

# Half Year 2025 results

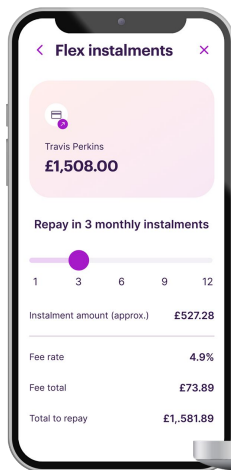
4 September 2025

Powderhall Bronze

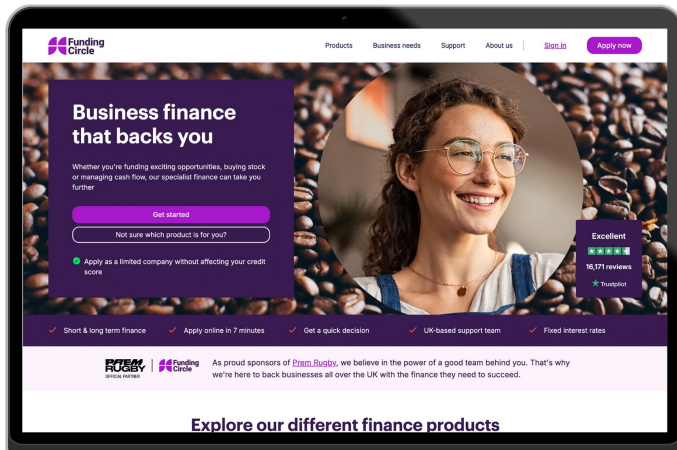


# Leading UK online SME finance platform backing small businesses to win

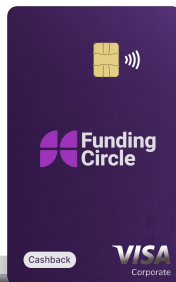
Pay later Monthly



Borrow Longer term



Spend Daily



~£16bn

credit extended  
to SMEs since 2010

110,000

small businesses funded  
since 2010

87,000+

jobs supported  
in 2024

£7.2bn

GDP contribution  
in 2024

# **Performance and Strategy update**

# Strong profit growth and strategic progress in H1

## Strong H1; consistent revenue growth and accelerating profitability

- 21% growth in credit extended to £1.1bn
- 17% growth in revenue to £92.3m, with FlexiPay revenue growth of 119%
- £6.0m PBT (£0.5m H1 24), with Term Loans PBT of £12.7m (38% growth)

## Delivering against strategy by innovating, expanding offering and deepening engagement

- **Innovating and expanding offering:** In Term Loans and FlexiPay
- **Deepening engagement:** Increased frequency of interaction and strong repeat usage
- **Superior customer experience underpinned by proprietary data and technology**

## Attractive future growth; third share buyback programme continuing

- **Medium-term guidance unchanged:** Revenue of >£200m and PBT of >£30m in 2026
- **Share buyback programme continues:** 15% of share capital purchased in total

£1.1bn

Credit extended  
+21% H1 24

£92.3m

Revenue  
+17% H1 24

£6.0m

PBT  
12x H1 24

£115m

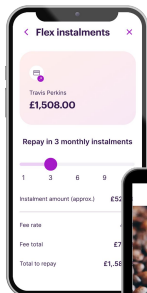
Unrestricted cash

## **Market and Business review**

# Multi-product strategy driving growth and loyalty

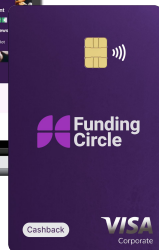
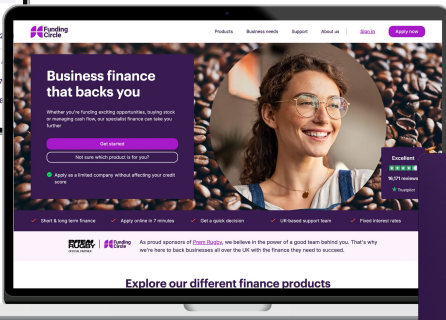
## Pay later

FlexiPay Line of Credit



## Borrow

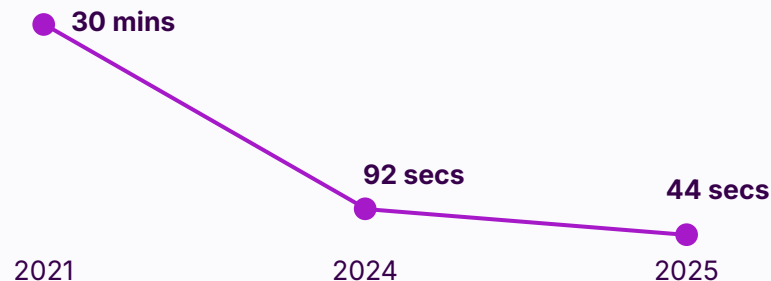
Term Loan



## Spend

Cashback Credit Card

## Increased frequency of customer transactions



## Deeper engagement with existing customers

>70%

of FlexiPay revenue from Term Loan customers

## Attracting new customers

>70%

of card customers new to Funding Circle

# Underpinned by data and technology to deliver a superior customer experience



**6 min**

Application time



**75%**

Instant decisions



**81**

Customer NPS



**3x**

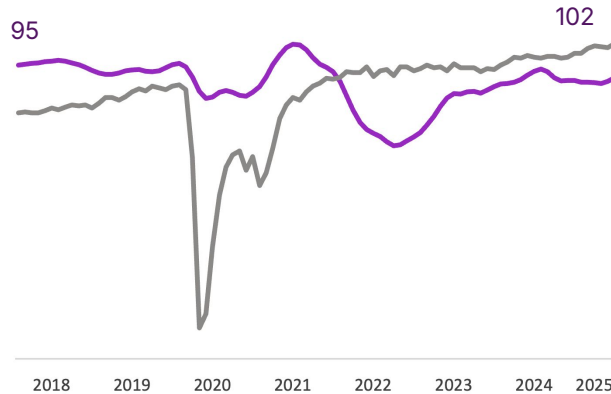
Better risk discrimination  
than bureau score

- 
- ✓ **Powering growth in H1**
  - ✓ **Expanded opportunity by unlocking new customer segments** through proprietary data and credit models
  - ✓ **Expanded GenAI adoption** elevating customer experience and operational efficiency

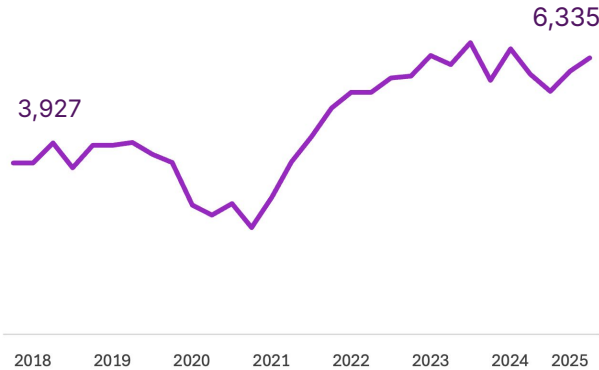
Constructive & Co.

# Resilient business performance against a challenging macroeconomic backdrop

Flat GDP and consumer confidence



Insolvencies above historic trend



Robust and attractive returns

5%

Above cost of capital

Strong investor pipeline

£1.8bn

In future funding commitments

Growing demand

>20%

YOY Credit Extended



# Borrow: Term Loans momentum continues



**Large addressable market:** £80bn+ SME debt origination market



**Improving profitability:** Term Loans PBT margin of nearly 17%



**Continued innovation:** Expanded and enhanced shorter term loan offering



**Expanded product set:** through Marketplace partners



**£12.7m** Term Loans PBT

# Pay Later & Spend: Strong growth



**Large addressable market:** £80bn+ SME credit card transactions



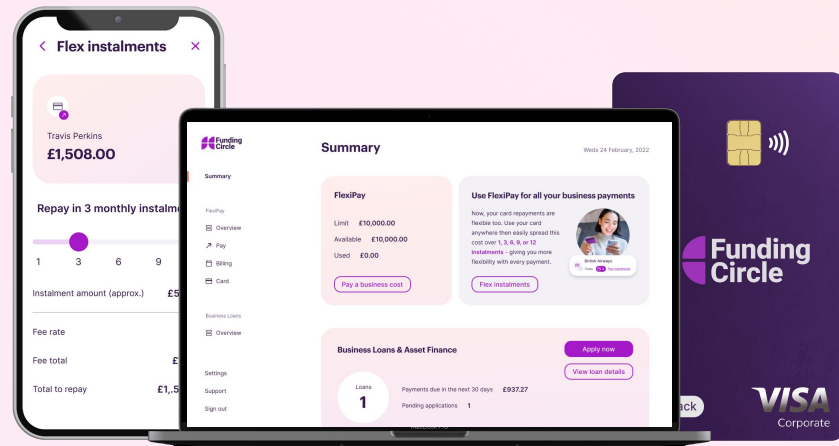
**Strong growth:** 119% revenue growth and attractive unit economics



**Continued innovation:** Continuous feature improvements driving negative churn



**Distribution channel expansion**

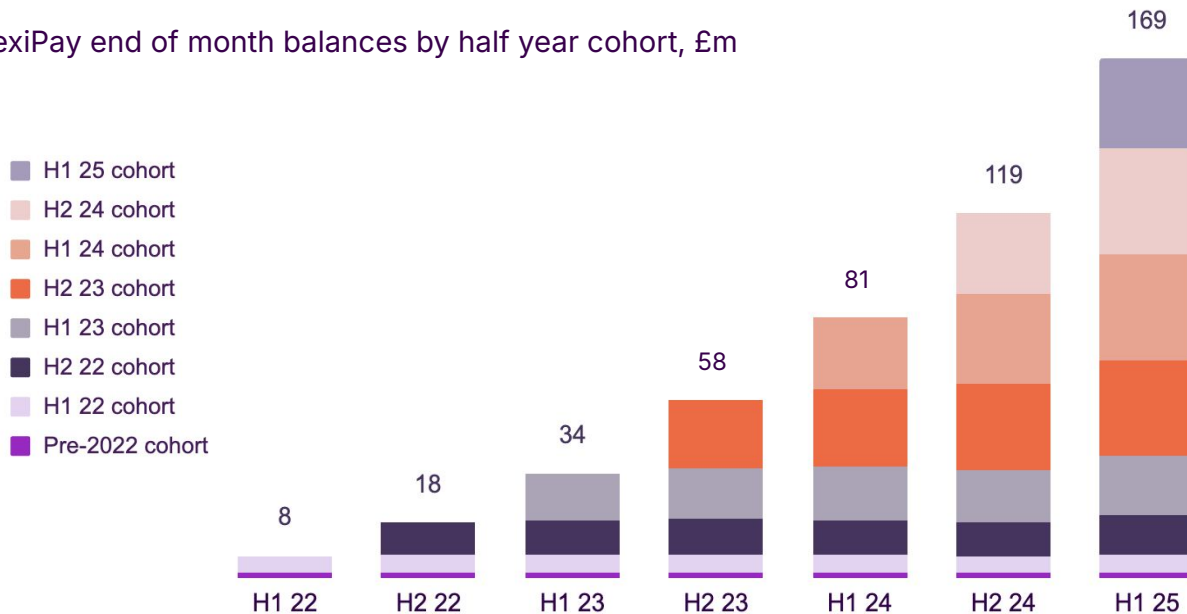


**£1bn+** transactions to date

# FlexiPay: strong recurring revenue dynamics

## Strong recurring end of month balances

FlexiPay end of month balances by half year cohort, £m



Strong growth

**+66%**

Transaction growth

**2x**

Outstanding balances

**Recurring revenue dynamics**

**>80%**

Revenue from prior cohorts

# Financial Performance

# Strong momentum in revenue, profit and PBT margins

## Group financial performance

£m	H1 25	H1 24	Change
Total income	94.7	78.9	20%
Fair value gains	2.0	2.8	(29%)
Cost of funds	(4.4)	(2.6)	69%
<b>Revenue<sup>1</sup></b>	<b>92.3</b>	<b>79.1</b>	<b>17%</b>
Operating expenses (excl. ECL)	(77.9)	(74.8)	4%
Expected credit losses (ECL)	(8.4)	(3.8)	121%
<b>Profit / (loss) before tax pre exceptionals</b>	<b>6.0</b>	<b>0.5</b>	<b>12x</b>
Exceptional items	-	(2.6)	
<b>Profit / (loss) before tax</b>	<b>6.0</b>	<b>(2.1)</b>	
<i>PBT margins pre exceptionals</i>	<i>6.5%</i>	<i>0.6%</i>	

£m	Jun 25	Dec 24	Change
Unrestricted cash	115.0	150.5	(24%)
Net asset value	198.7	216.5	(8%)

<sup>1</sup> Net income, as presented in the profit and loss, is defined as "Revenue"

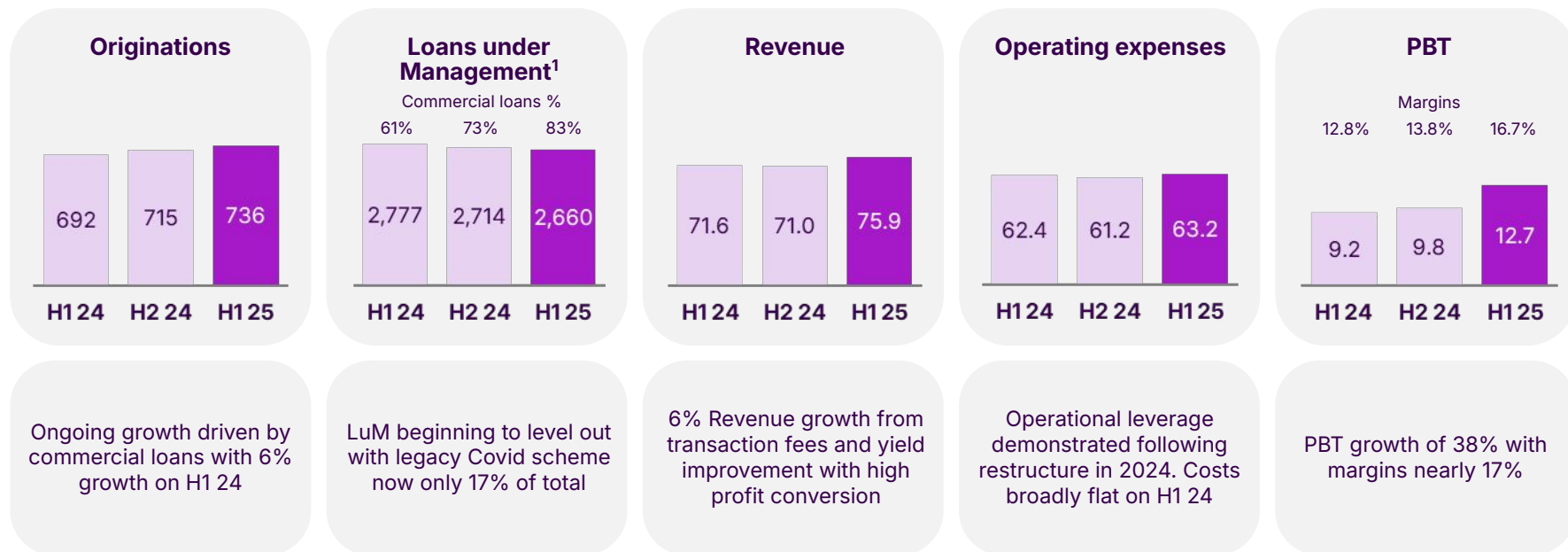
### Business continues to deliver

- Group revenue growth of 17%, with 11% driven by FlexiPay
  - Operating costs remain controlled with growth of 4% driven by variable marketing costs
  - Achieved cost savings target of £15m, announced in May '24
  - ECL growth as expected, in line with FlexiPay balance increase. Credit performance remains within expectations
  - Group PBT at £6m with significant margin expansion to 6.5%
- 
- Cash position and deployable cash movement driven by share buybacks of £26m and R&D investment

# Term Loans PBT margins growing to 17%

Revenue growing with operating leverage driving margin growth

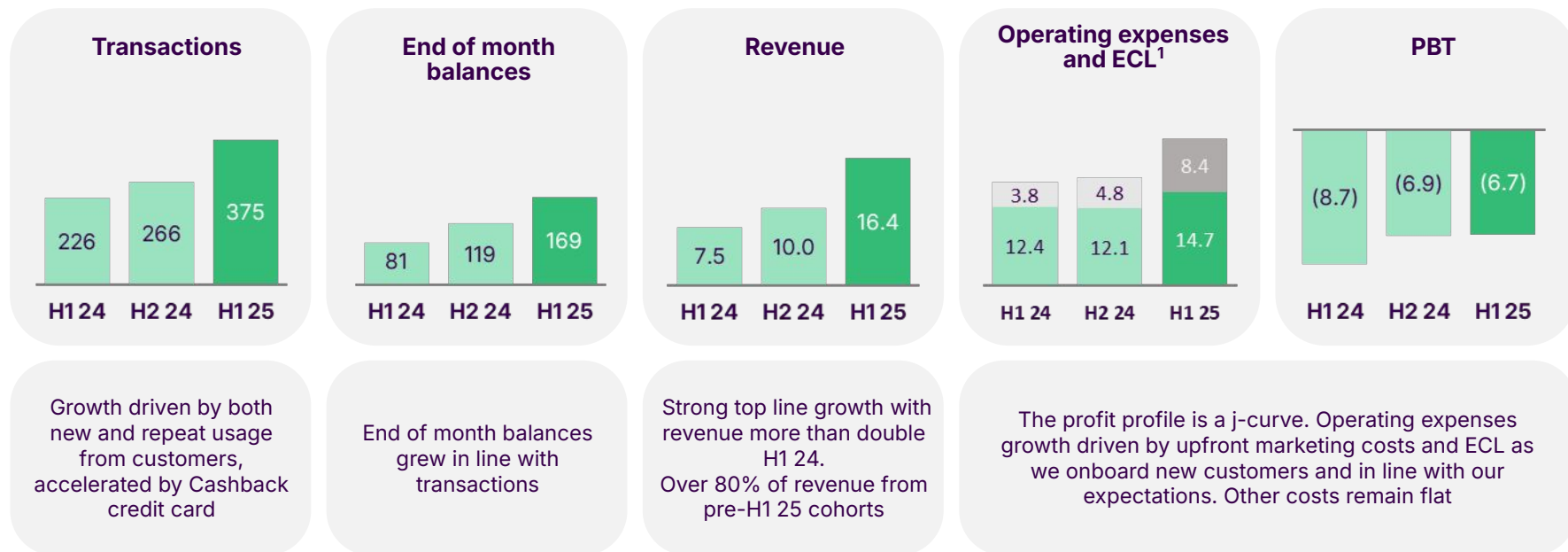
£m



<sup>1</sup> Commercial LuM H1 24: £1,699m H2 24: £1,971m H1 25: £2,218m. Legacy Covid schemes LuM H1 24: £1,078m H2 24: £743m H1 25: £442m

# FlexiPay seeing strong recurring revenues

Strong growth from FlexiPay & Cashback credit card in line with expectations  
£m



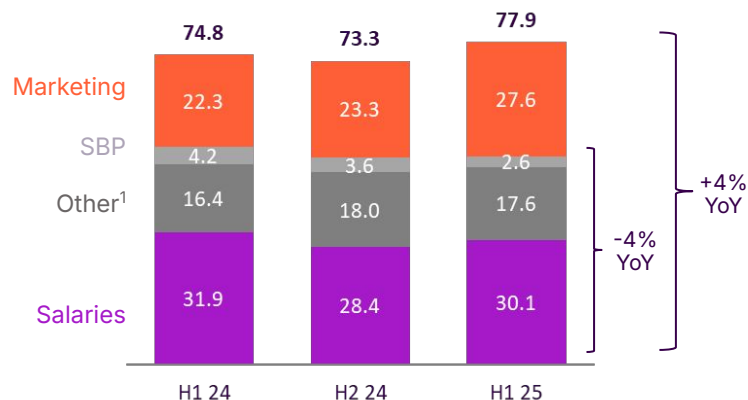
<sup>1</sup> Operating expenses are green bars, Expected credit losses shown as grey bars

# Rigorous focus on cost management

Significant operating leverage & scalability: revenue up 17%, costs up only 4%

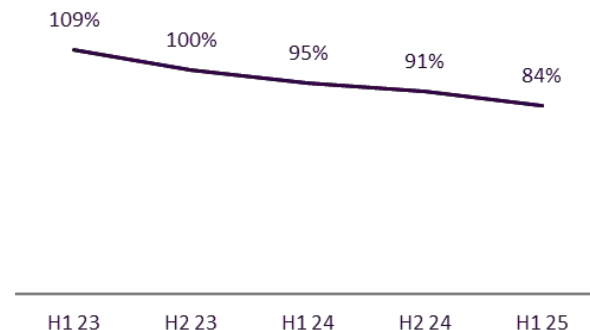
## Operating expenses (excl. ECL)

£m



## Operating expenses : revenue ratio

%



Marketing costs remain at c.30% of revenue

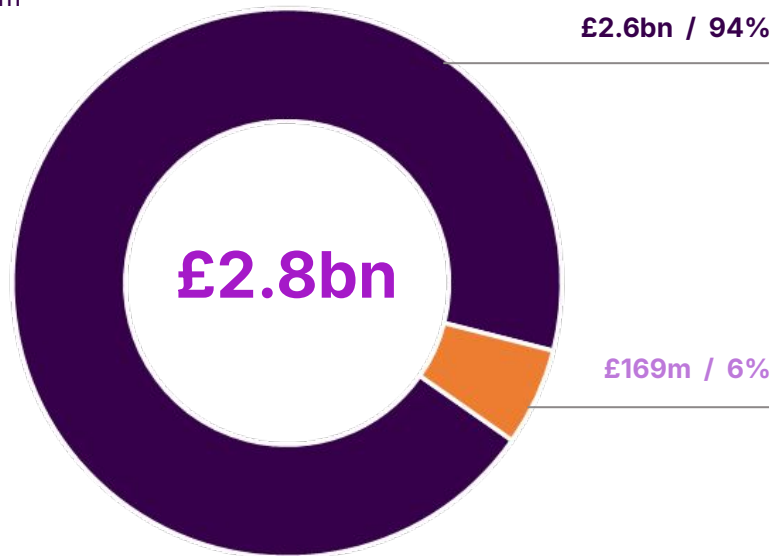
¹Data and processing, IT, depreciation & amortisation, and other costs



# Capital efficient model built for scale

Using the right funding for the right product; strong investor demand

Loans & balances under management  
£m



## Platform (off-balance sheet) funding for Term Loans business

- **£1.6bn** in Forward Flow agreements from financial institutions
- Attractive investor returns throughout the cycle
- Weighted average loan duration: c.2 years
- Funding Circle equity of £28m (1%), relating to government backed schemes and R&D product funding

## Balance Sheet funding for FlexiPay and Cashback credit card

- **£230m** senior Citi facility + Funding Circle equity
- Cash cycles every 3 months
- Funding Circle equity of £44m

# Term Loan business offers attractive returns

Annualised net returns ~5% above cost of capital, through the cycle

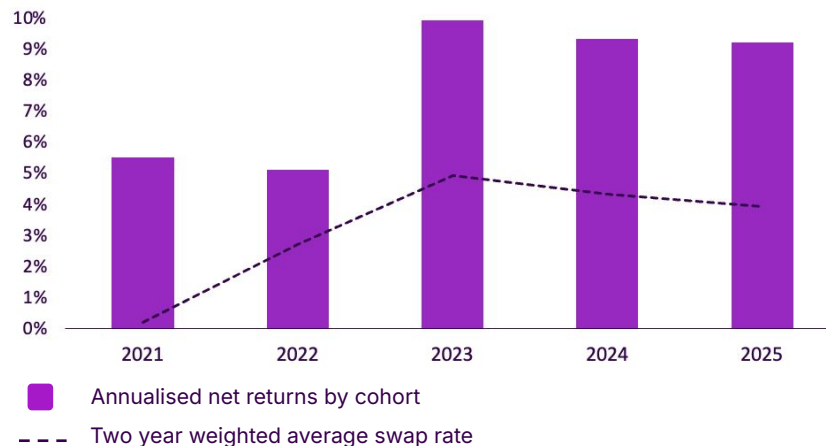
## Strength of credit models

**3x**

Better risk  
discrimination than  
bureau score



## Stable, robust, attractive returns



## Continuing demand from institutions

**£1.6bn**

Future funding  
in place

# FlexiPay and Cashback credit card efficient use of capital

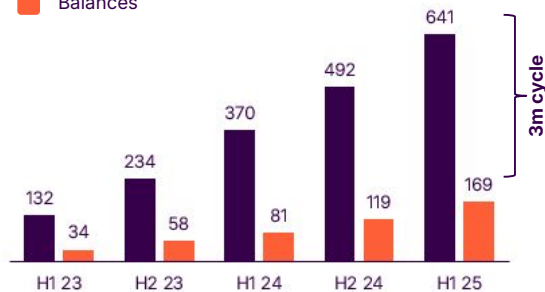
Capital cycles quickly (c.3m cycle); consistent credit performance

## Efficient capital usage

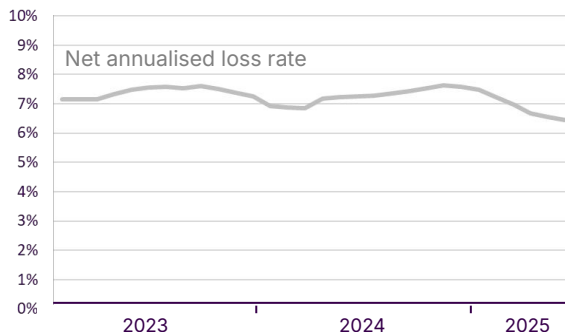
### Rolling 12-month transactions<sup>1</sup> and balances

£m

■ Transactions  
■ Balances



## Credit performance stable and in line with expectations



## Funding capacity for continuing growth

**£230m**

Citi facility

+

Funding Circle equity

<sup>1</sup> Transactions calculated on rolling 12 month basis to get annualised WAL

# Capital allocation framework

## A disciplined approach to managing capital

### **Deliver**

growth strategy in MTP

Capital required to deliver the medium-term plan with existing products

### **Invest**

to make platform stronger

Investment in products to drive opportunities, e.g. co-investment in government guarantee schemes and seeding products before onboarding institutional funders

### **Distribute**

to shareholders

Further consideration of buybacks and other shareholder distributions. To date, the Group has bought back and cancelled 15% of issued share capital

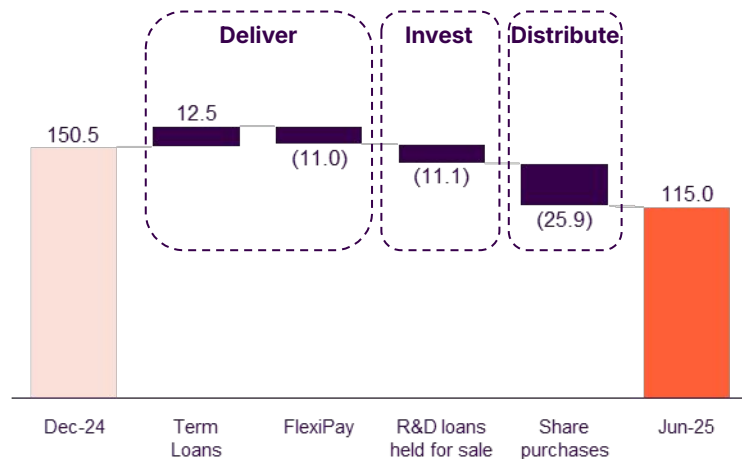
### **Future**

growth opportunities

Capital for future opportunities to accelerate the Group's strategy

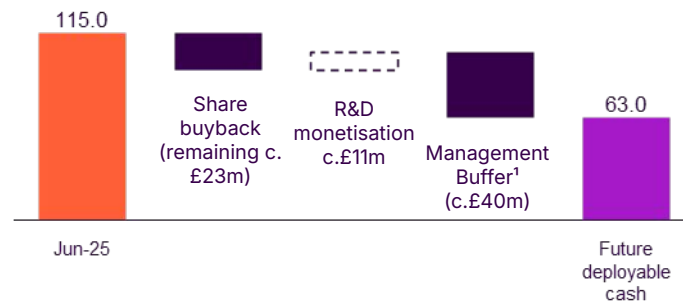
# Capital allocation in practice

## Unrestricted cash deployed in the period £m



- **Deliver:** Term Loans and FlexiPay collectively cash generative
- **Invest:** R&D for shorter term loan product, before selling on to an institutional investor who will then fund through forward flow
- **Distribute:** Share buyback (~£19m) & employee benefit trust (~£7m)

## Future deployable cash £m



- Future deployable cash at Dec 24 was £90m before 3<sup>rd</sup> £25m share buyback programme announced in May 25

<sup>1</sup> Capital held for operational buffer (~£40m). We are not regulated like a bank with regulatory capital but we hold a stress buffer for operational purposes.

# Strong H1 25 performance and future outlook

On track to deliver against FY25 market expectations and FY26 guidance

## H1 25 financial performance in line with our expectations

Group Revenue	Group PBT	Costs excluding Marketing & ECL	Term Loan PBT margin	FlexiPay revenue
<b>£92.3m</b> +17% YoY	<b>£6.0m</b> 12x YoY	<b>£50.3m</b> -4% YoY	<b>16.7%</b> H1 24: 12.8%	<b>£16.4m</b> +119% YoY

## Reaffirming our FY26 Guidance

Group Revenue	Group PBT
<b>&gt;£200m</b>	<b>&gt;£30m</b>

**Looking ahead**

# Looking ahead

Strategic priorities focused on profitable,  
customer-led growth



**Get to Yes**

---



**Expand our audience**

---



**Scale our product offering**

---

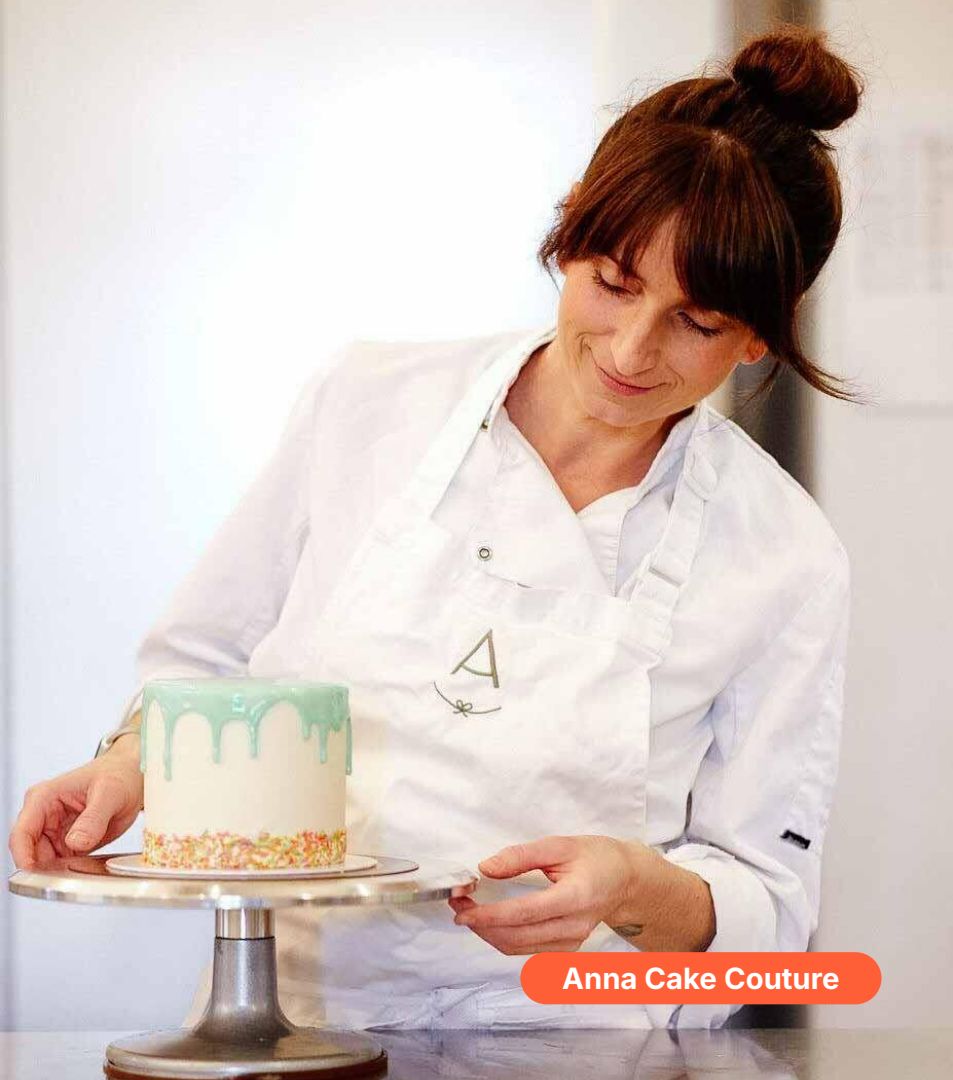


**Deliver a seamless end to end  
customer lifetime experience**



**Carter and George**





Anna Cake Couture

## Concluding remarks

- Strong revenue growth and accelerating profitability
- Continued innovation and product expansion in large markets
- On track for medium term guidance with attractive growth and profit trajectory

# Q&A



Lisa Jacobs  
CEO



Tony Nicol  
CFO

# Thank you.

# Disclaimer

## Information regarding forward-looking statements

This Presentation includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events.

Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Presentation and include statements regarding the intentions, beliefs or current expectations of the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates.

These forward-looking statements and other statements contained in this Presentation regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Such forward-looking statements contained in this Presentation speak only as of its date. The Group expressly disclaims any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in its expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Listing Rules, the Disclosure Guidance and Transparency Rules of the FCA or the Market Abuse Regulation.

# Appendices

# Borrow

## Term Loan

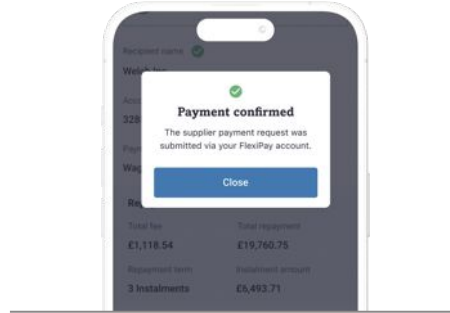


Loan for **long term investment purposes** to support business growth or long term cashflow management

- Funding Circle loans; Government guaranteed loans and marketplace (third party loans)
- Six months to six years
- **£10,000 to £750,000**

# Pay later

## FlexiPay line of credit

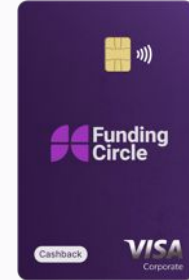


**Flexible line of credit** for paying bills, supplier invoices and managing short term cashflow using bank transfer or card

- Repay over 1, 3, 6, 9 or 12 months
- Flat fee on each transaction
- Credit limit of **£1,000 to £250,000**

# Spend

## Cashback credit card



Cashback credit card for **everyday business spending**

- Credit Card with cashback
- Credit limit of **£1,000 to £250,000**

# Multi-product view

	<b>Borrow</b> Term Loan	<b>Pay later</b> FlexiPay line of credit	<b>Spend</b> Cashback credit card
<b>Product type</b>	Funding Circle loans Government guaranteed loans Marketplace (3 <sup>rd</sup> party loans)	Rolling line of credit	Credit card with cash back
<b>Average size &amp; draw</b>	c.£75k loan c.4 year term	c.£17k credit limit c.£3k draw per transaction Paid back over 1-12 months	c.£17k credit limit
<b>Funding</b>	Forward flow from institutional investors	Funding Circle with senior banking facility	Funding Circle with senior banking facility
<b>How our products make money</b>	Transaction fee (c.6.5% on originations)  Servicing fee (c.1.3% p.a on LuM)	Drawdown fee (varying on transactions)	Interchange fee (1.75% on transaction)  Interest income (on credit levels)

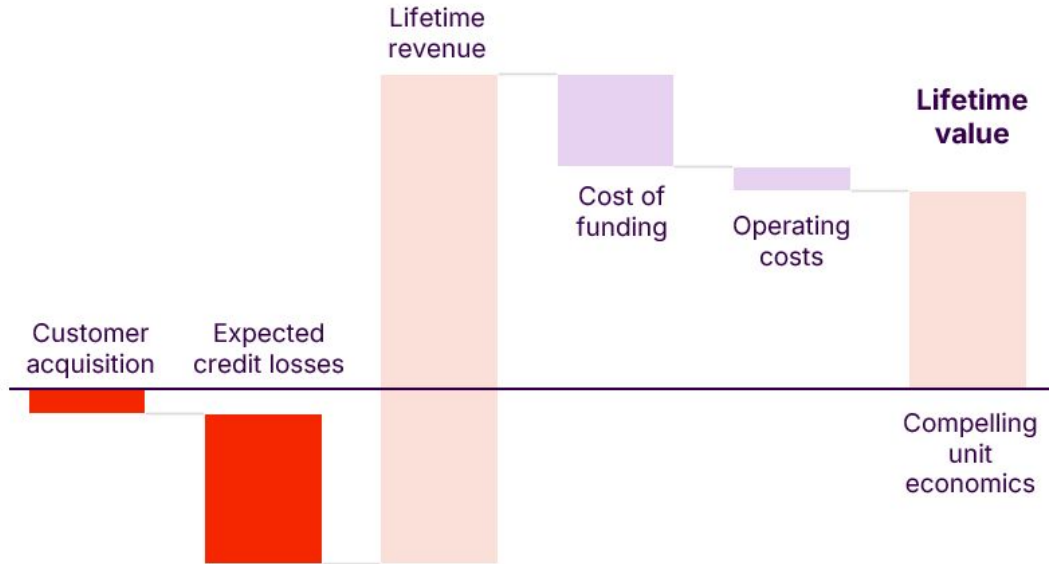
# How we make money

		Driver	Typical yield %	% of H1 25 Revenue
Operating: Term Loans	Transaction fees	Originations	c.6.5%	52%
	Servicing fees <sup>1</sup>	LuM	c.1.3%p.a	22%
Operating: FlexiPay	Drawdown fees / Credit card interest	Transactions	Variable	16%
	Interchange fees	Transactions	1.75%	1%
Investment	Bank interest	Cash balances & base rates	Variable	4%
	Investment income	Invested capital	Variable	5%

<sup>1</sup> Servicing fees includes other fees



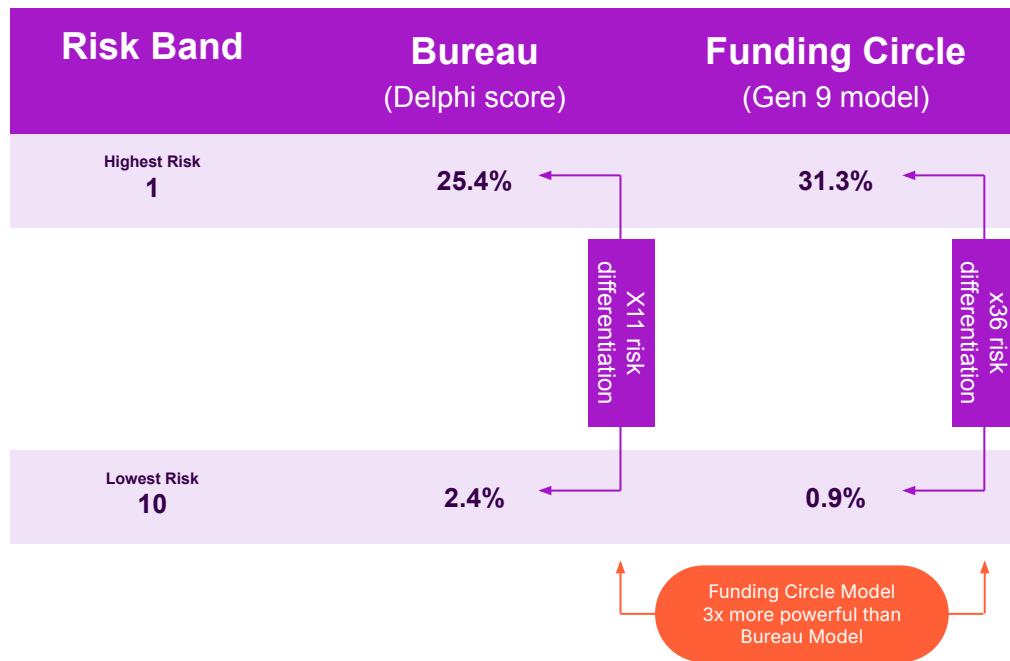
# Illustrative – FlexiPay/Cashback credit card unit economics



- Upfront customer acquisition (CPA reducing over time)
- Upfront expected credit losses
- Stable repeat usage
- Payback period 12-18 months
- Wider portfolio benefits with high engagement and marketing efficiencies

# Our models deliver 3x better risk discrimination than the bureau score

## Default rates (by deciles)



- Compared to the UK bureau delphi scores, our Gen 9 model achieves **3 times greater separation between lowest and highest risk borrowers**
- This supports **better pricing of risk into each loan**, resulting in a credit underwriting and commercial advantage