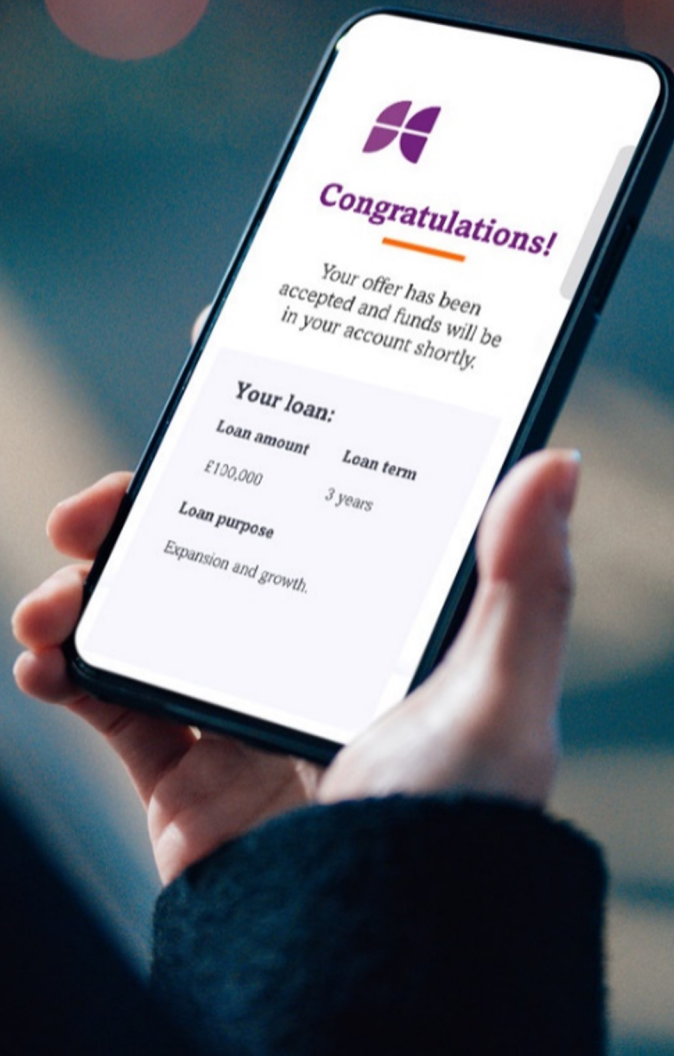


FULL YEAR 2022 RESULTS

2 March 2023



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.

Where small businesses get the funding they need to win



**£15bn credit extended to
135,000 small businesses since
2010**

**Funding Circle lending in the UK
during 2022 supported**

£6.9 bn
GDP contribution

106,000
Jobs

£1.4 bn
Tax revenues

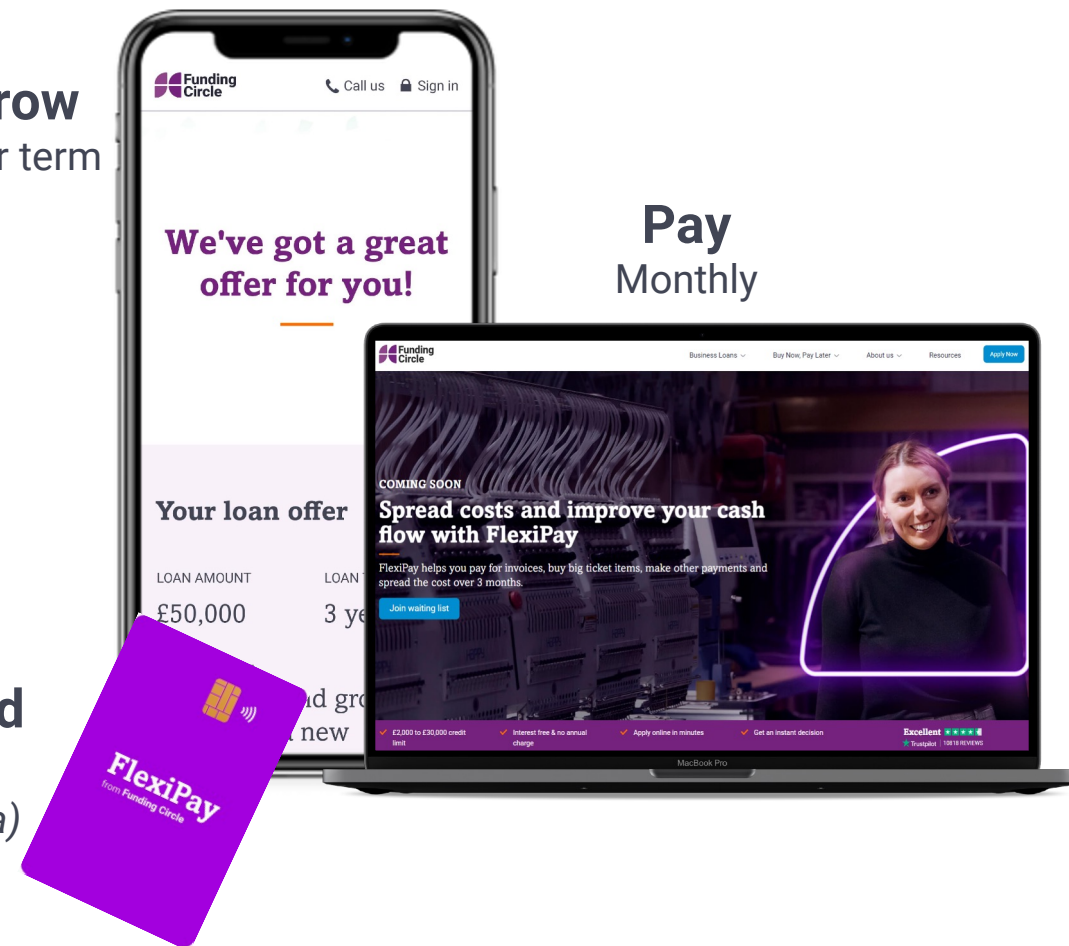
What we do

We enable small businesses to borrow, pay and spend

Borrow
Longer term

Pay
Monthly

Spend
Daily
(in beta)



How we do it

We deliver an unrivalled experience for small businesses, powered by data and technology



>2 bn

Data points in
data lake (Group)



3x

Better risk discrimination
than bureau scores



6 min

Application time
(UK Loans)



70%

Instant decision
(UK Loans)



77

Customer NPS
(Group)



4.6

Trustpilot score
(UK)

Funding Circle is better positioned today than it has ever been

Proven resilience through change

Last few years have brought significant challenges:

- Covid-19 operating impact on small businesses
- UK and US government loan schemes led to lending spike and 'bring forward' of SME borrowing
- SME confidence below trend

Throughout, Funding Circle has demonstrated:

- Strong credit performance with robust and attractive returns
- Continued investor and borrower demand
- Proven ability to scale
- Ability to serve SME lending transition to digital
- Strong cash balance

What this means for Funding Circle

UK Loans: more muted performance in short term

- 2022 return to commercial lending as government schemes end; prudent approach in H2
- 2023 continued prudence through expected recession, pushing back medium-term plan by a year

US Loans: continued growth trajectory

- US economic environment more benign
- Continued momentum and growth (2022 and beyond)

FlexiPay: investing in exciting new growth

- Strong growth and engagement, significant market opportunity
- Stepping up investment

Financial performance

Revenue model: almost 90% of income from fees

		FY 22 Driver	Typical yield %	% of FY 22 Total income
Operating	Transaction fees ¹	Originations £1.5bn	c.5%	55%
	Servicing fees	LuM £3.7bn	c.1% per annum	32%
	FlexiPay fees	Transactions £60m	4.5% ² over 3 months	1%
Investment	Investment income	Equity invested £81m ³	Variable%	12%

1. Transaction fees includes other fees

2. FlexiPay fees currently 4.5% for new customers and 3% for existing customers

3. Equity invested excludes £16m of FlexiPay lines of credit.

Key financial metrics

£m	H1 21	H2 21	H1 22	H2 22	FY 21	FY 22
Originations	1,635	661	803	678	2,296	1,481
Loans Under Management (LuM)	4,933	4,457	4,071	3,743	4,457	3,743
Operating income	94.5	71.0	66.4	65.0	165.5	131.4
Investment income	26.1	15.3	10.9	6.4	41.4	17.3
Total income¹	120.6	86.3	77.3	71.4	206.9	148.7
Fair value gains	8.1	20.5	1.5	3.3	28.6	4.8
Net income	128.7	106.8	78.8	74.7	235.5	153.5
Operating AEBITDA	19.1	2.7	(1.8)	(13.5)	21.8	(15.3)
Investment AEBITDA	34.2	35.8	12.4	9.7	70.0	22.1
AEBITDA²	53.3	38.5	10.6	(3.8)	91.8	6.8
Operating profit (loss)	35.5	28.7	1.5	(16.2)	64.2	(14.7)
Cash	168.1	224.0	200.7	177.7	224.0	177.7
Net Assets	254.1	288.0	299.3	284.0	288.0	284.0

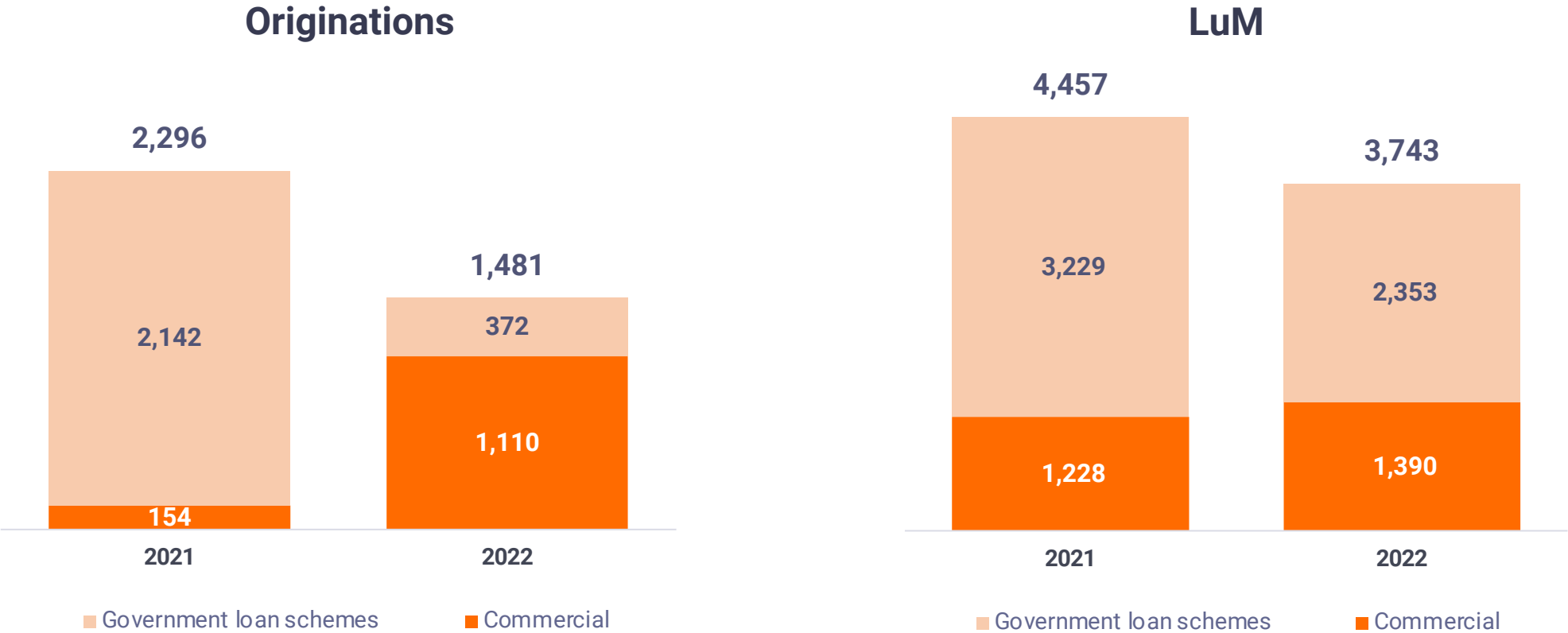
- **Originations** of £1.5bn were down 35% from the peak of the government support schemes in FY 21 and from prudent credit strategy in the UK in H2 22.
- **LuM** was £3.7bn, amortising down 16% from the higher levels during government schemes.
- **Operating income** of £131.4m was down 21% vs FY 21 with movement aligned with the originations profile although partially offset by some servicing fees growth.
- **Investment income** of £17.3m was down 58% vs FY 21 as securitization vehicles have been unwound and remaining loans amortise down.
- **Fair value gains** in FY 22 normalised with FY 21 reflecting reversals of large write downs at the peak of the pandemic.
- **Group remained AEBITDA positive** despite challenging economic environment.
- **Cash and net assets levels remain strong** at £177.7m and £284.0m respectively putting business in strong position to deliver medium term plan

1. Total income is defined as operating income and investment income less investment expense and before non-cash fair value gains/losses.

2. Adjusted EBITDA represents EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) excluding share-based payments, exceptional items and foreign exchange gains or losses. Investment AEBITDA represents investment income, investment expense and fair value adjustments and operating AEBITDA represents AEBITDA excluding investment AEBITDA.

Strong growth in commercial lending following the peak of government support schemes in FY 21

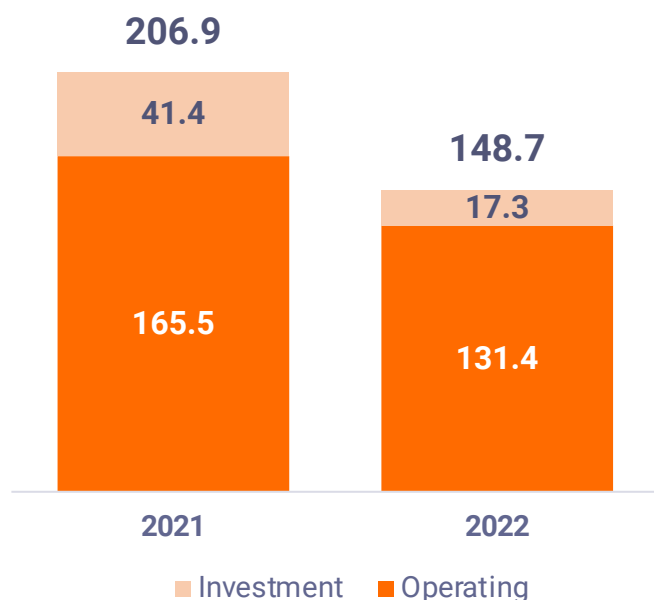
£m



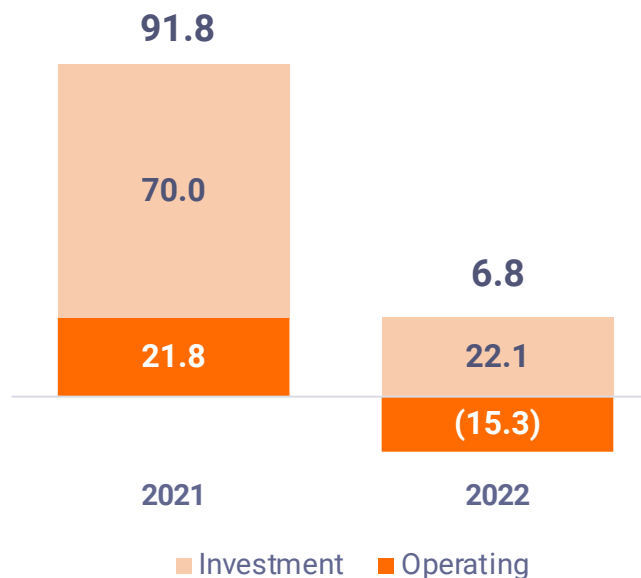
The Group continued to be AEBITDA positive in FY 22, whilst total income reduced in line with originations

£m

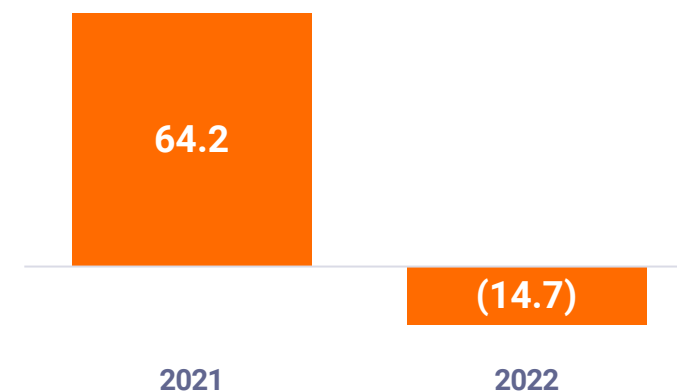
Total income



AEBITDA

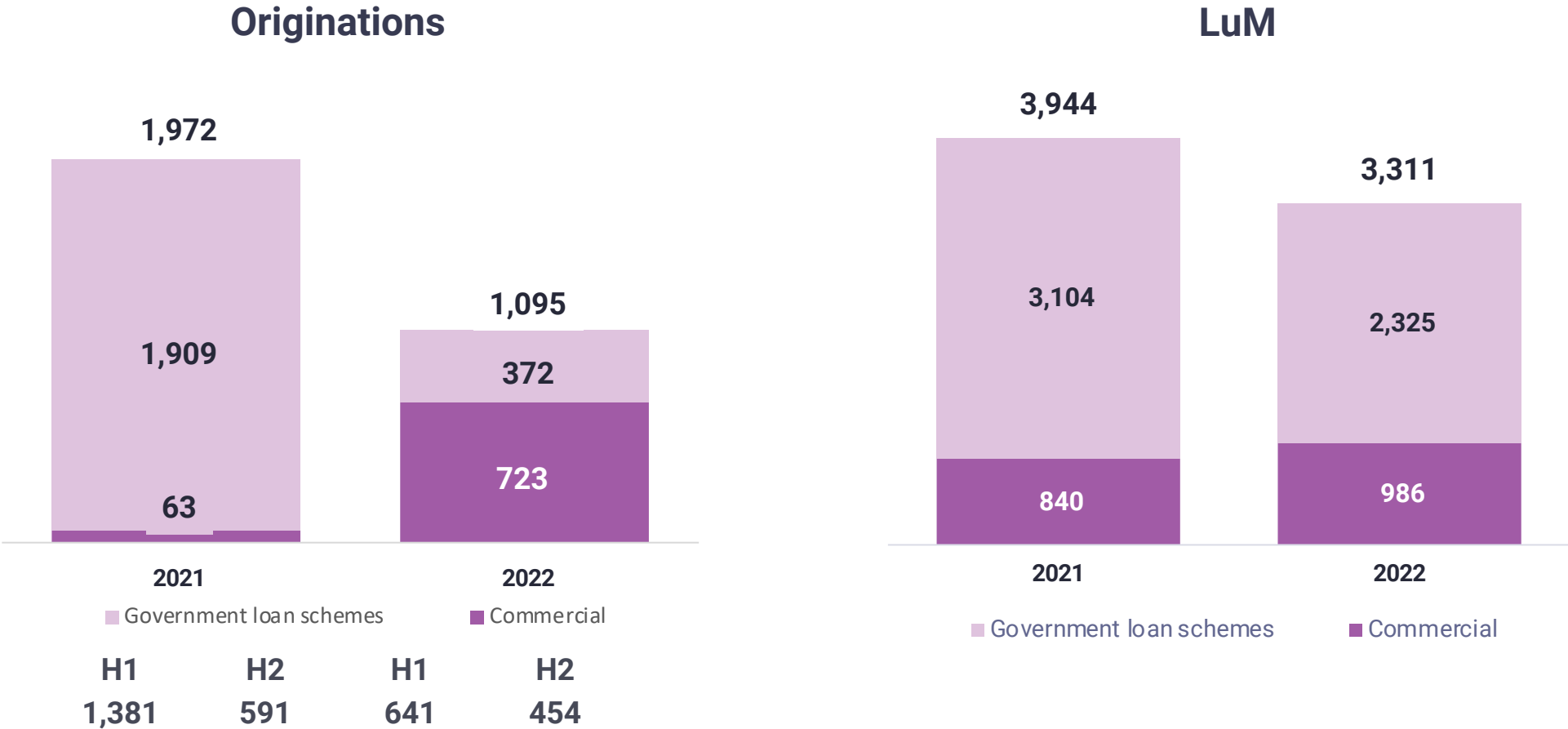


Operating profit / (loss)



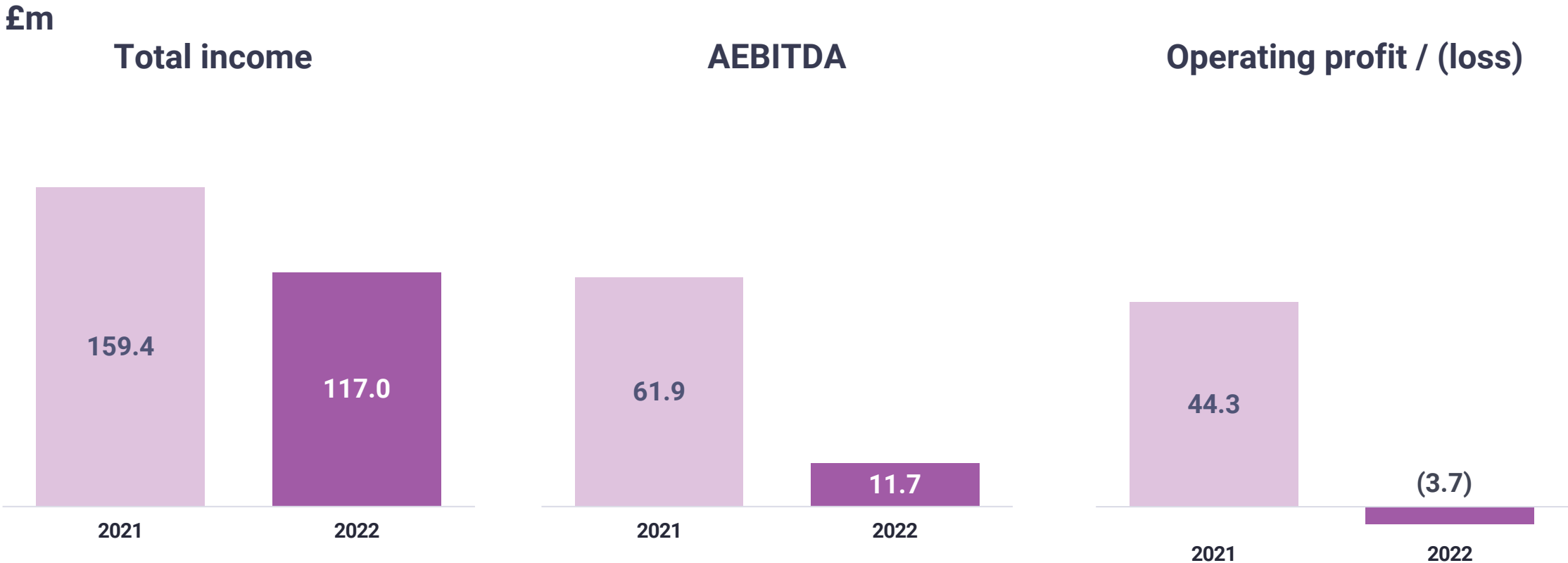
UK Loans¹ originations reduced from the peak of government support schemes. Prudent approach taken on credit in H2 22

£m



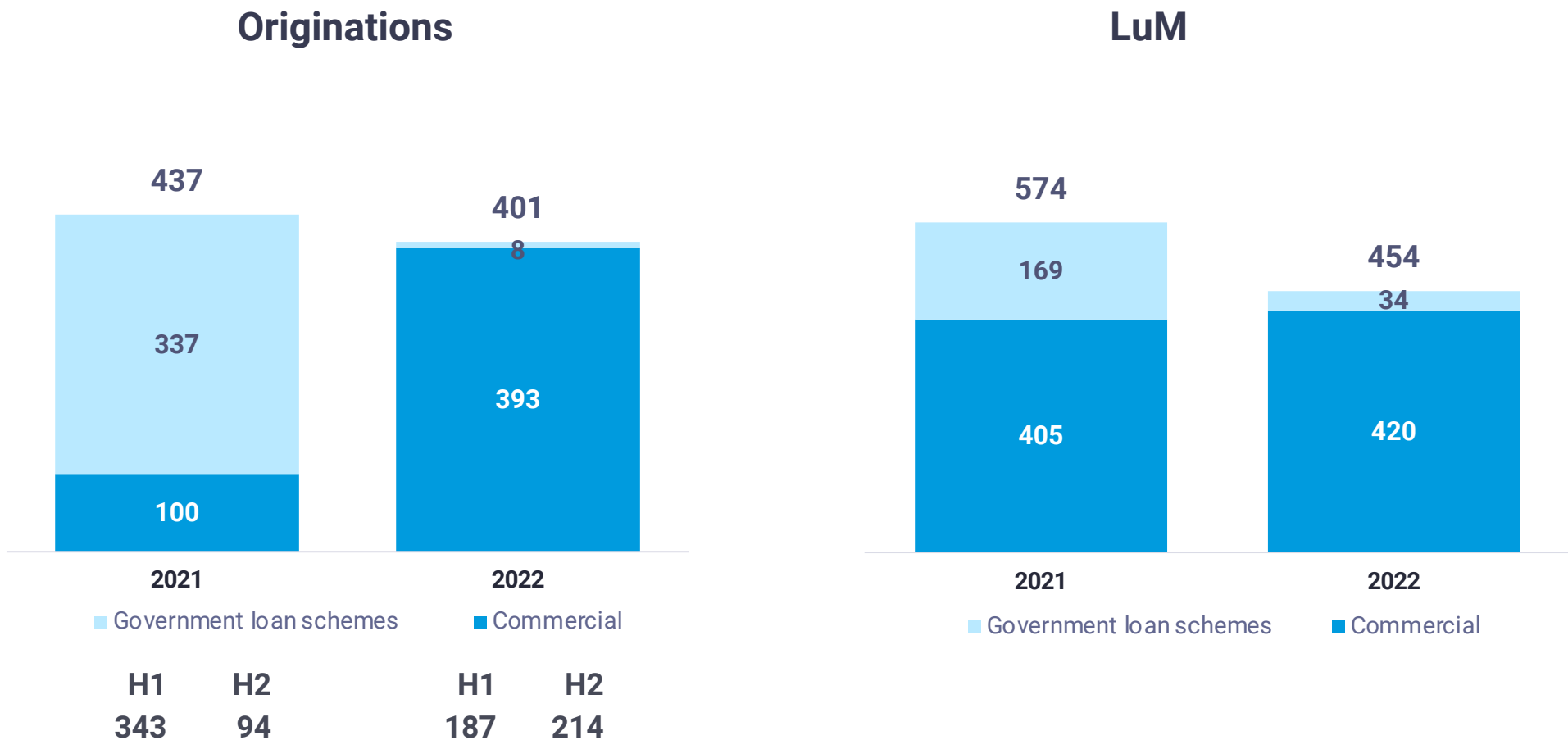
1. UK Loans excludes FlexiPay.

UK Loans continued to be AEBITDA positive



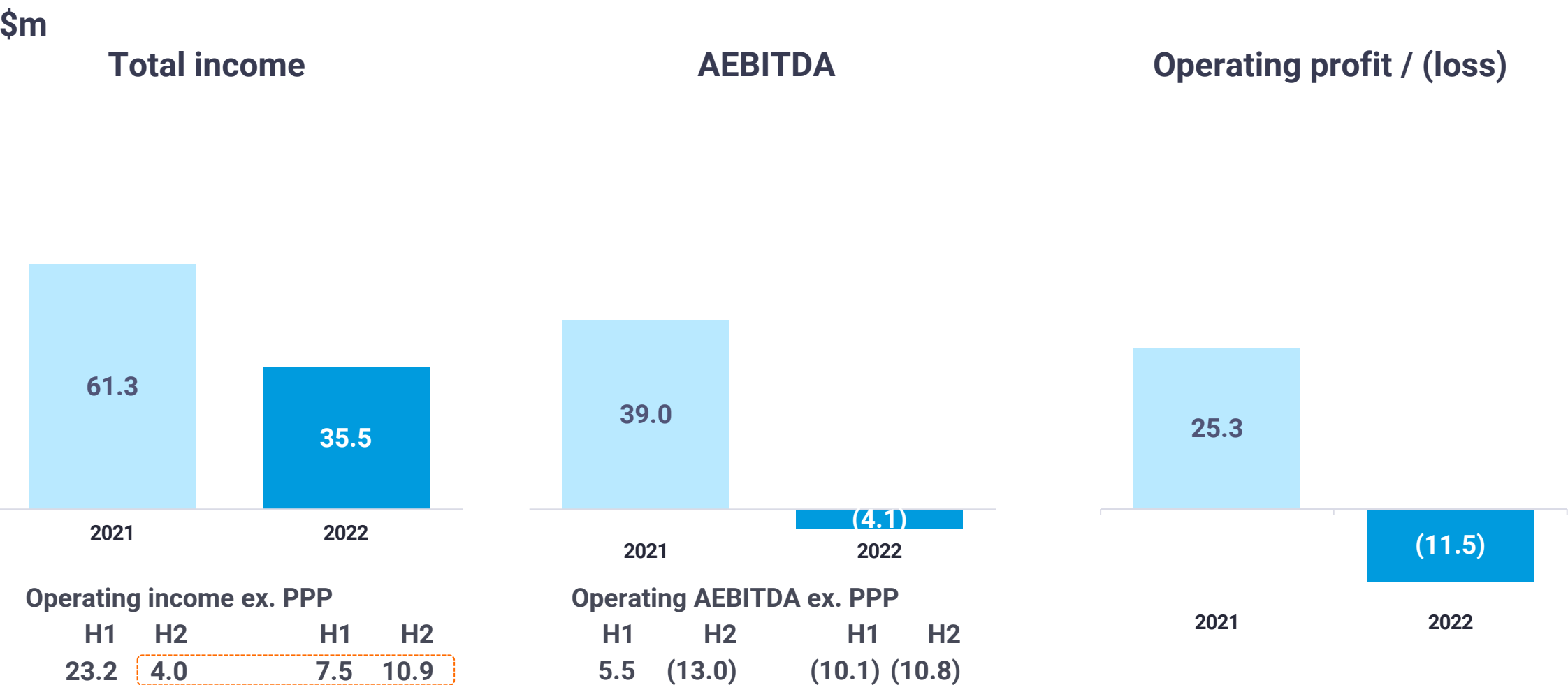
US Loans showing strong momentum in commercial lending with originations more than doubling H2 21 to H2 22

\$m



Numbers above in GBP: Originations FY21 £316m, FY22 £327m; LuM Dec-21 £425m, Dec-22 £375m

US Loans underlying operating income continuing growth trend

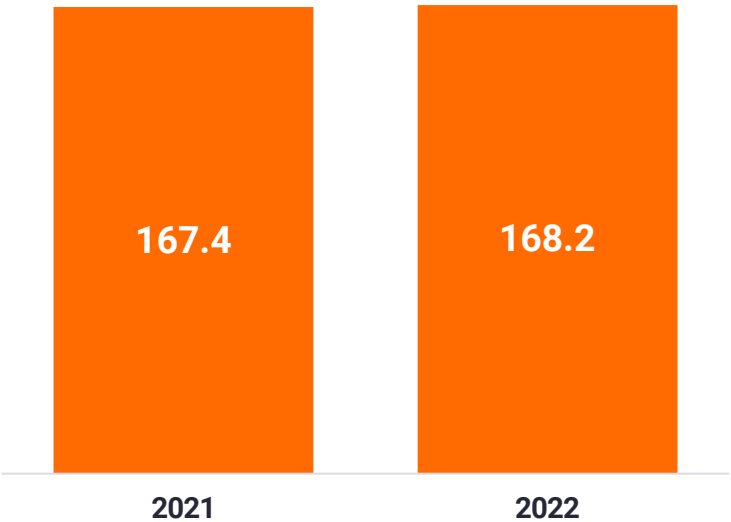


Numbers above stated in GBP: Total income FY21 £44.8m, FY22 £28.6m; AEBITDA FY21 £28.4m, FY22 £(3.7)m; Operating profit / (loss) FY21 £18.5m, FY22 £(9.7)m

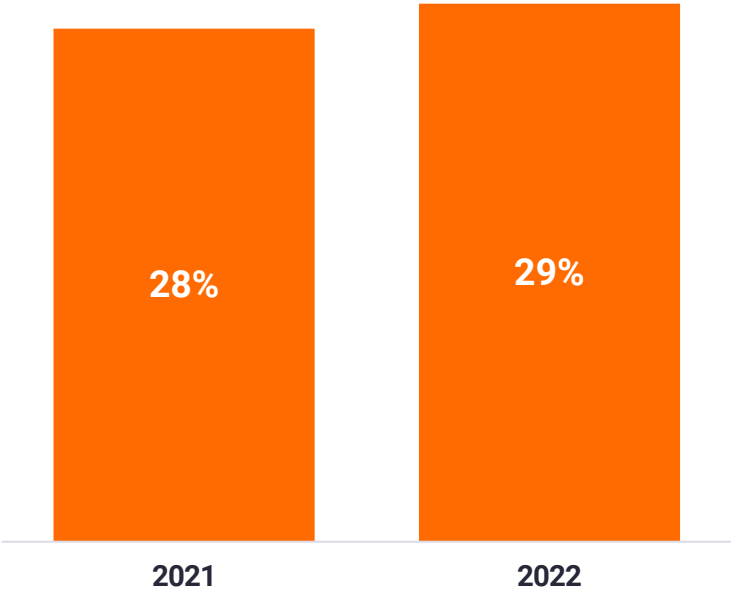
Group operating expenses¹ are broadly in line with FY 21

£m

Costs broadly in line with FY 21



Marketing costs broadly flat at c.30% of operating income

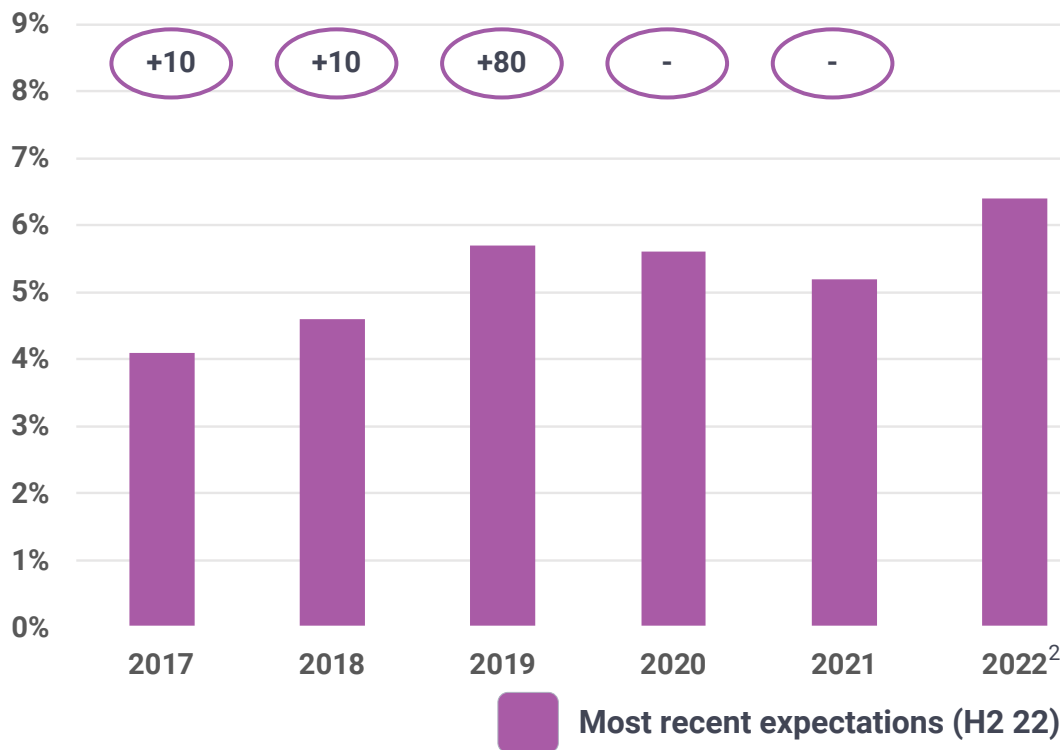


1. Operating expenses are shown before exceptional items.

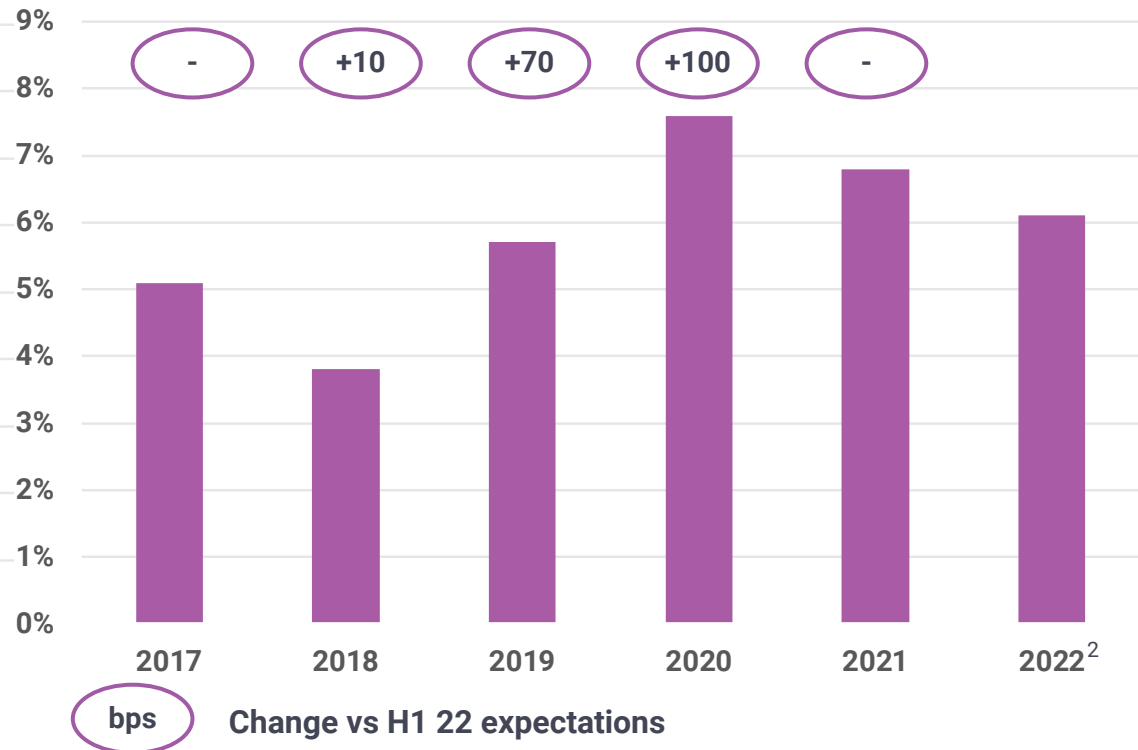
Proven track record delivering attractive and robust returns, underpinning funding sustainability and resilience



Projected annualised returns by cohort¹



Projected annualised returns by cohort¹

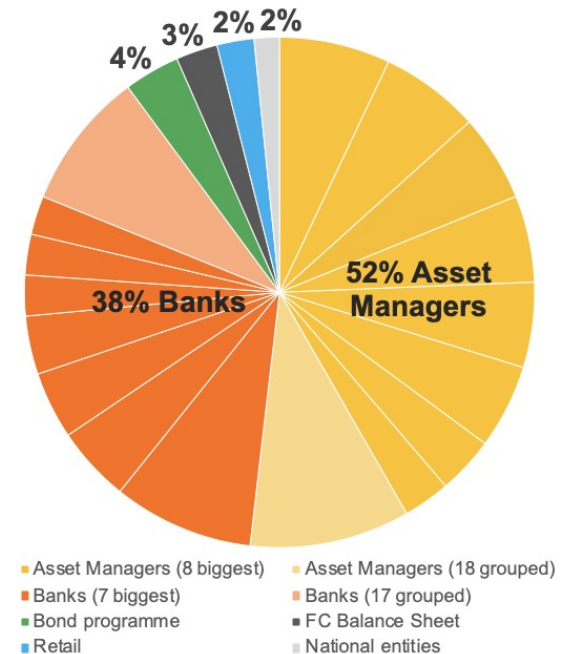


1. The projected annualised return shows the return, after fees and bad debt, that loans are currently estimated to achieve. It can take up to five years for loans to fully repay so estimates may change, particularly for more recent cohorts where the majority of loans are still to repay.
2. 2022 expected returns are as at point of origination.

Funding Circle has a sustainable funding model

- ✓ Institutional investors assured by track record in delivering attractive and robust returns at scale through the cycle
- ✓ Proven to be diverse and sustainable
- ✓ Agile to respond to market conditions
- ✓ Enables rapid scaling and attractive operating leverage
- ✓ Manages credit risk exposure
- ✓ Underpins high RoE, maximising shareholder returns

Loans under management £3.7bn
with 3% funded by Funding Circle



Expertise in aggregating institutional capital delivered sustainable funding in FY 22 and strong funding flow for FY 23

Institutional
86%

- **Strong institutional funding and pipeline**

- UK: During 2022, four forward flow agreements signed, totalling £2.4bn. Additional material forward flow agreement signed in January
- US: During 2022, worked with eight forward flow funders, including first credit union partner. Additional material forward flow agreement signed in January

Marketplace
11%

- **Diverse set of third party lenders to whom we refer applications that sit outside our product set or risk appetite**

- In excess of 30 lenders across the UK and US

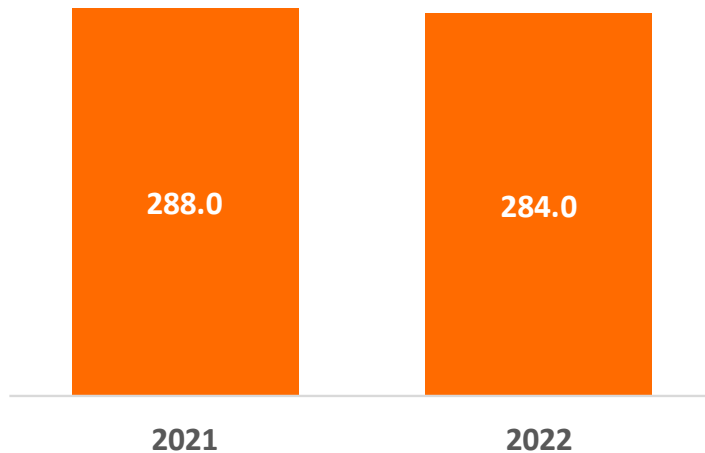
FC balance
sheet
3%

- **Limited balance sheet usage**

- Optimised use of Funding Circle balance sheet where it makes the business stronger

Net assets of £284m including cash of £178m

£m



- Net assets predominantly made up of unrestricted cash of £166m, restricted cash of £12m and equity invested of £97m
- Unrestricted cash of £166m has reduced by £33m since Dec FY21 of which only £8m due to operating outflows
- Other £25m outflows included:
 - winding up two securitisations with outflows of £12m
 - £20m temporary US loans funding whilst investor onboarded; subsequently sold in February 2023
 - funding for FlexiPay loans of £16m
 - Employee Benefit Trust purchase of £9m shares
 - cash inflows of £32m from previous equity invested

Our balance sheet is a source of strategic advantage

Supporting operations

- Cash retained for prudential stress
- Supporting our US Loans and FlexiPay operations

Investing where it makes the platform stronger

- Limited co-investment for risk alignment
- Funding transition through investor onboarding
- Research & development

FlexiPay funding

- FlexiPay funded on balance sheet, leveraging when appropriate

Future growth

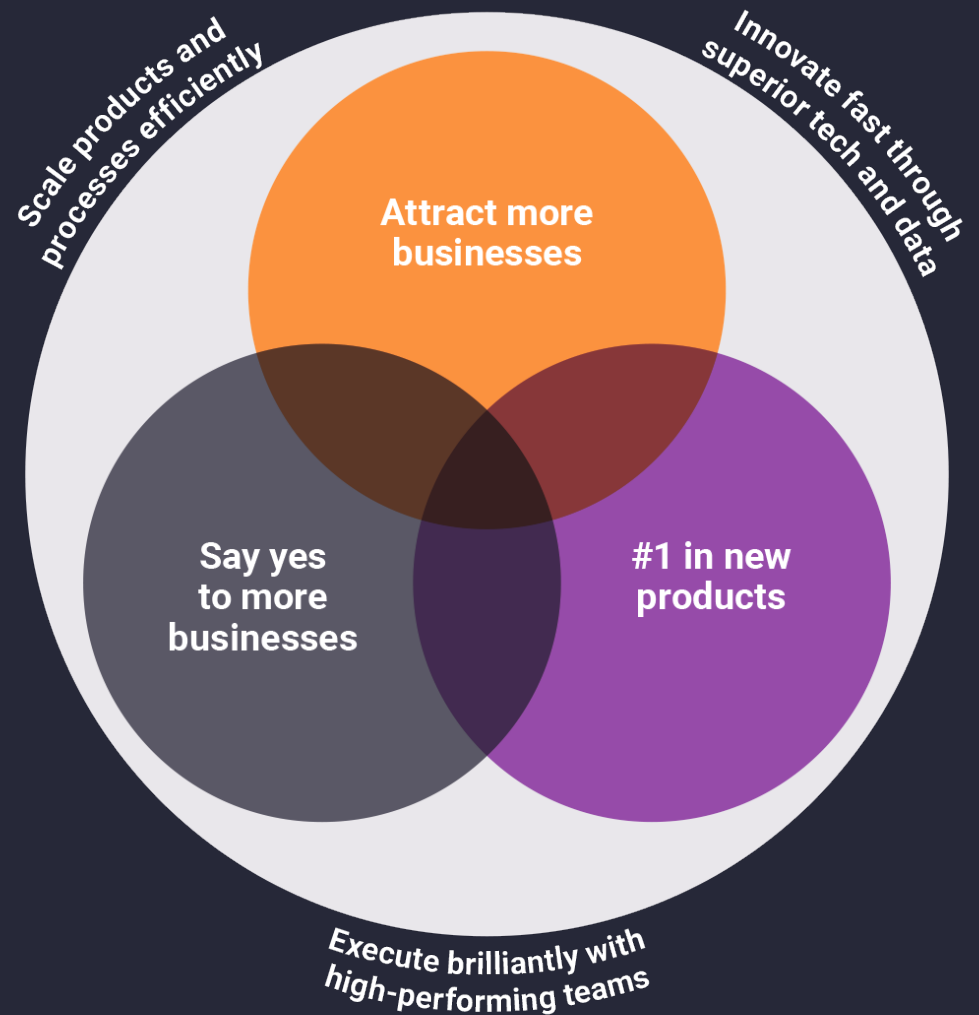
- Further investment in growth or dry powder for M&A
- Sufficient cash to meet medium term plan

Managing share dilution

- Employee benefit trust purchasing to reduce share plan dilution

Looking ahead

**Our growth
strategy focuses
on helping more
small businesses
win**



Technology and data is at the heart of everything we do

Funding Circle at the start of 2022

Thousands of
small businesses



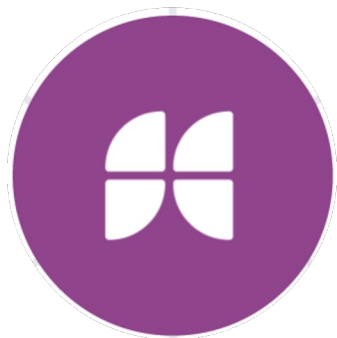
Direct

Partner

Broker

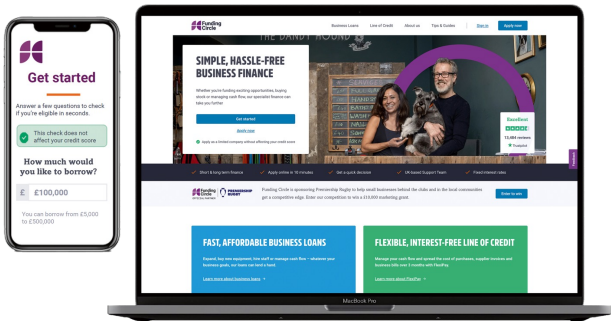
come to

Funding Circle



to get the

funding they need to win



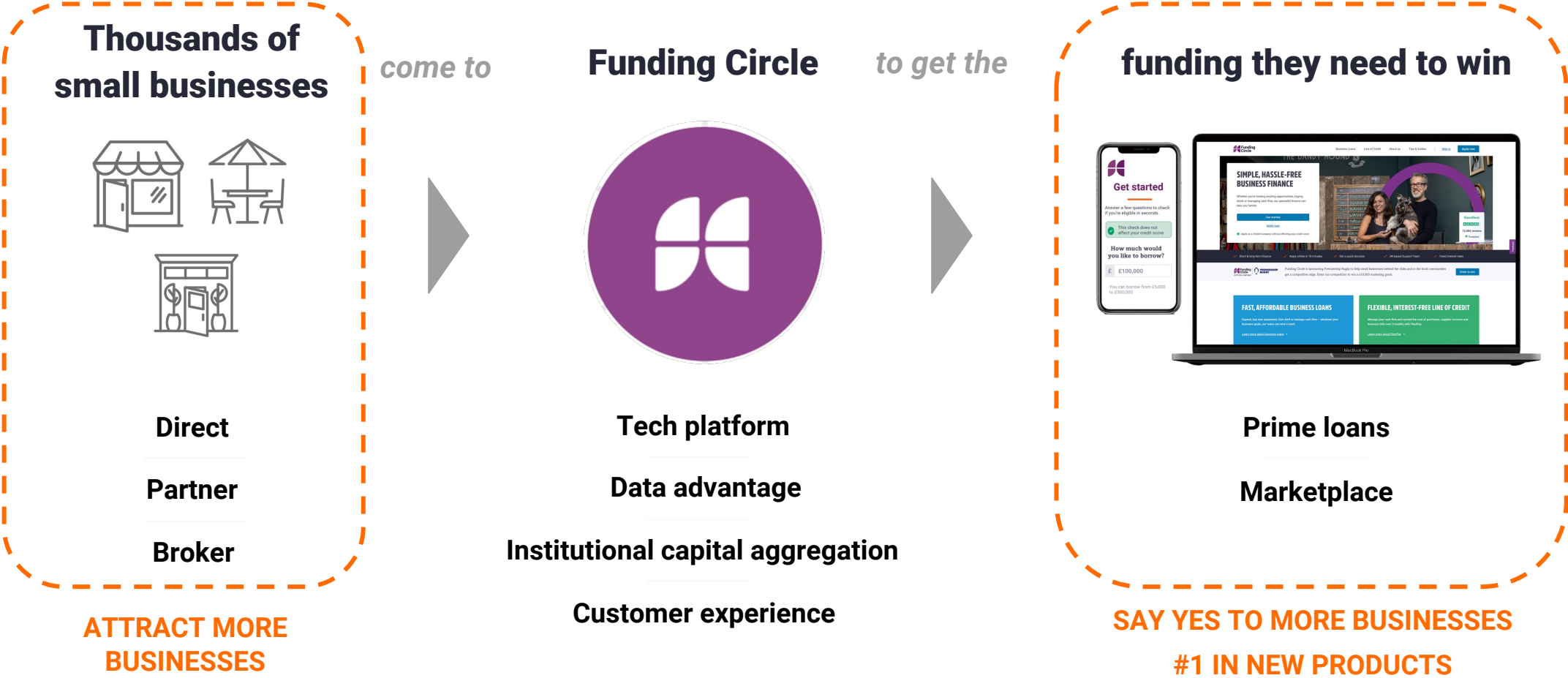
Prime loans

Marketplace

- Tech platform
- Data advantage
- Institutional capital aggregation
- Customer experience

Our growth strategy is focused on expanded distribution, increased conversion and an expanded product set

Funding Circle at the start of 2022



In FY 22 we built the foundations to enable small businesses to borrow, pay and spend

Funding Circle today

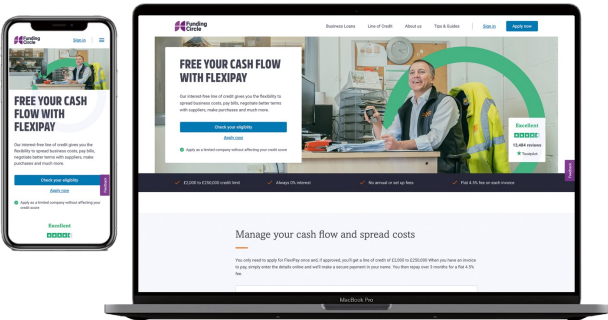
Thousands of
small businesses

come to

Funding Circle

to get the

funding they need to win



Direct

Partner

Broker

LaaS



Tech platform

Data advantage

Institutional capital aggregation

Customer experience

Super prime loans



Prime loans

Near prime loans



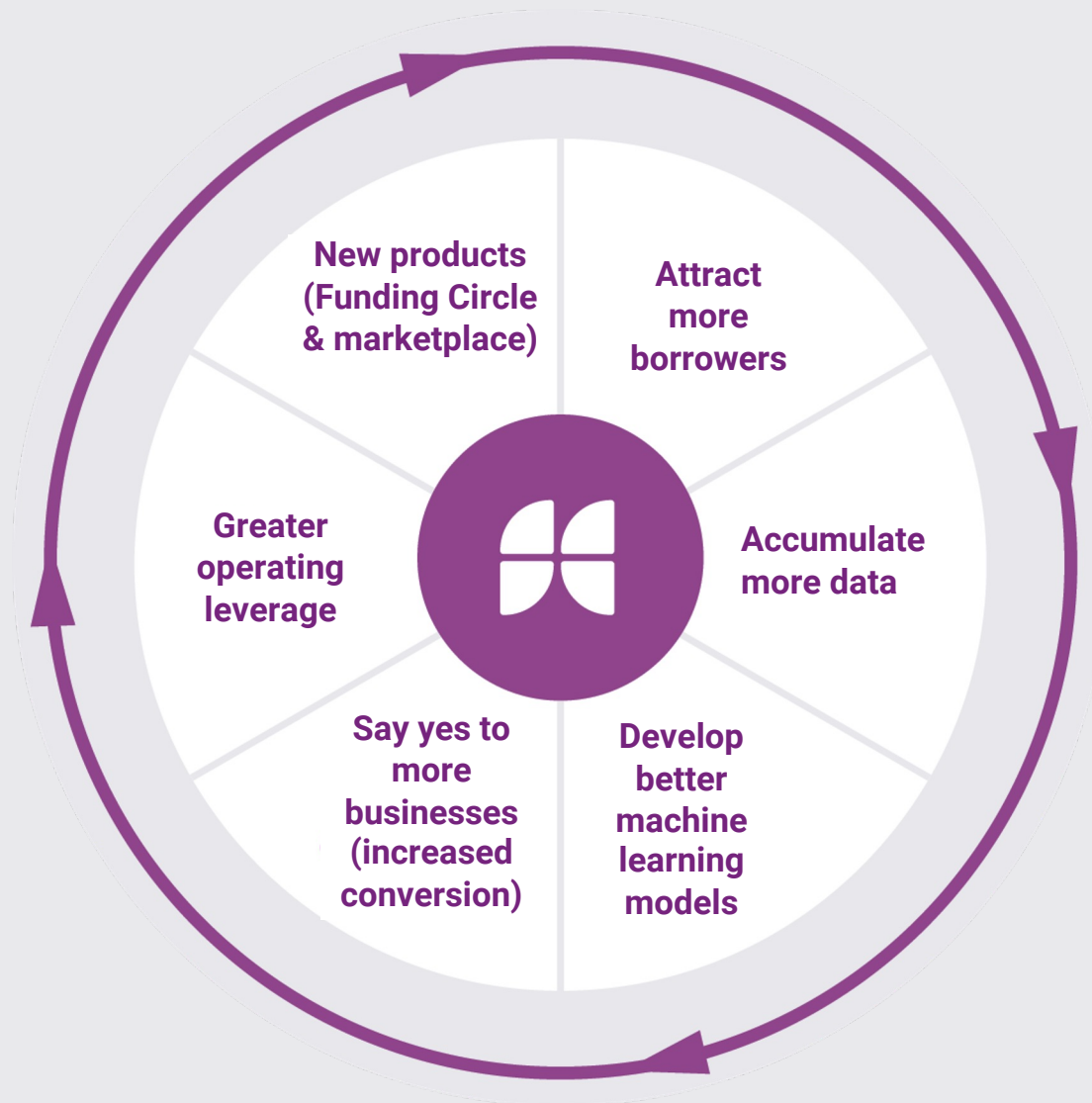
FlexiPay



Marketplace

FlexiPay was launched in beta in 2021; FlexiPay card launched in beta at end of 2022.

Our platform gets stronger with each customer interaction and creates a deep moat around our business



FlexiPay solves one of our customers' biggest pain points



67%

of SMEs say cashflow is
their biggest issue¹

“*With FlexiPay I can now buy in bulk,
helping me get a discount from my
supplier and increasing my margins.*”

Vik Gubskis, Founder,
8 Rocks Deli & Wine

1. Bacs research.

FlexiPay enables SMEs to manage their cashflow by spreading the cost of payments

How does it work?

- 1 Apply online: Instant decision
- 2 Get an approved line of credit for business payments
- 3 FlexiPay: Pay supplier now
- 4 Repay over 3 months with 0% interest and a flat fee

The image displays four promotional banners for FlexiPay, a service by Funding Circle. The banners are arranged in a collage-like fashion. The top-left banner is green and white, featuring the text 'LIGHTEN THE LOAD OF BUSINESS COSTS. FLEXIPAY.' and an 'Apply now' button. The top-right banner is green and white, featuring the text 'INTRODUCING FlexiPay' and 'Pay invoices, bills and other business costs with our interest-free line of credit', along with an image of a hand holding a stack of invoices and a 'PAID' stamp. The bottom-left banner is dark blue and white, featuring the text 'FREE YOUR CASH FLOW WITH OUR NEW INTEREST-FREE LINE OF CREDIT' and 'Sign up for FlexiPay'. The bottom-right banner is green and white, featuring the text 'AVOID THE PINCH OF BUSINESS COSTS. FLEXIPAY.' and an 'Apply now' button, along with an image of a hand holding a stack of invoices. All banners include the Funding Circle logo at the bottom.

FlexiPay tripled cumulative transactions in last six months with growing base of both repeat and new customer transactions

FlexiPay continues to show strong traction and growth:

- >3x growth in cumulative transaction value H1 22 to H2 22
- ~£60m total transactions in FY 22 (£3.5m FY 21)
- > 2,000 active¹ accounts at end FY 22 (c.250 FY 21)

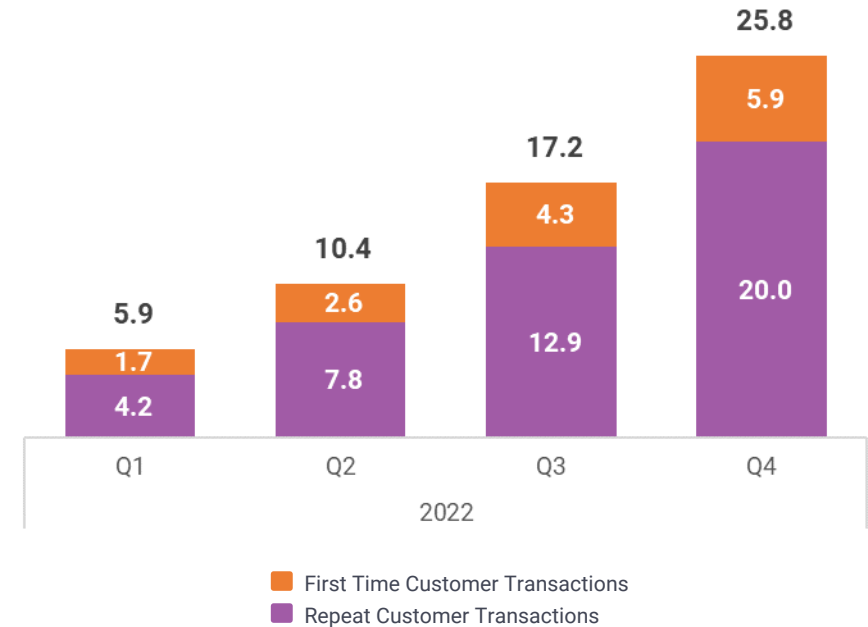
High customer engagement

- >20,000 transactions to date
- 1.4 transactions/month per active customer

Attractive economics and risk profile

New and repeat customer transactions

£m



1. FlexiPay account is active when there is an outstanding balance on the account or a transaction has been made in the last 3 months.

SME B2B payments represents a major new market opportunity and our capabilities enable us to win in this space

- Cashflow is a significant SME pain point
- SME B2B payments is a huge market opportunity
- We see significant growth opportunity in this space
- We will scale FlexiPay in FY 23 – including new product features and expansion of card beta trial
- The combination of our technology, credit assessment expertise and acquisition capability enables us to win in this space
- We will step up investment in FlexiPay in 2023 to realise the opportunity



c.£1.3tr

SME payments¹

Outlook

Funding Circle continues to be well positioned for long term success

FY 23		
Expectation of challenging UK economic environment in FY 23		
	UK and US Loans	FlexiPay
Total income	£150m - £160m	Over £10m
Continued momentum in US, broadly flat in UK		
AEBITDA	£0-10m	£(10-20)m
FY 23 investment into FlexiPay, AEBITDA loss dependent on speed we choose to scale		

Medium Term (FY 25)		
Group to double total income by FY 25 (incl. FlexiPay); prior UK medium-term guidance delayed by one year ¹		
UK Loans ¹	US Loans	FlexiPay
At least £175m	At least £70m	At least £50m
Margins of 25-30%	AEBITDA positive	AEBITDA positive

1. Previous UK FY 25 guidance of total income £220m and AEBITDA margins of 30-35%.

Conclusion

- Funding Circle is better positioned today than it has ever been
- Technology and data driven competitive advantage continues to deliver superior borrower experience
- Attractive and proven business model with robust loan returns
- Executing on attractive growth opportunities over the medium term to help more small businesses win

Financial appendices

Group income statement

	H1 2022			H2 2022			2021			2022		
	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Transaction fees	40.7	-	40.7	36.8	-	36.8	115.0	-	115.0	77.5	-	77.5
Servicing fees	24.2	-	24.2	23.7	-	23.7	47.0	-	47.0	47.9	-	47.9
Interest income	0.6	-	0.6	1.3	-	1.3	-	-	-	1.9	-	1.9
Other fees	0.9	-	0.9	3.2	-	3.2	3.5	-	3.5	4.1	-	4.1
Operating income	66.4	-	66.4	65.0	-	65.0	165.5	-	165.5	131.4	-	131.4
Investment income	14.1	-	14.1	7.9	-	7.9	53.7	-	53.7	22.0	-	22.0
Investment expense	(3.2)	-	(3.2)	(1.5)	-	(1.5)	(12.3)	-	(12.3)	(4.7)	-	(4.7)
Total income	77.3	-	77.3	71.4	-	71.4	206.9	-	206.9	148.7	-	148.7
Fair value gains/(losses)	1.5	-	1.5	3.3	-	3.3	28.6	-	28.6	4.8	-	4.8
Net income	78.8	-	78.8	74.7	-	74.7	235.5	-	235.5	153.5	-	153.5
				-								
People costs	(41.4)	-	(41.4)	(44.5)	-	(44.5)	(77.7)	-	(77.7)	(85.9)	-	(85.9)
Marketing costs	(17.3)	-	(17.3)	(21.1)	-	(21.1)	(46.9)	-	(46.9)	(38.4)	-	(38.4)
Depreciation, amortisation and impairment	(6.9)	-	(6.9)	(10.1)	-	(10.1)	(13.9)	(3.9)	(17.8)	(17.0)	-	(17.0)
Credit/(provision) for expected credit losses	1.0	-	1.0	0.5	-	0.5	(1.2)	-	(1.2)	1.5	-	1.5
Other costs	(12.7)	-	(12.7)	(15.7)	-	(15.7)	(27.7)	-	(27.7)	(28.4)	-	(28.4)
Operating expenses	(77.3)	-	(77.3)	(90.9)	-	(90.9)	(167.4)	(3.9)	(171.3)	(168.2)	-	(168.2)
				-								
Operating profit (loss)	1.5	-	1.5	(16.2)	-	(16.2)	68.1	(3.9)	64.2	(14.7)	-	(14.7)
Finance income	0.5	-	0.5	1.8	-	1.8	0.1	-	0.1	2.3	-	2.3
Finance costs	(0.5)	-	(0.5)	(0.4)	-	(0.4)	(1.1)	-	(1.1)	(0.9)	-	(0.9)
Share of net profit/(loss) of associates	0.1	-	0.1	0.3	-	0.3	0.9	-	0.9	0.4	-	0.4
Profit (Loss) before taxation	1.6	-	1.6	(14.5)	-	(14.5)	68.0	(3.9)	64.1	(12.9)	-	(12.9)

1. Exceptional items related to US lease exit were £3.9m.

Segment profit split

Operating and investment income¹ and AEBITDA² (£m)

	H1 2021					H2 2021					H1 2022					H2 2022				
	Loans			FlexiPay	Total	Loans			FlexiPay	Total	Loans			FlexiPay	Total	Loans			FlexiPay	Total
	United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom	
Operating Income	85.8	7.1	1.6	-	94.5	51.9	18.0	1.1	-	71.0	55.2	10.0	0.8	0.4	66.4	52.0	11.1	0.8	1.1	65.0
Investing Income	13.0	13.1	-	-	26.1	8.7	6.6	-	-	15.3	6.7	4.2	-	-	10.9	3.1	3.3	-	-	6.4
Total Income	98.8	20.2	1.6	-	120.6	60.6	24.6	1.1	-	86.3	61.9	14.2	0.8	0.4	77.3	55.1	14.4	0.8	1.1	71.4
Operating AEBITDA	27.7	(9.1)	0.5	-	19.1	2.0	(0.3)	1.0	-	2.7	4.9	(7.8)	1.8	(0.7)	(1.8)	(0.6)	(10.6)	1.0	(3.3)	(13.5)
Investing AEBITDA	13.3	20.9	-	-	34.2	18.9	16.9	-	-	35.8	2.7	9.7	-	-	12.4	4.7	5.0	-	-	9.7
Total AEBITDA	41.0	11.8	0.5	-	53.3	20.9	16.6	1.0	-	38.5	7.6	1.9	1.8	(0.7)	10.6	4.1	(5.6)	1.0	(3.3)	(3.8)

Segment AEBITDA to Operating profit / (loss) (£m)

	H1 2021					H2 2021					H1 2022					H2 2022				
	Loans			FlexiPay	Total	Loans			FlexiPay	Total	Loans			FlexiPay	Total	Loans			FlexiPay	Total
	United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom		United Kingdom	United States	Other	United Kingdom	
Adjusted EBITDA	41.0	11.8	0.5	-	53.3	20.9	16.6	1.0	-	38.5	7.6	1.9	1.8	(0.7)	10.6	4.1	(5.6)	1.0	(3.3)	(3.8)
Depreciation and amortisation	(5.6)	(2.7)	-	-	(8.3)	(4.1)	(1.4)	(0.1)	-	(5.6)	(5.3)	(1.6)	-	-	(6.9)	(6.4)	(3.6)	(0.1)	-	(10.1)
Share-based payments and social security costs	(4.2)	(0.6)	-	-	(4.8)	(3.4)	(0.7)	-	-	(4.1)	(1.9)	(0.4)	-	-	(2.3)	(2.0)	(0.4)	-	-	(2.4)
Foreign exchange losses	-	(0.8)	-	-	(0.8)	(0.3)	0.2	-	-	(0.1)	0.1	-	-	-	0.1	0.1	-	-	-	0.1
Exceptional items ³	-	(3.9)	-	-	(3.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit / (loss)	31.2	3.8	0.5	-	35.5	13.1	14.7	0.9	-	28.7	0.5	(0.1)	1.8	(0.7)	1.5	(4.2)	(9.6)	0.9	(3.3)	(16.2)

1. Total income is defined as operating income and investment income less investment expense and before non-cash fair value gains/losses.
2. Adjusted EBITDA represents EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) excluding share-based payments, exceptional items and foreign exchange gains or losses. Investment AEBITDA represents investment income, investment expense and fair value adjustments and operating AEBITDA represents AEBITDA excluding investment AEBITDA.

Cash, capital and net assets

Unrestricted cash £166m

Unrestricted cash utilisation	
Dec '21	199
Free cashflow	(14)
Investment / funding cashflows	12
Securitisation loan buyout ¹	(12)
Share purchase for employee benefit trust	(9)
Other (incl. fx & finance income)	6
Subtotal	182
Flexipay lines of credit	(16)
Dec '22	166

Equity invested of £97m

Equity invested movement	Dec '21	Mov't	Dec '22
Securitisations	22	(15)	7
Securitisation loan buyout ¹	-	19	19
US funding loans	-	20	20
CBILS / RLS / Core	39	(7)	32
Private funds	7	(4)	3
Subtotal	68	13	81
Flexipay lines of credit	2	14	16
Total	70	27	97

Net assets of £284m

Net Assets	Dec '21	Dec '22
Cash		
Unrestricted	199	166
Restricted	25	12
Equity invested	70	97
Other	(6)	9
Total	288	284

1. During the year, the UK securitisation structure (SBOLT 19-3) was wound up and the loans from the vehicle sold. One of the US securitisation structures (SBIZ-19A) was wound up and Funding Circle bought out the remaining bond tranches. The loans from this have not yet been sold and are shown in the "securitisation loan buyout" line above. These loans are mature and have a quick payback with c.£15m of cash expected to be received during 2023.

Net assets and investment in vehicles

								As at 31 December 2022	As at 31 December 2021
	Operating business		Investment business						
	Trading business £m	FlexiPay £m	Securitisation SPVs £m	Securitisation loan buyout £m	US funding loans £m	CBILS/RLS/Core £m	Private funds £m	Total £m	Total £m
Investment in SME loans	24.8	16.0	27.3	18.5	19.8	32.2	2.7	141.3	273.8
Cash & cash equivalents	174.9		2.8					177.7	224.0
Other assets			0.9					0.9	(0.5)
Borrowings/bonds	(22.6)		(23.7)					(46.3)	(213.5)
CASH & INVESTMENTS	177.1	16.0	7.3	18.5	19.8	32.2	2.7	273.6	283.8
Other assets	64.1							64.1	67.9
Other liabilities	(53.7)							(53.7)	(63.7)
NET ASSETS	187.5	16.0	7.3	18.5	19.8	32.2	2.7	284.0	288.0



Investments of £97m