

Full  
Year



2024

Results

# Strong operational and financial progress

## Executed against plan to be a simpler, leaner and profitable business

- **Sold US business:** gain on sale of £10m
- **Restructured UK business:** annualised benefit of ~£15m

## Strong growth with profit ahead of expectations

- **23% revenue growth to £160m**
- **Credit extended** of £1.9bn (+47% YoY), with Term Loan growth of 33%
- **PBT of £3.4m** ahead of market expectations, with Term Loan PBT of £19m
- **Share buybacks:** First £25m completed, partway through second (£17m/£25m) with ~11% share capital bought back at end of Feb-25

## Attractive go forward business with healthy revenue and profit growth

- **Medium-term guidance unchanged:** Group revenue growth of ~15-20% CAGR (2023-2026) and PBT margins >15%, equivalent to at least £200m revenue and at least £30m PBT in 2026

**£1.9bn**

Credit extended

**+47% YoY**

**£160m**

Revenue

**+23% YoY**

**£3.4m**

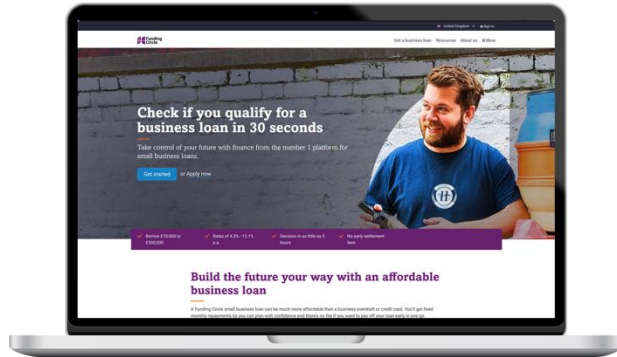
PBT, excl. exceptionals

**£151m**

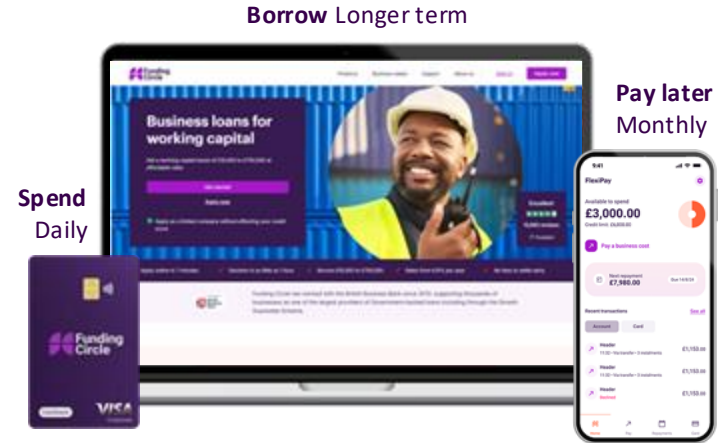
Unrestricted cash

# We have transformed the business, expanding our product set, serving more customer needs

2021: Borrow



Today: Borrow, pay later & spend



>25%

Credit extended from new cashflow products

>70%

2024 FlexiPay revenue from Term Loan customers

A customer transaction every

92 seconds

# We provide a superior customer experience powered by data and technology

Proprietary data sources

AI powered risk models

Scalable, stable and secure cloud infrastructure

Versatile, modular platform design



- 6 min**  
Application time
- 77%**  
Instant decisions
- 3x**  
Better risk discrimination than bureau scores
- 79**  
Customer NPS

## Scaling in 2024

**3x growth**  
Monthly active mobile app users

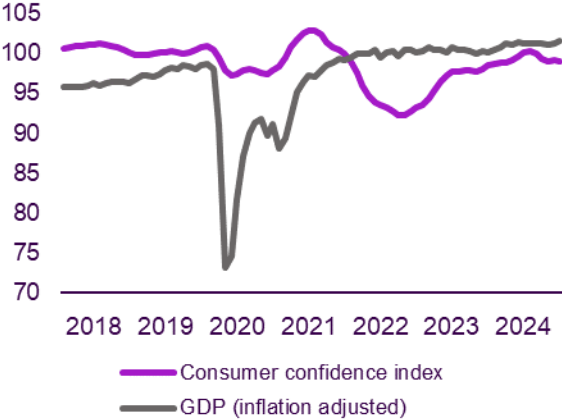
**>100%**  
Growth in transactions

**~20%**  
Engineering productivity improvement

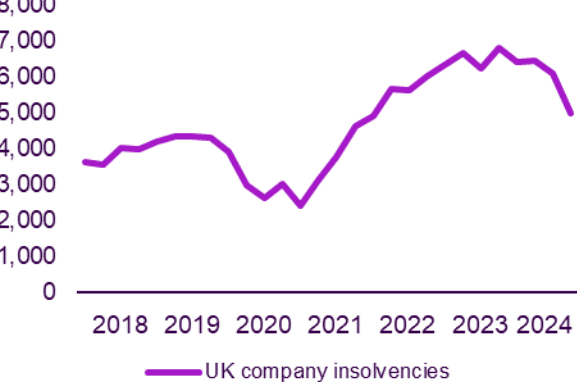
# Continued SME demand for finance with robust and attractive returns despite a challenging backdrop for UK SMEs

## Good performance and proven resilience through the cycle

GDP and consumer confidence low



Insolvencies remain above historic trend



Robust and attractive loan returns

~5%

Annualised term loan returns (above swap rate)

Continuing investor demand

£2.1bn

Future funding in place

Continued strong demand for finance

>40%

YoY growth in Funding Circle credit extended

Sources: OECD Consumer Confidence Index; ONS GDP monthly estimate December 2024; Insolvency Service January 2025



Bass Place

# Our impact: Building the place where small businesses get the finance they need to win

£14.6bn+ credit extended to  
110,000+ SMEs to date

Impact in 2024:



**87,000+**  
jobs supported



**£7.2bn**  
GDP contribution



**£2.0bn**  
Tax revenue contribution

# 2024 Strategic Highlights

# Borrow: Strategic priorities driving continued growth momentum and operating leverage

- ✓ Continued product and credit innovation with Growth Guarantee Scheme and marketplace expansion
- ✓ Entered third season of rugby sponsorship and strengthened existing channels
- ✓ Simpler, leaner, profitable driven through targeted cost actions

**+33%**

Origination  
growth

**13.3%**

PBT  
margins



Att Pynta



# Pay later and spend: Solving SMEs biggest pain point with FlexiPay and Cashback Credit Card

Large addressable market

£1.3trn

SME B2B  
payments

£80bn+

SME card  
transactions

65%

of SMEs say that late payments  
from customers are a problem<sup>1</sup>

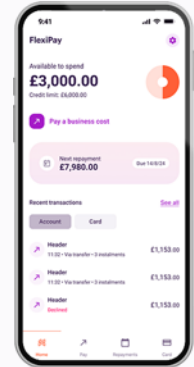
<sup>1</sup> Simply Business SME Insights, 2023. n=1,070

## Pay later

### FlexiPay Line of Credit

**Flexible line of credit** for managing short term cash flow by e.g. paying bills or supplier invoices using bank transfer or card

Average line: ~£17,000  
Payments over 1,3,6,9,12 months



## Spend

### Cashback Credit Card

Cashback credit card for **everyday business spending**

Launched in H2 2024  
Average credit limit: ~£17,000



# Pay later and spend: strong growth driven by new and existing customers

## FlexiPay transactions volumes

~66,000 in 2023

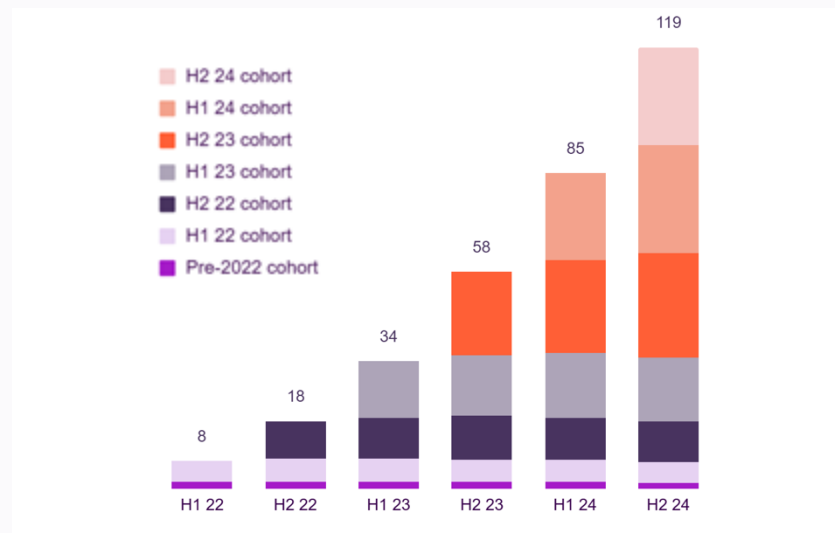
~142,000 in 2024

## FlexiPay revenue growth

3.4x

## Strong recurring dynamics in balances outstanding

FlexiPay & Cashback credit card end of month balances by half year cohort, £m<sup>1</sup>



1. End of month balances by half year cohort are grouped by the half year of first transaction, includes balances from bank transfers, card payments and Cashback credit card
2. FlexiPay account is active when there is an outstanding balance on the account in the last month

# Financial Performance

# Strong 2024 results vs raised guidance

|                      | Term Loans               |              | FlexiPay                         |                 | Group                           |              |
|----------------------|--------------------------|--------------|----------------------------------|-----------------|---------------------------------|--------------|
|                      | Guidance                 | 2024 Result  | Guidance                         | 2024 Result     | Guidance                        | 2024 Result  |
| Revenue growth       | >10% vs 2023             | <b>14.5%</b> | 3x vs 2023                       | <b>3.4x</b>     | n/a                             | <b>23%</b>   |
| PBT pre exceptionals | Margin >12% <sup>1</sup> | <b>13.3%</b> | Loss similar to 2023 of (£16.2m) | <b>(£15.6m)</b> | Full Year Positive <sup>1</sup> | <b>£3.4m</b> |

<sup>1</sup> Guidance upgraded in September 2024 for Group to be PBT positive for full year (previously in H2 24) and Term Loans margins >12% (previously 8%-12%)

# Simplified, profitable business

## Continuing Group financial performance

| £m   | 2024         | 2023         | Change      |
|--|--------------|--------------|-------------|
| Total income                                       | 161.7        | 129.7        | 25%         |
| Fair value gains                                   | 4.2          | 3.1          | 35%         |
| Cost of funds                                      | (5.8)        | (2.7)        | 115%        |
| <b>Revenue<sup>2</sup></b>                         | <b>160.1</b> | <b>130.1</b> | <b>23%</b>  |
| Operating expenses (excl. ECL)                     | (148.1)      | (135.5)      | 9%          |
| Expected credit losses (ECL)                       | (8.6)        | (4.5)        | 91%         |
| <b>Profit / (loss) before tax pre exceptionals</b> | <b>3.4</b>   | <b>(9.9)</b> | <b>134%</b> |
| Exceptional items                                  | (2.6)        | -            | -           |
| Profit / (loss) before tax                         | 0.8          | (9.9)        | 108%        |

| £m                | 2024  | 2023  | Change |
|-------------------|-------|-------|--------|
| Unrestricted cash | 150.5 | 169.6 | (11%)  |
| Net asset value   | 216.5 | 246.8 | (12%)  |

### Focus on continuing business<sup>1</sup> excluding exceptional costs

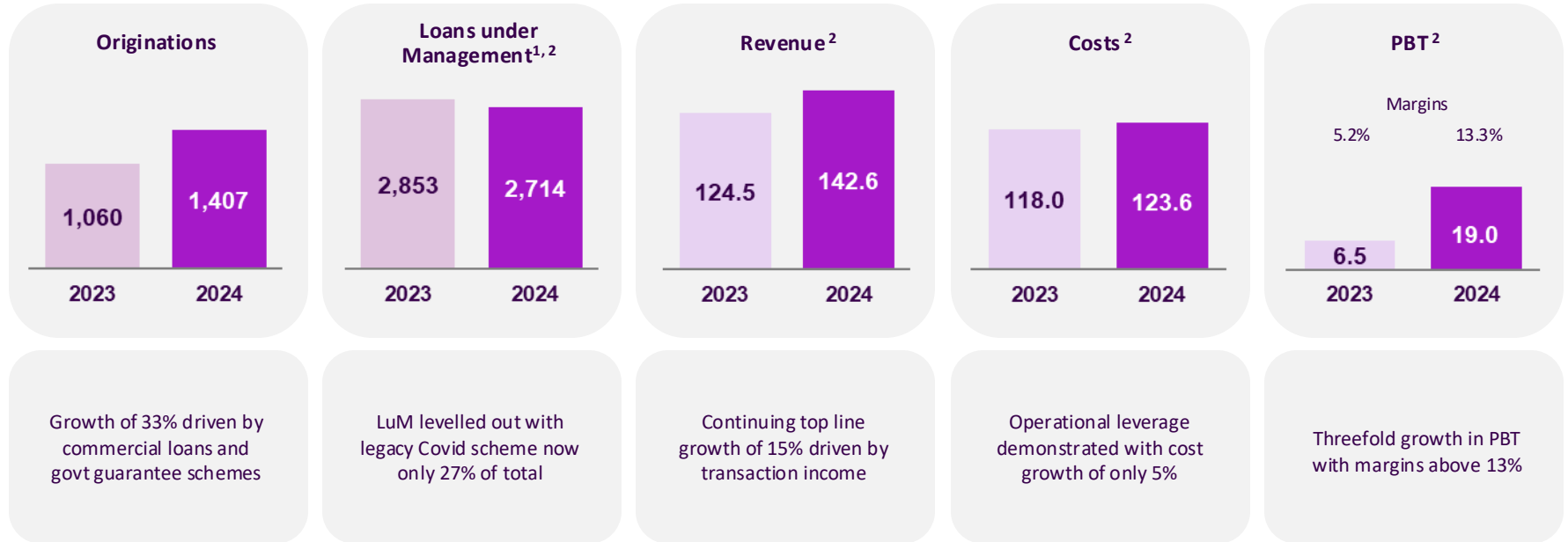
- Revenue increase of 23% with continued growth in both Term Loans and FlexiPay
- Operating cost growth (excl. ECL) of 9%, driven by variable marketing costs
- Expected credit losses increased in line with growth in FlexiPay balances
- Significant move to profit, demonstrating operating leverage
  
- Healthy balance sheet and cash position with movement principally due to share buyback of £33.7m (9% of share capital)

<sup>1</sup> US business sold on 1 July 2024 for gain on sale of £10m with results presented as discontinued operations

<sup>2</sup> Net income, as presented in the profit and loss, is defined as "Revenue"

# Term Loans PBT margins >13%

Strong growth, PBT ~triples, demonstrating operating leverage; £m

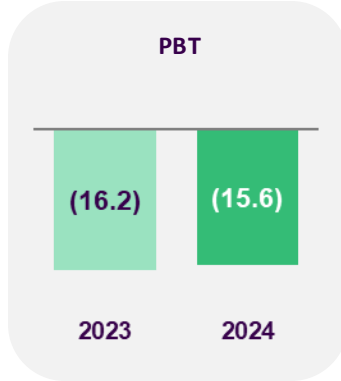
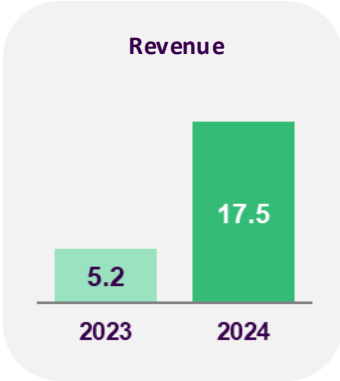
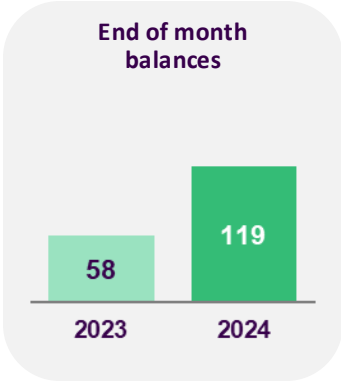
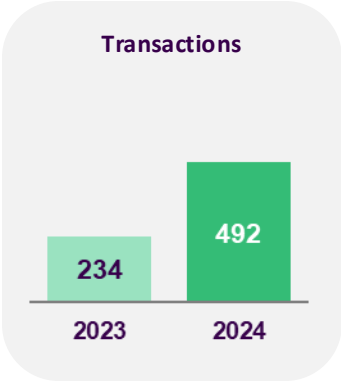


<sup>1</sup> Commercial LuM 2023 £1,396m, 2024 £1,971m. Legacy Covid schemes LuM 2023 £1,457m, 2024 £743m

<sup>2</sup> The legacy "other" business segment (Continental Europe) is immaterial and has been included in the Term Loans segment in 2024. Prior period comparatives have not been restated

# Strong FlexiPay revenue growth

Growth and costs in line with expectations; £m



Ongoing momentum in transactions growth

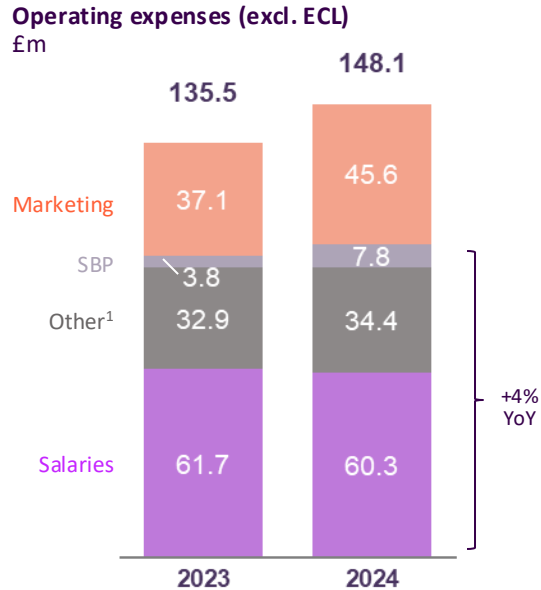
Grew strongly, in line with transactions

Increased in line with transactions and yield. 70% revenue from pre-2024 cohorts

Anticipated j-curve with cost growth from up-front costs for expected credit loss provision and marketing and from staff related costs

# Focused cost management

Revenue increase of 23% versus 9% operating expenses increase



## Marketing costs grew (+23%)

- Variable based marketing costs remain ~30% of revenue

## Non-marketing costs held broadly flat (+4%)

- Share based payment costs (“SBP”) increased due to higher national insurance costs linked to share price performance
- Salary costs reduced (-2%) driven by 2024 restructuring, offset by inflationary pay rises and absorbing costs previously allocated to the US business
- Other costs<sup>1</sup> increased by 5%

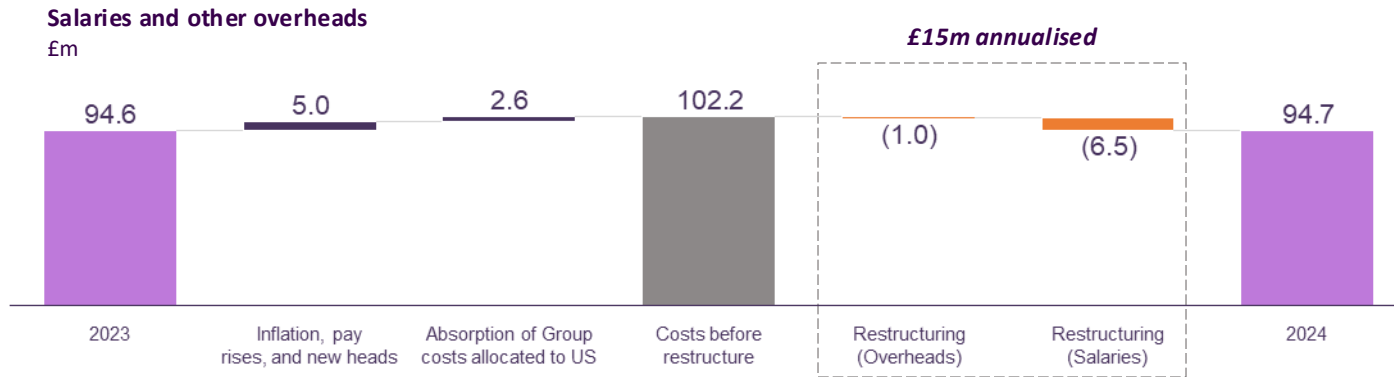
<sup>1</sup>Data and processing, IT, depreciation & amortisation, and other costs



# Restructuring savings on track

## Annualised cash savings of £15m offsetting impact of salary inflation and Group cost absorption

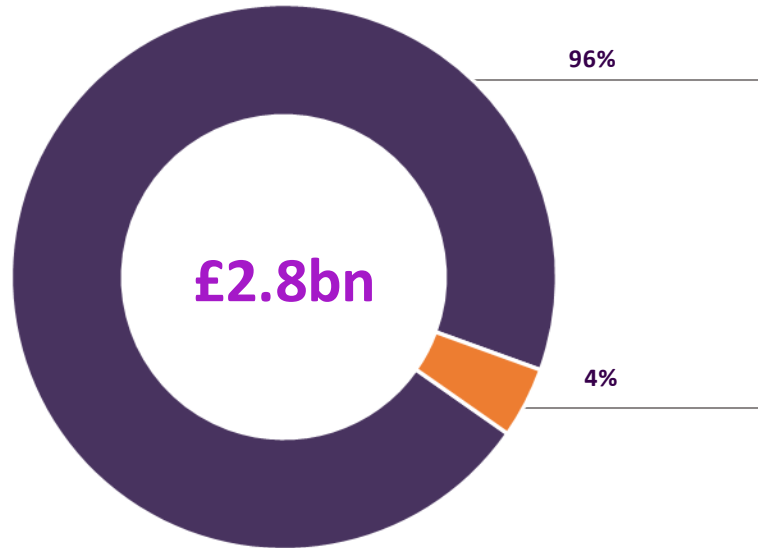
- Restructure in H1 24 resulting in annualised cash savings of £15m for FY25; Salaries £13m, Overheads £2m
- £6.5m of the salary saving and £1m of overhead saving was achieved in H2 24
- Cost base now re-shaped for go forward business



# Capital efficient model built for scale

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

Loans & balances under management  
£m



## Platform Funding for Term Loans business

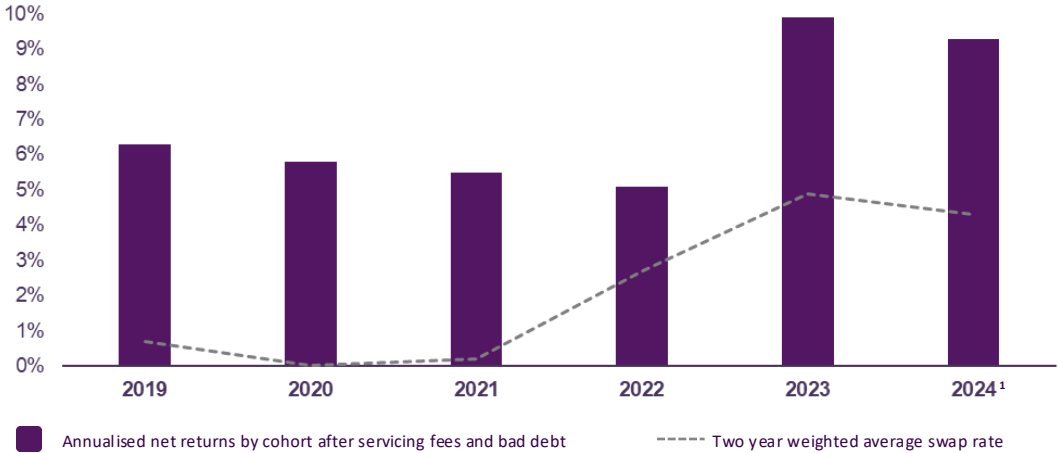
- £2.7bn LuM
- Forward Flow agreements: Banks, Asset managers, Insurers
- Weighted average life: c.2.5 years
- Funding Circle equity of £20m (<1%)
- Revenue model: transaction fees and servicing fees

## Balance Sheet Funding for FlexiPay and Cashback credit card

- £119m balances outstanding
- Funding Circle equity, with senior Citi facility
- Weighted average term: c.4 months
- Funding Circle equity of £34m
- Revenue model: Drawdown fees and interchange fees

# Track record of delivering robust and attractive loan returns through the cycle

~5% Annualised net returns, above cost of capital, to institutional investors with no change to expectations since H1 24



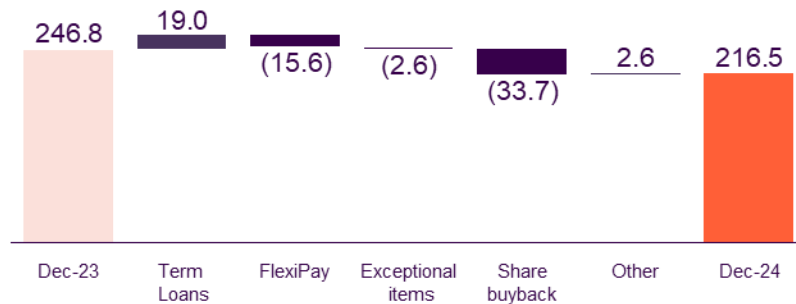
**£2.1bn**  
Future funding in place

<sup>1</sup> 2024 expected returns are as at point of origination

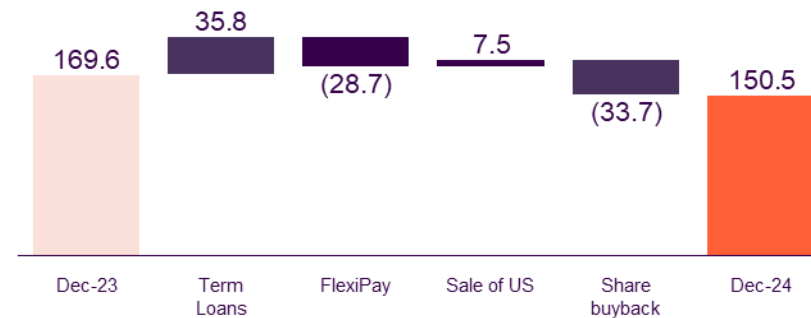
# Robust levels of net assets and cash

## Term Loans and FlexiPay collectively cash generative

Net assets  
£m



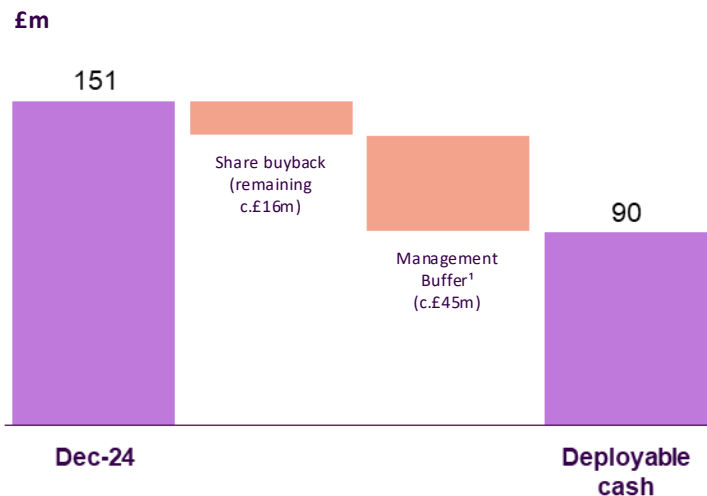
Unrestricted cash  
£m



- Shares bought back (and subsequently cancelled)
- Term Loans and FlexiPay collectively cash generative and covers investment in FlexiPay lines of credit
- US generated a net £7.5m of cash in year with legacy loan monetisation, trading losses of £10m in H1 24 offset by £10m P&L gain on sale

# Capital Allocation Framework

## Available cash



## Capital allocation framework

Deliver growth strategy in MTP

Future growth opportunities

Invest to make platform stronger

Distributions to shareholders

<sup>1</sup> Capital held for operational buffer (~£45m). We are not regulated like a bank with regulatory capital but we hold a stress buffer for operational purposes.

# Outlook

## On track to deliver on our guidance

- Confident start to business performance in 2025
- Confirming that we are on track to deliver our Medium Term Guidance in 2026:

|            | Guidance                 | £ equivalent   |
|------------|--------------------------|----------------|
| Revenue    | 15-20% CAGR 2023 to 2026 | At least £200m |
| PBT Margin | >15%                     | At least £30m  |



Constructive & Co.

**Looking Ahead/Wrap up**

# Looking ahead

Strategic priorities focused on profitable,  
customer-led growth



Get to Yes

---



Expand our audience

---



Scale our products

---



Deliver a seamless end to end  
customer lifetime experience



Anna Cake Couture





Foundry Gyms

## Concluding remarks

- Executed against plan to be a simpler, leaner and profitable business
- Strong growth with profit ahead of expectations
- Multiple products serving more customer needs
- On track for medium term guidance with attractive growth and profit trajectory

# Q&A



Lisa Jacobs  
CEO



Tony Nicol  
CFO

**Thank you.**

**Business finance  
that backs 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

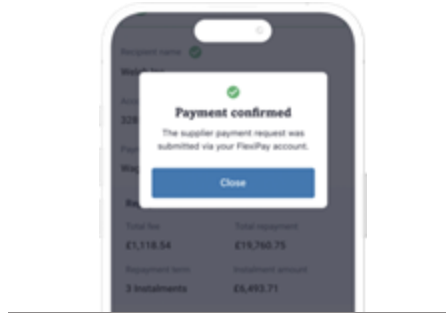


Loan for **long term investment purposes** to support business growth or long term cashflow management

- 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><br>Term Loan   | <b>Pay later</b><br>FlexiPay line of credit                                     | <b>Spend</b><br>Cashback credit card   |
|------------------------------------|--|---|--|
| <b>Product type</b>                | Funding Circle loans<br>Government guaranteed loans<br>Marketplace (3 <sup>rd</sup> party loans) | Rolling line of credit  | Credit card with cash back   |
| <b>Average size &amp; draw</b>     | £75k loan<br>c.5 year term   | c.£17k credit limit<br>c.£3k draw per transaction<br>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<br>(c.6% on originations)<br><br>Servicing fee<br>(c.1.5% p.a on LuM)            | Drawdown fee<br>(varying on transactions)                                       | Interchange fee<br>(1.75% on transaction)<br><br>Interest income<br>(on credit levels) |

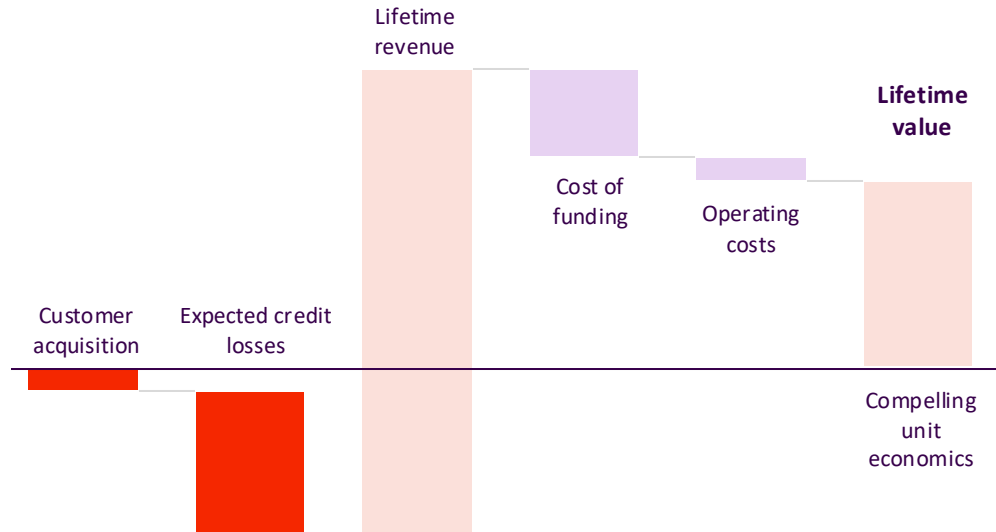
# How we make money

|                          |                             | 2024 Driver                | 2024 Typical yield % | % of 2024 Revenue |
|--------------------------|-----------------------------|----------------------------|----------------------|-------------------|
| Operating:<br>Term Loans | Transaction fees            | Originations               | c.6%                 | 53%               |
|                          | Servicing fees <sup>1</sup> | LuM                        | c.1.5%p.a            | 27%               |
| Operating:<br>FlexiPay   | Drawdown fees               | Transactions               | c.5.8%               | 10%               |
|                          | Interchange fees            | Transactions               | 1.75%                | n/m               |
| Investment               | Bank interest               | Cash balances & base rates | Variable             | 6%                |
|                          | Investment income           | Invested capital           | Variable             | 4%                |

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



# Illustrative - FlexiPay 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

# Smarter credit risk assessment for better lending

Default rates (by quintiles)

| Risk Band         | Bureau | Funding Circle |
|-------------------|--------|----------------|
| Highest Risk<br>1 | 10.8%  | 14.4%          |
| 2                 | 8.8%   | 8.5%           |
| 3                 | 6.0%   | 6.1%           |
| 4                 | 4.7%   | 3.6%           |
| Lowest Risk<br>5  | 3.9%   | 1.6%           |

Funding Circle Model  
3x more powerful than  
Bureau Model

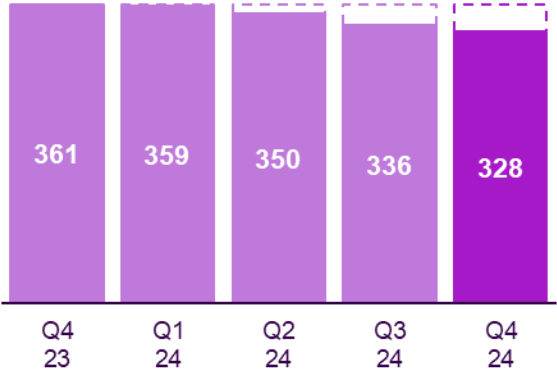
- Compared to the UK bureau score, our model achieves **3 times greater separation between low- and high-risk borrowers**
- This supports **more accurate lending and pricing decisions**, resulting in a credit underwriting and commercial competitiveness advantage

# Share buyback programme

33.5m shares bought and cancelled, reducing share capital by 9%

- 2x £25m share buyback programmes announced in 2024
- 33.5m shares purchased for £33.7m as of 31 December 2024 with up to £16m left to buyback
- Second buyback due to conclude in Q2 2025

Shares in issue at end of quarter  
millions



<sup>1</sup> ~9% share capital bought back at 31 December 2024, ~11% share capital bought back at 28 February 2025