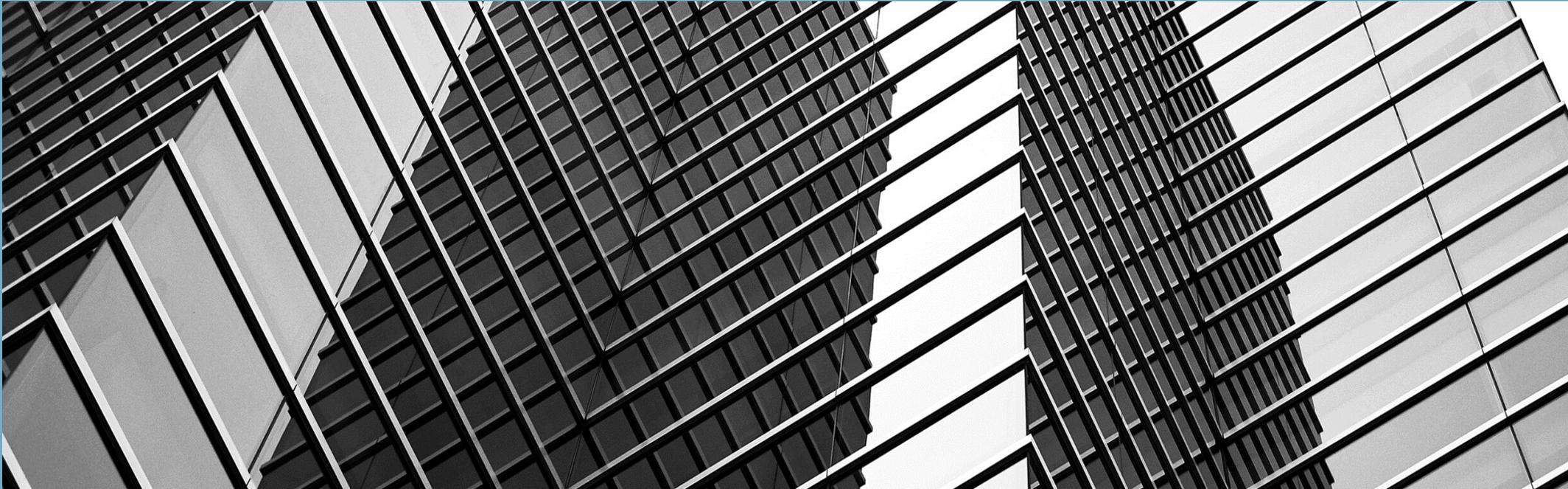


SCALING THE BUSINESS



# 2021 Interim Results Presentation

 **VECTOR**



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# About Us

- WELL-ESTABLISHED

Profitable secured lender

- CREDIT FACILITIES

Supportive relationships with lenders and indicated willingness to increase facilities further

- DIVIDEND POLICY

Progressive dividend, half-yearly payments

- MANAGEMENT TEAM

Experienced management team with 20-year track record

- EFFECTIVE AND DISCIPLINED

Credit and risk management controls

- NETWORK OF BROKERS

Long standing relationships with network of brokers

Well-established, secured lender

# Experienced Leadership Team



Agam Jain  
Chief Executive Officer

Agam is responsible for the strategic management of the business and leads the management team. He has been building the secured finance business for over 20 years and maintains the relationships with banks, investors, advisors and brokers. Agam has extensive experience in business IT systems and team development.



Jon Pugsley  
Finance Director

Jon is a Chartered Certified Accountant and has been with Vector for more than 10 years. His key role is the responsibility for the financial operations of the business including monthly management accounts, cash flows, budgets and interfacing with external auditors.

# Experienced Leadership Team



Robin Stevens  
Non-Exec Chairman

Robin is a Chartered Accountant and the Head of Capital Markets of MHA MacIntyre Hudson LLP. He has had an extensive career in corporate finance. Robin is responsible for guiding Vector's growth plans and providing senior financial oversight. He sits on both the Audit and Remuneration Committees.



Ross Andrews  
Non-Exec Director

Ross brings extensive financial, commercial and corporate governance experience to the board. He is an experienced Non-executive director and sits on both the Audit and Remuneration Committees.

# Financial Highlights

	HY21	HY20	Change
• <b>Loan book</b>	£40.6m	£32.7m	+24%
• <b>Revenue</b>	£2.5	£2.1m	+16%
• <b>PBIT</b>	£1.29	£1.25	+3.2%
• <b>PAT</b>	£1.1	£1.0	+3%
• <b>EPS</b>	2.50p	3.00	-58%
• <b>Interim dividend</b>	£0.43m	£0.40m	+7.5%

Strong Results with Robust Foundation to Scale

# Operational Highlights

- **SUCCESSFUL PLACING**

Raised £1.5m to build capital base and meet demand for new loans

- **WHOLESALE BANKING FACILITIES**

Increased our wholesale banking facilities from £25m to £30m

- **GROWING BROKER NETWORK**

New broker relationships led to increased number of new enquiries and proposals

- **INCREASED EXPERTISE**

Invested in staff training led to ability to handle increased and more complex transactions

- **ESG POLICIES IN PLACE**

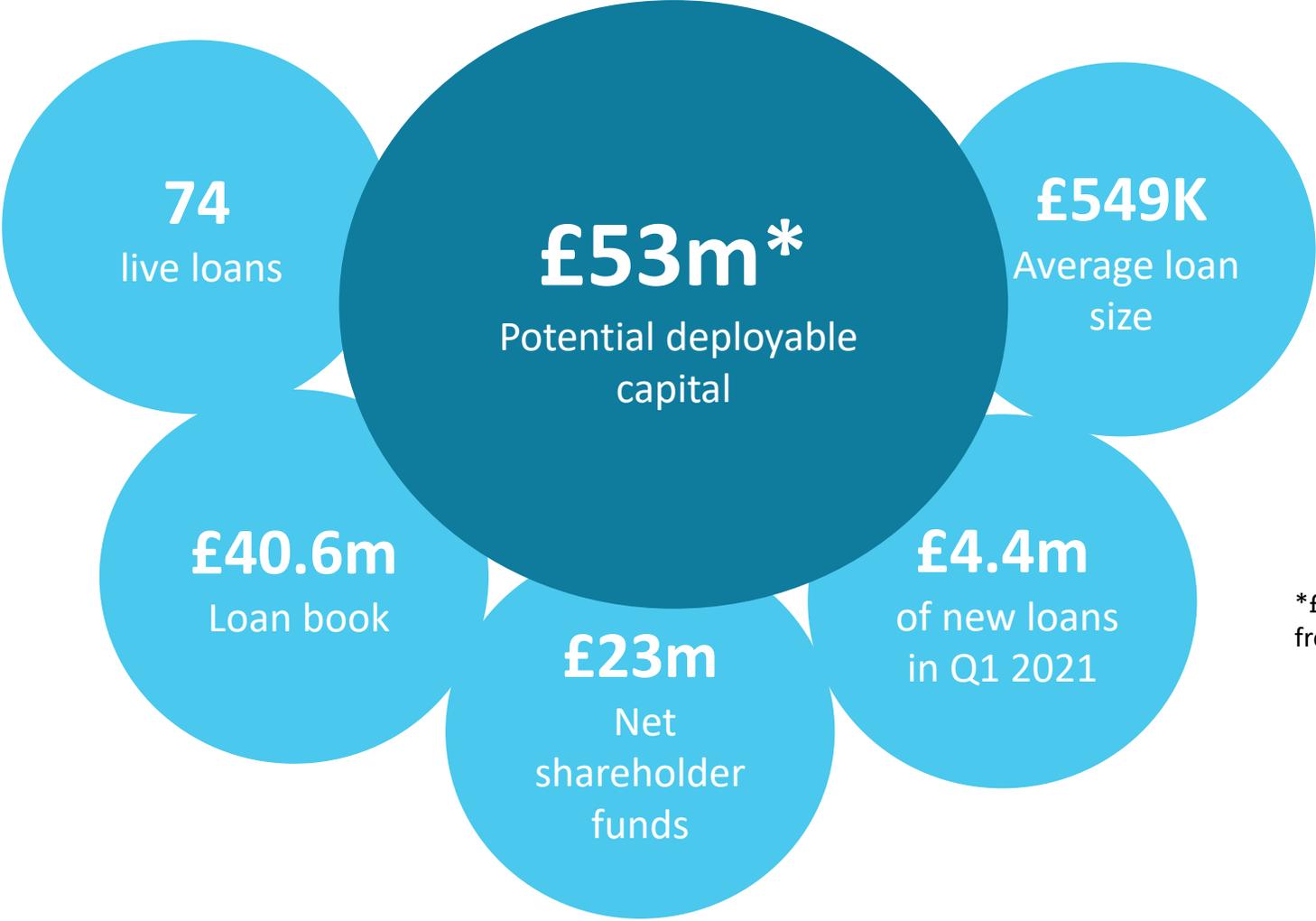
Best practice policies in place to support responsible lending and sustainability

- **INVESTMENT IN TECH**

Upgraded software platform to ensure efficiency and manage increased activity

Focused on generating healthy returns for the benefit of all stakeholders

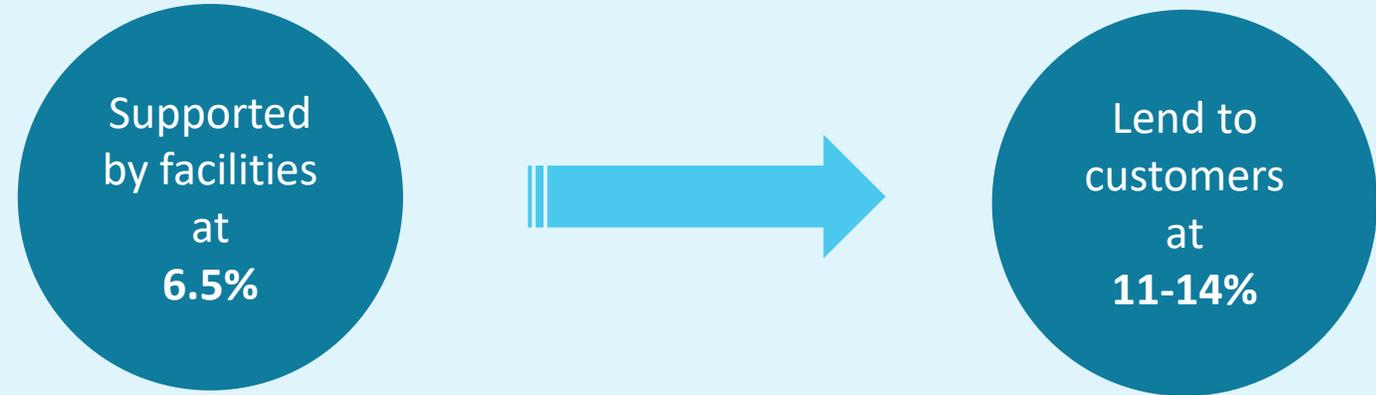
# Capacity to Grow



\*£15.1m of available finance from wholesale banks

# Competitive Market Position

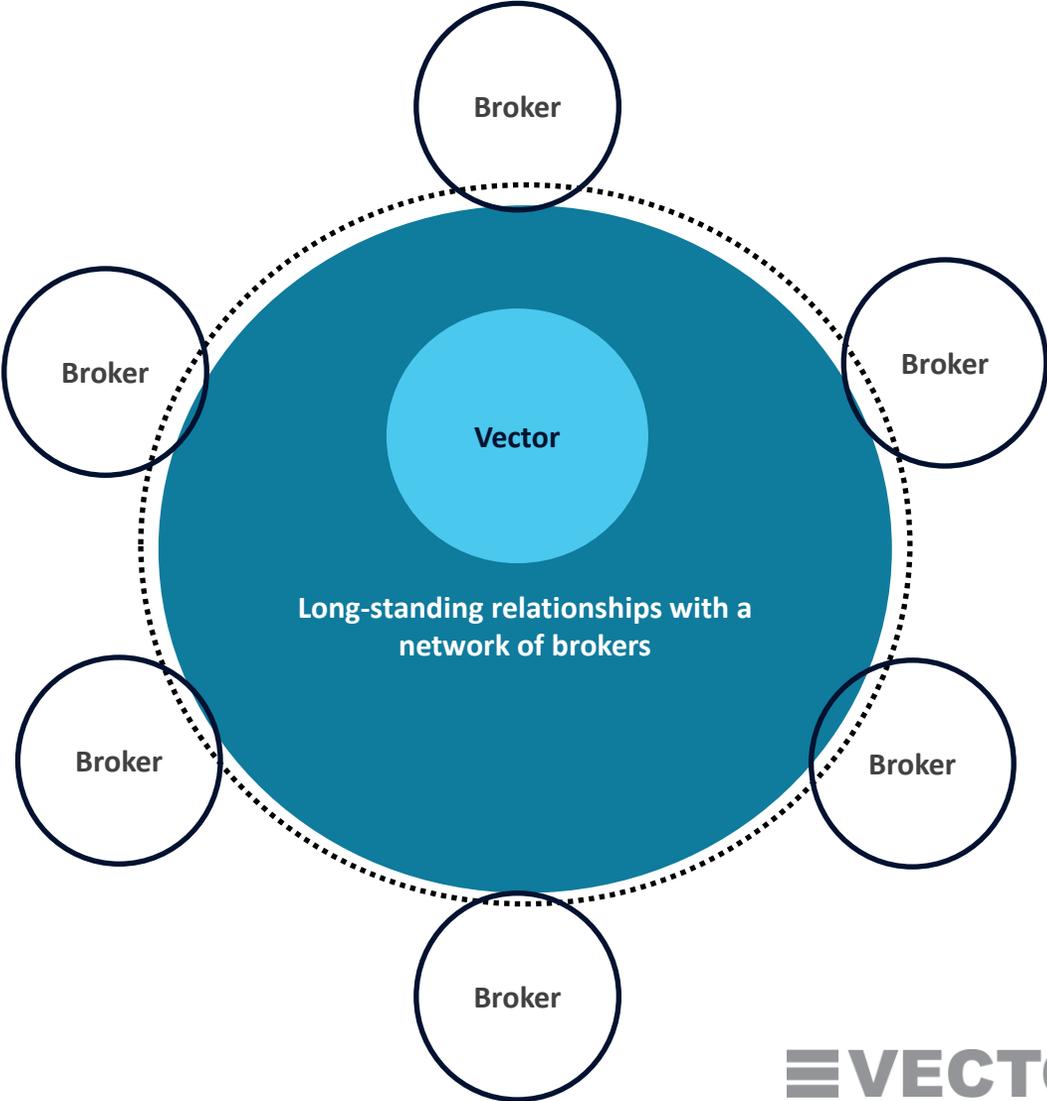
Provision of commercial loans for general working capital purposes, bridging ahead of refinancing, land development and property acquisition



Strong Results with Robust Foundation to Scale

# Deal Origination

- Deals are introduced by a network of commercial finance brokers, some of whom have worked with the management team since 2002
- Brokers “pre-assess” deals before proposing to Vector on the Vector portal
- Member of the Association of Short Term Lenders



# Loan Security

Usually 1<sup>st</sup> legal charge on property

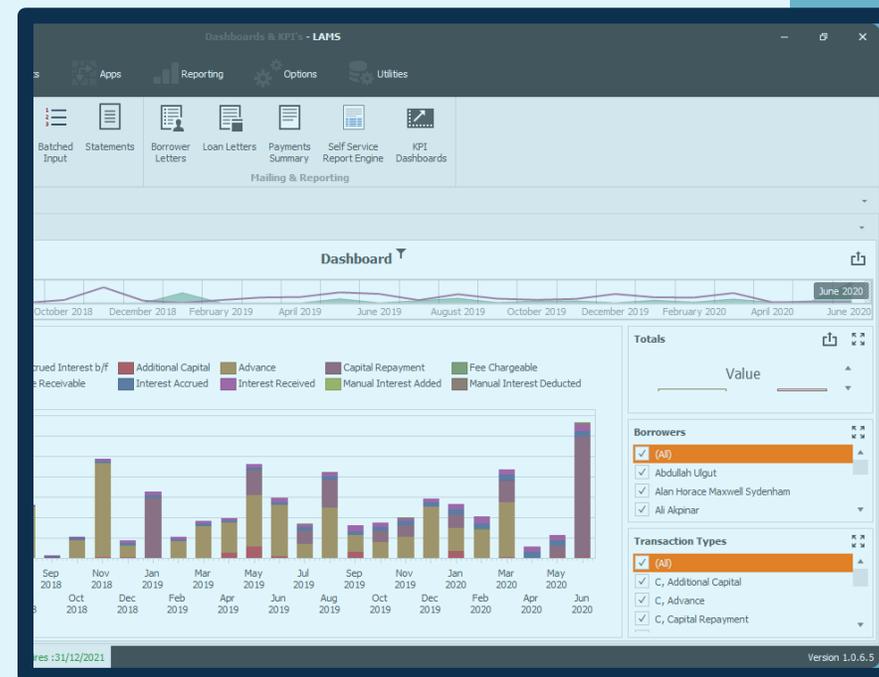
Average loan to value (LTV) 52%  
30 June 2021

Debenture over the borrowing company where  
considered appropriate

Directors' guarantees when lending to SPVs

# Scalable and Bespoke Loan Management System

- Loan Agreement Management System (LAMS)
- Cloud back up of all data
- Holds database of Borrowers including contact details and loan details
- Audit trail for transactional details
- Live payments and redemptions
- Online integrated portal for Brokers and Customers
- Ability to provide lending banks access for audit purposes



# Dividend



Interim dividend  
of £430K/0.95p  
per share



Committed  
progressive  
dividend policy

# ROBUST FOUNDATION TO SCALE

## **TARGET LOAN BOOK**

£100m over the medium term

## **BUSINESS DEVELOPMENT**

Continue to build new broker relationships

## **OUR MARKET**

Very healthy demand and strong pipeline of opportunities

## **ROBUST RISK MANAGEMENT**

Continued strong credit and risk management

## **CONFIDENCE IN THE FUTURE**

A strong platform for future growth

# Case Study 1

23/07/2021 to date

- We provided a £3.2m loan to Codev Crown House secured on Crown House, Great Yarmouth, a developer of 30 flats
- Originally an office block, Crown House has been developed into 30 high standard one and two bedroom flats



- We provided the loan to redeem a group of early investors. The finance will see the development through the sales process
- Cash was released within 3 weeks

# Case Study 2

24/07/2017 to date

- The Developer was introduced by one of our long standing Brokers. The client had acquired a large office block with plans to convert to 61 flats. We provided £1m to enable the conversion works to take place.



- The client provided the 1st charge on the freehold. Cash was released within 4 weeks of the request by our client who is an experienced construction company with several ongoing projects at any one time.

# Case Study 3

30/11/2017 to 02/07/2018

- The Developer bought this 2-storey office building called Kian Court in Eynsham and obtained planning consent to convert into 16 one and two-bedroom flats. We advanced £1,450,000 against a purchase price of £2,850,000. The Developer has several projects to his credit and we had a high level of comfort with them



- We lent to the SPV with a first charge over the building along with Directors' Guarantees. The project is now complete. The office block was situated in a somewhat industrial area but within easy walking distance of the village centre and local amenities. The site offers country walks along the River Thames

# Case Study 4

August 2019 to 7 January 2021

- Vector funded auction purchase by borrowers of a buy to let in Ampthill, Bedfordshire
- Purchase price £322,500, loan of £225,750 representing 70% LTV



- Borrower paid regular monthly interest on time so Vector extended for another year
- Interest of 11% p.a.

# Summary

**Trusted  
Lender for  
20 Years**

- **Strong track record** in commercial lending
- **Experienced** management team
- **Established industry network** of wholesale banks, commercial finance brokers, surveyors and advisers
- **Same-day decision** in principle response to loan applications
- Provision of **bespoke solutions** on a case by case basis
- **Custom designed**, cloud based, software platform that provides audit trail, loan documentation, relationship management and accounts interface
- **A track record of profit and cash generation**
- **Progressive dividend policy** and anticipated capital growth

# Income Statement

	Six months ended 30 June 2021 £'000 (Unaudited)	Six months ended 30 June 2020 £'000 (Unaudited)	Year ended 31 December 2020 £'000 (Audited)
<b>Revenue</b>	2,467	2,130	4,325
Cost of sales	(228)	(132)	(321)
<b>Gross profit</b>	2,239	1,998	4,004
Other income			29
Administrative expenses	(378)	(214)	(668)
<b>Operating profit</b>	1,861	1,784	3,365
Finance costs	(563)	(526)	(1,018)
<b>Profit on ordinary activities before taxation</b>	1,298	1,258	2,347
Income tax expense	(247)	(239)	(445)
<b>Profit after taxation</b>	1,051	1,019	1,902
Other comprehensive income	-	-	-
<b>Total comprehensive income attributable to the shareholders of the Company</b>	1,051	1,019	1,902
Pro-forma basic and diluted earnings per share attributable to the owners of the Company (pence)	2.50	3.00	5.58

# Balance Sheet

	30 June 2021	30 June 2020	31 December 2020
	£'000 (Unaudited)	£'000 (Unaudited)	£'000 (Audited)
<b>Non-Current assets</b>			
Property, plant and equipment	3	-	4
	<u>3</u>	<u>-</u>	<u>4</u>
<b>Current assets</b>			
Trade and other receivables	41,067	33,327	36,963
Cash and bank balances	971	1,612	2,569
	<u>42,038</u>	<u>34,939</u>	<u>39,532</u>
<b>Total Assets</b>	<u>42,041</u>	<u>34,939</u>	<u>39,536</u>
<b>Current liabilities</b>			
Trade and other payables	18,653	16,220	18,030
Income tax payable	247	613	205
	<u>18,900</u>	<u>16,833</u>	<u>18,235</u>
<b>Total Liabilities</b>	<u>18,900</u>	<u>16,833</u>	<u>18,235</u>
<b>Equity</b>			
Share capital	226	170	210
Share premium	20,876	16,830	19,502
Group reorganisation reserve	188	188	188
Retained earnings	1,851	918	1,401
	<u>23,141</u>	<u>18,106</u>	<u>21,301</u>
<b>Total Equity and Liabilities</b>	<u>42,041</u>	<u>34,939</u>	<u>39,536</u>

# Cash Flow

	Six Months ended 30 June 2021 £'000 (Unaudited)	Six Months ended 30 June 2020 £'000 (Unaudited)	Year ended 31 December 2020 £'000 (Audited)
<b>Cash flow from operating activities</b>			
Profit for the period before taxation	1,298	1,258	2,347
<b>Adjustment for:</b>			
Interest expense	563	526	1,018
Depreciation	1	-	1
Tax paid	(205)	-	(614)
<b>Operating cash flows before movements in working capital</b>	<b>1,657</b>	<b>1,784</b>	<b>2,752</b>
(Increase)/decrease in trade and other receivables	(4,104)	924	(2,713)
Increase/(decrease) in trade and other payables	623	(2,169)	(1,566)
<b>Cash generated from/(absorbed in) operating activities</b>	<b>(1,824)</b>	<b>539</b>	<b>(1,527)</b>
Interest paid	(563)	(526)	(1,018)
<b>Net cash generated for/(absorbed in) operating activities</b>	<b>(2,387)</b>	<b>13</b>	<b>(2,545)</b>
<b>Cash flows (for)/from investing activities</b>			
Acquisition of property, plant and equipment	-	-	(5)
<b>Net cash (used in)/generated from investing activities</b>	<b>-</b>	<b>-</b>	<b>(5)</b>
<b>Cash flows (for)/from financing activities</b>			
Increase in inter-company debts	-	1,665	2,473
Amount withdrawn by directors	-	(3)	(3)
Issue of new shares	1,390	-	2,712
Equity dividends paid	(601)	(400)	(400)
<b>Net cash generated from financing activities</b>	<b>789</b>	<b>1,262</b>	<b>4,782</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>(1,598)</b>	<b>1,275</b>	<b>2,232</b>
Cash and equivalent at beginning of period	2,569	337	337
<b>Cash and equivalent at end of period</b>	<b>971</b>	<b>1,612</b>	<b>2,569</b>

Vector offers a track record of profitability, an experienced management team, a robust lending model and, the Directors believe, a realistic pathway to continued growth

[www.vectorcapital.co.uk](http://www.vectorcapital.co.uk)