: The London Stock Exchange, 14th November 2022)

Major Shareholders (as of July 2022)

Name	%
Arena Investors LP	19.9
GPIM Limited	17.1
Ron Russell	11.9
Aeternitas Imperium Privatstiftung	3.9

(Source: [company website](#))

What's New?

In September, Time Finance issued a Q1 Trading Update highlighting **continued positive trading momentum**. Own-book lending origination was up 26% (Q1 2021/22: £12.5m). Revenue increased by 12% (Q1 2021/22: £5.6m), and profit more than doubled to £0.9m. Net arrears declined 36% to £9.2m as at 31 August '22 (31 August '21: £14.3m) while net tangible assets rose 9% to £30.5m (31 August '21: £28.2m). **The Lending Book continues to grow strongly – a key performance indicator to help drive profitable growth, hitting an all-time high in October of £145m**, up 26% since 31 August '21. This growth has NOT been at the expense of margins with Gross Profit Margin increasing over the period to 64%.

Company Overview & Growth Strategy

Time Finance is a specialist finance company lending to small and medium sized businesses across the UK. Its core strategy is to focus on providing the finance that these UK SMEs require to fund their businesses. It offers a multi-product proposition including Asset Finance, Invoice Finance and Business Loans, and focuses on 'own-book' lending.

In June 2021, the Company **launched its Medium-term Strategy. Its key objectives over the four years to May 2025 are:**

1. **To become a nationally recognised SME Funder**
2. **To significantly strengthen its Balance Sheet as it focuses on own-book lending**
3. **To grow revenues and profits organically to well in excess of 2019 pre-Covid levels**
4. **To more than double its Gross Lending Book to >£250m**

The Company will achieve this by:

Focusing on core own-book lending products

The Group has exited the consumer finance sector and embraced a clear market position, that of being an alternative lender to small businesses. As own lending increases so will the size of the Company balance sheet and the inherent value of the business. **Q1 own-book origination was up 26% vs Q1 the previous year.**

Predominantly focusing on secured lending with an increasing average deal size

The Company is seeking to obtain tangible security to underpin lending by taking title to professionally valued fixed assets or book debts, supported by registering debentures and/or property charges. Simultaneously, the Group will increase the average ticket size of the 'hard' asset business. **The average own book deal is now worth £25k; up from £14k when the medium-term strategy was launched. Hard Asset lending is now at £44m (30 Aug 22), up 38% since the strategy launch.**

Investment in Senior Management Team and Sales

Time Finance has made several key appointments in the last 18 months, including: Director of Asset Finance, Director of Commercial Loans & ABL, Head of Business Improvements; **setting up the core products to deliver the Time Finance growth strategy.** In October the company also opened a new office in Reading; it's fourth in the UK.

Continuing to reposition the brand and invest in Marketing

The 2020 rebrand repositioned the business to pursue the current strategic aims. The Company is now looking to increase its digital presence whilst capitalising on traditional marketing channels - engaging with both introducers and directly with customers.

Core Operating Divisions

Asset Finance - Equipping businesses for the future and making investment possible

Time Finance lends against soft and hard assets, through brokers, suppliers and manufacturers. Typically, deals range from £10k-£250k, with the sweet spot being £10k-£50k. The yields that can be expected for these deals range between 8% and 18%, the funding comes primarily from wholesale block funders, such as challenger banks.



Invoice Finance - Improving cashflow to give businesses the financial freedom to grow

Disclosed and confidential Invoice Finance, via financial introducers and financial advisors. Finance agreements can vary from £10k-£2.5m, with the sweet spot being £200k-£400k, yielding 10-20%. Funding comes from a back-to-back corporate banking facility. This is the fastest growing division with the highest margins.



Business Loans - Flexible funding solutions to fuel investment and bring growth plans to life

More traditional Business Loans sold through professional firms and brokers. Time Finance will typically lend £10k-£500k, with a preference for Secured deals up to £500k. The company expects steady yields of between 11% and 18%. Wholesale block funders and HNW Loan Notes provide the funding.



Asset Based Lending - Lending to enable customers to unlock working capital and raise finance amid rising costs

Gives SMEs access to funds by using their existing assets as collateral - from invoices and stock to property and machinery in a cost-effective way. Solution can be tailored to address customers' unique requirements and portfolio of assets, whilst releasing a higher level of working capital than other forms of finance, supporting business growth plans.



	Banks HSBs lend to SMEs, but no longer their primary focus	Challenger Banks Generally do not operate in the smaller end of the market. Lend to us wholesale.	Alternative finance platforms Algorithm driven with higher credit risk and moving more to traditional models	Quoted companies Tend to be more single product focussed	Private companies multiple regional players, normally smaller
Time Finance	✓	✓	✓	✓	✓
Flexibility	✓	x	x	✓	✓
Speed of service	✓	x	✓	✓	✓
Personal approach	✓	x	x	x	✓
Range of products	✓	✓	✓	x	x

SMEs, the backbone of the UK Economy are currently facing an unprecedented number of challenges as the cost of operating pushed up by inflation, interest rate rises and geopolitical instability. Small businesses, however, will always need access to finance to provide the necessary working capital to operate and expand. The changes that Time Finance has made during the financial year ended May 22, particularly the restructuring of the senior management team and the focus on achieving the objectives laid out in the medium-term strategic plan, has positioned the Group well to capitalise on the opportunities that the market will present.

Key Newsflow

Oct: [Own Book Lending Portfolio reaches record £145m](#)

Sep: [Q1 Trading Update](#)

Sep: [Final Results](#)

Sep: [Appointments Strengthen Asset Finance Division](#)

Jul: [Trading Update](#)

Time Finance in the Media

Growth Company Investor - "[\[Time Finance\] provides a good example of the deep value that can emerge at times like these](#)" Prior to Time Finance he had worked at PwC, Cooper Gay and held a finance director role at AIM-listed Jelf Group plc

Master Investor - "[Having followed this company for](#)

Management Team

Ed Rimmer, Chief Executive Officer



Ed has worked within commercial finance for over 20 years and was previously Time Finance's Chief Operating Officer until April 2020, having joined the Group in 2017 as Managing Director of their newly established Commercial Finance Division. Ed spent over 18 years working in various roles within the Bibby Group before he came to Time Finance.

James Roberts, Chief Financial Officer



A qualified accountant, James has held leadership positions with several AIM listed companies. He has significant experience in mergers and acquisitions within fast-paced, growing businesses and boasts a track record of improving business performance. Prior to Time Finance he had worked at PwC, Cooper Gay and held a Finance Director role at AIM-listed Jelf Group plc. James holds a History & Economics degree from the University of Durham.

Meet Time Finance

You can view the latest Company presentation and register to receive invites for future presentations by signing up with Investor Meet Company here: <https://www.investormeetcompany.com/instem-plc/register-investor>



Forecasts (Source: Consensus forecasts compiled by Factset)

	May'22 (Actual)	May'23 (Est.)	May'24 (Est.)
Sales (£m)	23.6	25.0	29.0
EBITDA (£m)	4.1	4.5	6.0
Pretax Income (£m)	3.0	3.5	5.0