Funding Circle Holdings plc
Half Year 2025 Results

STRATEGIC PROGRESS DRIVING STRONG, PROFITABLE GROWTH ON TRACK TO DELIVER MEDIUM TERM GUIDANCE

Funding Circle Holdings plc ("Funding Circle" or the "Group") today announces results for the six months ended 30 June 2025.

Lisa Jacobs, Funding Circle CEO, commented:

"The first half of 2025 demonstrates the clear success of our strategy and execution, delivering another period of strong, profitable growth as we extended £1.1 billion in credit to UK businesses across our product suite. We achieved 17% revenue growth to £92.3 million and a significant increase in PBT to £6.0 million.

Our Term Loans business delivered £12.7 million in PBT, driven by product innovation and continued operating leverage. Our FlexiPay and Cashback credit card products continue to scale rapidly, as we meet more of our customers' needs with well loved products. FlexiPay transactions were up 66% year-on-year with cumulative transactions now exceeding £1 billion since launch as businesses choose Funding Circle to borrow, pay later and spend.

Our performance is underpinned by our great customer experience, powered by our proprietary data, technology and AI powered credit models. We are leveraging these strengths to deliver operating leverage in our Term Loans business whilst continuing to grow our newer cashflow products. Today, we continue to fulfil our mission of backing small businesses as a more meaningful part of our customers' lives, serving more of their needs, interacting with them more frequently and capturing a larger share of their financing. This gives us a clear platform for further growth.

We remain on track to achieve our medium-term guidance of at least £200 million in revenue and at least £30 million in PBT in FY 2026 and are continuing our share buyback programme."

	H1 2025 £m	H1 2024 £m
Credit extended	1,111	918
Loans/Balances under management	2,829	2,858
Revenue	92.3	79.1
Profit/(loss) before taxation (pre exceptional items)	6.0	0.5
Profit/(loss) before taxation (post exceptional items)	6.0	(2.1)
Unrestricted Cash	115.0	164.4

Financial Summary:

- Credit extended grew 21% to £1,111m (H1 2024: £918m):
  - Continued momentum in Term Loans originations, up 6% to £736m (H1 2024: £692m).
  - Strong growth in FlexiPay and Cashback credit card transactions (collectively "FlexiPay"), increasing 66% to £375m (H1 2024: £226m).
- Loans/Balances under management ("LuM") were broadly flat at £2,829m (FY 2024: £2,833m; H1 2024: £2,858m) and the credit performance in both Term Loans and FlexiPay remains in line with expectations:
  - Term Loans LuM of £2,660m (FY 2024: £2,714m; H1 2024: £2,777m) reflects the repayment of legacy Covid government-guaranteed loans.
  - FlexiPay balances, which drive FlexiPay's revenue, increased 42% to £169m (FY 2024: £119m; H1 2024: £81m).
- Revenue was £92.3m, up 17% (H1 2024: £79.1m) with a healthy contribution from both Term Loans and FlexiPay.
- Strong profit growth, with profit before tax ("PBT") of £6.0m (H1 2024: £0.5m pre-exceptionals):
  - Term Loans increased profitability with PBT of £12.7m (H1 2024: £9.2m pre-exceptionals) reflecting our ongoing operating leverage.

- FlexiPay loss before tax pre-exceptionals narrowed to £6.7m (H1 2024: £8.7m loss) as the product continues to scale.

- Unrestricted cash remained healthy at £115.0m (FY 2024: £150.5m), with the decrease due to the share buyback programmes in the period, planned investment in FlexiPay and R&D in a new shorter term lending product, in line with our capital allocation strategy.
- As at 30 June 2025, we have spent £53m purchasing and cancelling 50m shares out of the total £75m announced since March 2024; £19m was spent in H1 2025 purchasing and cancelling 16.7m shares. The share buyback programme is continuing.

Operational & Strategic Summary:

- Leading UK online SME finance platform, with a simple and profitable business model.
- Continued growth and innovation across our product suite:
  Term Loans:
    - Origination growth of 6% with PBT margins increasing from 13% to 17%, driven by product innovation and operating leverage.
    - Grew breadth of Marketplace product set, monetising our distribution strength, and allowing us to serve more customers' needs by extending credit to businesses via our partners.
    - Expansion of our shorter term lending proposition.

  FlexiPay and Cashback credit card:
    - Continued strong growth from both new and existing customers. The repeat nature of the product has resulted in over 80% of 2025 revenue coming from existing customers. Transactions grew 66% since H1 2024 and closing balances grew 42% to £169m since FY 2024.
    - Since the soft launch of Cashback credit card in H2 2024, continued steady uptake in users and borrower usage exceeding expectations.
    - Collectively transactions from these products have surpassed £1bn since launch.
- Robust and attractive returns through the cycle leading to strong ongoing investor demand:
    - Annualised net returns to institutional investors on Term Loans consistently ~5% above cost of capital.
    - Forward lending commitments of £1.8bn across products with strong future pipeline.

Looking Ahead:

- Our strategic priorities are focused on customer-led profitable growth:
    - **Get to yes:** get the right product to the right business, through credit excellence and product improvements.
    - **Expand our audience:** target new segments; deepen and expand our distribution channels.
    - **Scale our products:** capitalise on the large market opportunity by focusing on refining and scaling our products to drive growth and margin expansion.
    - **Build a seamless lifetime customer experience:** deliver an exceptional experience throughout our customers' lifetime journey with our expanded product set, as their trusted financial partner.

We have attractive growth opportunities and are on track to deliver our medium term guidance in 2026 of 15-20% revenue CAGR from FY23 and PBT margins of >15%, equating to:

- Revenue of at least £200m
- Profit before tax of at least £30m

Board Changes:
The Company noted in the FY 2024 Annual Report and Accounts that there would be some upcoming changes in Board composition in respect of some of its long-tenured Directors.

In May 2025, Andrew Learoyd, the Chairman stepped down with Ken Stannard appointed as the new Chairman. We thank Andrew for his tireless commitment and steering of the Group since its very early days.

In June 2025, Geeta Gopalan, the Chair of the Audit & Risk Committee and Senior Independent Director stepped down and we want to thank her for her hard work and dedication to Funding Circle over a number of years. Helen Beck, the Chair of the Remuneration Committee has been appointed as Senior Independent Director.

In June 2025, Maeve Byrne was appointed as chair of the Audit Committee and, in August 2025, Richard Harvey was appointed chair of the Risk Committee. We welcome them both to the Board.

Analyst presentation:
Management will host a presentation and conference call for institutional investors and analysts at 9:30am UK time (BST) on Thursday 4 September 2025.

To watch and listen to the webcast, with the opportunity to submit written questions, please use this link to register and gain access to the event.

For conference call access, please dial +44 33 0551 0200 or +1 786 697 3501. Quote 'Funding Circle Half Year Results' when prompted by the operator.

An on-demand replay and transcript will also be available on the Funding Circle website following the presentation.

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Forward looking statements and other important information:
This document contains forward looking statements, which are statements that are not historical facts and that reflect Funding Circle's beliefs and expectations with respect to future events and financial and operational performance. These forward looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the control of Funding Circle and which may cause actual results or performance to differ materially from those expressed or implied from such forward looking statements. Nothing contained within this document is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of Funding Circle or its business. Any historical information contained in this statistical information is not indicative of future performance.

The information contained in this document is provided as of the dates shown. Nothing in this document should be construed as legal, tax, investment, financial, or accounting advice, or solicitation for or an offer to invest in Funding Circle.

About us:
Funding Circle is the UK's leading SME finance platform. We operate in a large, attractive and growing market, with over £84bn of outstanding debt in the UK SME market and over £80bn of SME card transactions each year. Established in 2010, Funding Circle has extended c.£16bn in credit to over 110,000 businesses in the UK.

For SME borrowers, Funding Circle provides an unrivalled customer experience, delivered through its technology and data, coupled with a human touch. Its solutions continue to help customers access the funding they need to succeed. For institutional investors, Funding Circle provides access to an alternative asset class in an underserved market and delivers robust and attractive returns.

We hosted a Capital Markets Event in June, details of which are available on Funding Circle's corporate website: https://corporate.fundingcircle.com/investors/results-reports-presentations/

Business review

Overview of the six months ended 30 June 2025
Building on our successful 2024, we are pleased to report that the Group continued to deliver strong revenue and profit growth in the first half of 2025.

The Group comprises two business units which are at different stages of maturity:

- **Term Loans** - our more established business unit comprising longer-term loans used by SMEs for investment and working capital needs; and
- **FlexiPay and Cashback credit card (collectively "FlexiPay")** - shorter-term cashflow products used for daily and monthly spend meeting the shorter-term working capital needs of SMEs.

	Originations and transactions (credit extended)			Balances under management		
	H1 2025	H2 2024	H1 2024	**30 June 2025**	31 December 2024	30 June 2024
	£m	£m	£m	**£m**	£m	£m
Continuing operations						
Term Loans	**736**	715	692	**2,660**	2,714	2,777
FlexiPay	**375**	266	226	**169**	119	81
Total	**1,111**	981	918	**2,829**	2,833	2,858

Overall, credit extended in the half grew to £1.1bn, up 21% from H1 2024, with balances under management at £2.8bn and credit performance in line with management expectations.

	30 June 2025			30 June 2024[1]		
	United Kingdom			United Kingdom		
	Term Loans	**FlexiPay**	**Total**	Term Loans	FlexiPay	Total
	£m	**£m**	**£m**	£m	£m	£m
Transaction fees	**47.8**	**0.5**	**48.3**	41.8	0.3	42.1
Servicing fees	**18.3**	**—**	**18.3**	18.6	—	18.6
Interest Income	**3.1**	**20.0**	**23.1**	4.3	9.8	14.1
Other fees	**2.3**	**0.1**	**2.4**	2.5	—	2.5
Operating income	**71.5**	**20.6**	**92.1**	67.2	10.1	77.3
Investment income	**2.6**	**—**	**2.6**	1.6	—	1.6
Total income	**74.1**	**20.6**	**94.7**	68.8	10.1	78.9
Fair value gains	**2.0**	**—**	**2.0**	2.8	—	2.8
Cost of funds	**(0.2)**	**(4.2)**	**(4.4)**	—	(2.6)	(2.6)
Net income ("revenue")	**75.9**	**16.4**	**92.3**	71.6	7.5	79.1
Adjusted EBITDA	**20.1**	**(5.1)**	**15.0**	18.3	(7.3)	11.0
Profit/(loss) before tax (pre exceptional items)	**12.7**	**(6.7)**	**6.0**	9.2	(8.7)	0.5
Profit/(loss) before tax (after exceptional items)	**12.7**	**(6.7)**	**6.0**	6.9	(9.0)	(2.1)

Revenue increased by 17% to £92.3m (H1 2024: £79.1m). The Group made a profit before tax of £6.0m (H1 2024: profit before tax pre-exceptionals £0.5m).

In H1 2024, £2.6m of exceptional items were incurred relating to the restructuring undertaken in the UK, mainly comprising redundancy costs. After exceptional items, the H1 2024 loss before tax was £2.1m.

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[1] Comparative presented is for the continuing business and excludes the discontinued operations of the US business which was sold in 2024.

Term Loans
Our Term Loans business continues to grow, with originations of £736m (H1 2024: £692m). Term Loans originations are funded through forward flow agreements with institutional investors (a "platform" model). The loans are owned by these institutional investors who take the credit risk and the LuM do not form part of Funding Circle's balance sheet. As at 30 June 2025, we have c.£1.6bn of forward funding in place from these institutional investors for future originations.

We continue to look at ways to provide access to finance for small businesses and in Q2 2025 we expanded our shorter-term loan proposition (loans with terms of 6-24 months). In the short term, whilst we test and iterate this product, we are funding it through our balance sheet in line with our capital allocation policy. It is funded through the same leveraged warehouse as FlexiPay. We expect to onboard an institutional investor to fund the product in the near future.

LuM still includes the legacy covid scheme loans that are amortising down but now only account for 17% of the overall LuM with commercial LuM growing and now accounting for 83% (FY 2024: 27% and H1 2024: 39% of LuM were covid scheme loans). The legacy covid scheme LuM reduced by £300m in the first half with growth in LuM from new originations of c£250m leading to a LuM at June of £2.7bn.

We have also continued to grow originations through our Marketplace network of third party finance providers, where we refer SMEs that require finance outside our product range or credit box, earning a referral fee. This allows us to support an even greater number of SMEs to access a wide range of financing options. Marketplace originations are c.10% of overall originations, consistent with the prior year.

The Term Loans business delivered revenue of £75.9m, growing 6% on H1 2024. This growth came principally from the growth in originations and the corresponding transaction fees, with a yield of c.6.5% (H1 2024: 6.1%). The yield improvement is a function of the product mix with legacy loans originated under the government's growth guarantee scheme (GGS) at lower yields.

Term Loans generated profit before tax of £12.7m, up from £9.2m, pre-exceptionals, in H1 2024. After exceptional items, the comparative H1 2024 profit before tax was £6.9m. This profit improvement demonstrates the strong operational leverage we are achieving from this more mature business.

FlexiPay and Cashback credit card (collectively "FlexiPay")
Our line of credit product, FlexiPay, has demonstrated significant growth to date and we continue to innovate in response to customer feedback.

When the product was initially launched, customers were able to draw and repay within a 3-month period. During 2024 we expanded repayment options to include 1, 3, 6, 9 and 12 months, with fees varying depending on payback period. As a result, the average fee for each drawdown grew to 7.0% (H1 2024: 5.0%), reflecting a longer average term of 4.7 months.

In H2 2024 we launched our Cashback credit card and we continue to experience good uptake from customers. When customers transact using cards, we earn an interchange fee of 1.75% alongside interest on any revolving balances. The product offers customers a 2% cashback in the first six months followed by 1% thereafter.

Overall FlexiPay and Cashback credit card transactions increased by 66% from H1 2024, reaching £375m (H1 2024: £226m), demonstrating strong customer engagement as we added new customers and released new features. Drawn lines of credit ("balances") grew to £169m at 30 June 2025 (31 December 2024: £119m), in line with transaction growth. FlexiPay transactions have now surpassed £1bn since launch.

FlexiPay and the Cashback credit card are funded by Funding Circle capital and a senior debt facility. The interest payable on this facility is shown in "cost of funds" and is based on SONIA plus a margin. A £230m facility was renewed in April 2025 with the ability to upsize further. We fund these products through our balance sheet as this is an efficient use of capital with the capital cycling quickly.

Revenue for FlexiPay was £16.4m in H1 2025, increasing from £7.5m in H1 2024 as a result of a rise in the number of transactions and fee growth.

Loss before tax pre-exceptionals was £6.7m (H1 2024: loss of £8.7m). Marketing costs and expected credit losses which are recognised upfront give rise to a "j-curve" to achieve profitability i.e. once a customer is onboarded and those costs are incurred, due to the repeat nature of these products, we expect to earn repeat revenues. Over 80% of the H1 2025 revenues came from customers onboarded pre-2025.

Profit and loss

	30 June 2025	30 June 2024 Before exceptional items	Exceptional items	30 June 2024
	£m	£m	£m	£m
Transaction fees	48.3	42.1	—	42.1
Servicing fees	18.3	18.6	—	18.6
Interest income	23.1	14.1	—	14.1
Other fees	2.4	2.5	—	2.5
Operating income	**92.1**	77.3	—	77.3
Investment income	2.6	1.6	—	1.6
Total income	**94.7**	78.9	—	78.9
Fair value gains	2.0	2.8	—	2.8
Cost of funds	(4.4)	(2.6)	—	(2.6)
Net income ("revenue")	**92.3**	79.1	—	79.1
Expected credit loss charge	**(8.4)**	(3.8)	—	(3.8)
People costs	(32.7)	(36.1)	(2.3)	(38.4)
Marketing costs	(27.6)	(22.3)	—	(22.3)
Depreciation, amortisation and impairment	(6.1)	(6.5)	(0.3)	(6.8)
Other costs	(11.5)	(9.9)	—	(9.9)
Operating expenses	**(77.9)**	(74.8)	(2.6)	(77.4)
Profit before tax from continuing operations	**6.0**	0.5	(2.6)	(2.1)
Loss for the period from discontinued operations	—	(10.2)	—	(10.2)

Operating income includes transaction fees, servicing fees, interest income from loans held at amortised cost, interest on cash balances and other fees and was £92.1m (H1 2024: £77.3m).

- Transaction fees, representing fees earned on originations, increased to £48.3m (H1 2024: £42.1m), driven by growth in originations as the business continued to expand its Term Loans offering to more segments of the market, and attract more applications from SMEs. Average transaction fee yields increased in the Term Loans business to 6.5% (H1 2024: 6.1%) due to product mix.
- Servicing fees, representing income for servicing LuM, were £18.3m (H1 2024: £18.6m). The fees move in line with the quantum of LuM, which decreased in the Term Loans business as growth in LuM from new lending was offset by continued repayment on the legacy Covid-19 scheme loans. Servicing yields remain similar to H1 2024 levels at c.1.3%. Servicing fees are not charged on FlexiPay lines of credit.
- Interest income represents the fees earned on FlexiPay lines of credit and interest earned on cash and cash equivalents:

    i) FlexiPay interest income is the fee charged on transactions and spread over a number of months, in line with borrower repayments. It has increased to £19.3m (H1 2024: £9.3m), driven by transaction levels and the average fees on transactions which were 7.0% in the year (H1 2024: 5.0%).

    ii) Interest earned on cash and cash equivalents was £3.7m (H1 2024: £4.6m). This interest applies to the Group's unrestricted cash as well as restricted cash drawn from the Citibank facility in anticipation of future FlexiPay and Cashback credit card transactions.
- Other fees arose principally from collection fees we recovered on defaulted loans or fees for the successful facilitation of transactions on behalf of investors.

Investment income represents the investment income, less investment expense, on loans held on balance sheet at fair value. It increased to £2.6m (H1 2024: £1.6m), driven by the expansion of our shorter-term lending offering.

Revenue, defined as total income after fair value adjustments and cost of funds, was £92.3m (H1 2024: £79.1m) growth of 17%.

Expected credit losses
These principally relate to the IFRS 9 charge for FlexiPay where we account for actual and future expected credit losses from SMEs defaulting on their lines of credit. We would expect this charge to continue to increase as FlexiPay and Cashback credit card grow. Actual loss rates during the period remained consistent with the prior year.

Operating expenses
At an overall level, operating expenses increased by 4% compared with H1 2024. The primary drivers of cost growth were the variable expenses associated with marketing. Marketing costs increased by 24% to £27.6m.

Costs continue to be actively and tightly managed. Excluding the variable marketing costs, operating costs were down 4% compared to a 17% growth in revenue, following the 2024 cost restructuring programme which is delivering an annualised cash saving of £15m in 2025.

People costs (including contractors) represent the Group's largest ongoing operating cost and include salary-related costs plus share-based payments.

Total people costs reduced by 9% in the year with the savings achieved from the headcount restructuring more than offsetting inflation, new hires and the absorption of global costs previously allocated to the US business and the impact of the UK employer's national insurance increase. The number of employees at 31 December 2024 was 726, consistent with that at 30 June 2025.

The share-based payment charge for the year, included in people costs, was £2.6m (H1 2024: £4.2m). This charge is impacted by the awarding of share incentives as well as the movement in share price which impacts employers' national insurance costs. The large increase in the share price drove the higher charge seen in 2024.

Continuing operations	**30 June 2025 £m**	30 June 2024 £m	Change %
Salary costs	**34.5**	37.1	(7)
Less capitalised development spend ("CDS")	**(4.4)**	(5.2)	(15)
Salary costs net of CDS	**30.1**	31.9	(6)
Share-based payments	**2.6**	4.2	(38)
Total people costs	**32.7**	36.1	(9)
Average headcount (incl. contractors)	**725**	834	(13)
Period-end headcount (incl. contractors)	**727**	814	(11)

Marketing costs comprise performance marketing (direct mail and online), brand spend and commission payments made to brokers. Marketing costs increased in the year to £27.6m (H1 2024: £22.3m) and remain at c.30% of revenue.

Depreciation, amortisation and impairment costs of £6.1m (H1 2024: £6.5m) largely represent the amortisation of the cost of the Group's capitalised technology development and the depreciation of right-of-use assets related to the Group's office lease.

Other costs, which consist of loan processing costs, data and technology, professional fees and staff and office-related costs, have grown as the Group continued to invest in growth in the FlexiPay business. The increase is driven by inflation, higher volumes and loan processing costs.

Balance sheet and investments

The Group's net equity was £198.7m at 30 June 2025 (31 December 2024: £216.5m). This reduction reflects the share buyback during the period.

The majority of the Group's balance sheet is represented by cash and invested capital as shown below. The invested capital is in certain SME loans, either directly or historically through investment vehicles, and in the FlexiPay lines of credit.

	Operating		Investing			30 June 2025	31 December 2024
	Term Loans business £m	**FlexiPay £m**	**Shorter term lending £m**	**CBILS/RLS/GGS co-investments £m**	**Other £m**	**Total £m**	Total £m
SME loans and lines of credit	**2.3**	**141.9**	**46.0**	**16.2**	**1.1**	**207.5**	118.8
Cash and cash equivalents							
Unrestricted	**114.7**	**0.3**		**—**	**—**	**115.0**	150.5
Restricted	**—**	**24.8**	**4.6**	**4.2**	**—**	**33.6**	37.1
Other assets/(liabilities)	**—**	**9.7**	**(1.0)**	**—**	**—**	**8.7**	6.3
Borrowings	**—**	**(132.3)**	**(38.5)**	**—**	**—**	**(170.8)**	(101.9)
Cash and net investments	**117.0**	**44.4**	**11.1**	**20.4**	**1.1**	**194.0**	210.8
Other assets	**40.1**	**—**	**—**	**—**	**—**	**40.1**	45.3
Other liabilities	**(31.2)**	**—**	**—**	**(4.2)**	**—**	**(35.4)**	(39.6)
Equity	**125.9**	**44.4**	**11.1**	**16.2**	**1.1**	**198.7**	216.5

The table below provides a summation of Funding Circle's net invested capital in products and vehicles:

Investment in product/vehicles	**30 June 2025 £m**	31 December 2024 £m
CBILS/RLS/GGS/commercial co-investments[1]	**16**	18
Shorter term lending[1]	**11**	—
Other	**2**	2
Net invested	**29**	20
FlexiPay[1]	**44**	34
Total net invested capital	**73**	54

1. These vehicles through which the funding and lending is generated are set up to be bankruptcy remote.

CBILS/RLS/GGS/commercial co-investments – as part of our historic participation in the CBILS and RLS government-guaranteed loan schemes and our ongoing involvement in GGS, we were required to co-invest c.1% alongside institutional investors.

Shorter term lending – this relates to our shorter term lending offering which we expanded in H1 2025 as part of our Term Loans business with terms from 6 to 24 months. Whilst the product is tested and iterated, we are funding it using our balance sheet, through the same leveraged warehouse as FlexiPay, in line with our capital allocation framework. We expect to onboard an institutional investor to fund the product and purchase the loan portfolio. The loans are treated as held for sale and therefore accounted for at fair value.

Cash flow

At 30 June 2025, the Group's cash position was £148.6m (31 December 2024: £187.6m). Of this balance £115.0m (31 December 2024: £150.5m) is unrestricted in its use with £33.6m (31 December 2024: £37.1m) being restricted.

Restricted cash relates to cash held in the funding vehicle of FlexiPay and shorter term lending together with amounts owed to the British Business Bank ("BBB") for guarantee fees collected from institutional investors under the participation of the CBILS, RLS and GGS schemes. Total cash movements have principally been driven by:

i) trading performance;

ii) ongoing investment in FlexiPay lines of credit and shorter term lending product with external bank debt;

iii) monetisation of on-balance sheet SME loans as they have continued to pay down;

iv) purchase of shares as part of the share buyback programme and the employee benefit trust; and

v) timing of working capital movements associated with UK government loan guarantee payments received from investors still to be paid to the BBB.

Free cash flow, excluding the one-off guarantee fee payment, has significantly improved year on year driven by the prior year disposal of the loss-making US business and the move to profitability of the UK Group.

Free cash flow, which is an alternative performance measure, represents the net cash flows from operating activities less the cost of purchasing intangible assets, property, plant and equipment and lease payments. It excludes the investment vehicle financing and funding cash flows together with FlexiPay lines of credit and Cashback credit card. The Directors view this as a key liquidity measure and it is the net amount of cash used or generated to operate and develop the Group's platform each year.

The table below shows how the Group's cash has been utilised:

	30 June 2025	30 June 2024
	£m	£m
Adjusted EBITDA from continuing operations	**15.0**	11.0
Adjusted EBITDA from discontinued operations	**—**	(8.7)
Adjusted EBITDA	**15.0**	2.3
Fair value adjustments	**(2.0)**	(5.0)
Purchase of tangible and intangible assets	**(4.7)**	(7.5)
Payment of lease liabilities	**(0.9)**	(2.4)
Working capital/other	**8.0**	0.7
Free cash flow (excl. restricted cash movement due to guarantee fee payment)	**15.4**	(11.9)
Cash movement due to guarantee fee payment	**(0.8)**	(25.2)
Free cash flow	**14.6**	(37.1)
Net distributions from associates	**0.3**	0.5
Net movement in trusts and co-investments	**2.7**	9.1
Net movement in lines of credit (net of borrowings)	**(23.9)**	(7.4)
Net movement in SME loans at amortised cost (net of borrowings)	**(0.7)**	1.5
Net movement in loans at fair value through profit and loss (net of borrowings)	**(6.2)**	12.2
Share buyback/purchase of own shares	**(25.9)**	(8.2)
Effect of foreign exchange	**0.1**	0.1
Movement in the year	**(39.0)**	(29.3)
Cash and cash equivalents at the beginning of the year	**187.6**	221.4
Cash and cash equivalents at the end of the year	**148.6**	192.1

Share buybacks

In May 2025, we announced our third share buyback programme, for up to £25m, which is currently ongoing. Since March 2024, Funding Circle has bought back 15% of its issued share capital.

Principal risks and uncertainties

The Group's principal risks and uncertainties were disclosed on pages 55 to 62 of the Funding Circle Holdings plc 2024 Annual Report and Accounts after review and approval by the Board. The Group considers that the overall principal risks and uncertainties, risk appetite, key risks and management of risks remain unchanged for the six months ended 30 June 2025.

The principal risks include:

- Strategic risk, including the economic environment and environmental, social and governance risk;
- Funding and balance sheet risk;
- Credit risk, including borrower acquisition and portfolio management risk;
- Regulatory, reputation and conduct risk;
- Operational risk, including client money risk, financial crime and process risk; and
- Technology risk, including information security and data risk.

Statement of Directors' Responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, give a true and fair view of the assets, liabilities, financial position and profit and loss as required by DTR 4.2.4 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

• an indication of important events that have occurred during the first six months and their impact on the condensed set of interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

• material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report and Accounts.

The maintenance and integrity of the Funding Circle Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

The Directors of Funding Circle Holdings plc are listed in the Funding Circle Holdings plc Annual Report and Accounts for 31 December 2024 as updated with the board changes highlighted earlier in this document. A list of current directors is maintained on the Funding Circle Holdings plc website: www.corporate.fundingcircle.com.

By order of the Board

Lisa Jacobs, Chief Executive Officer
4 September 2025

Tony Nicol, Chief Financial Officer
4 September 2025

Condensed consolidated statement of comprehensive income

for the six months to 30 June 2025 (unaudited)

	Note	**30 June 2025** £m	30 June 2024 Before exceptional items £m	Exceptional items[1] £m	30 June 2024 £m
Transaction fees		48.3	42.1	—	42.1
Servicing fees		18.3	18.6	—	18.6
Interest income[2]		23.1	14.1	—	14.1
Other fees		2.4	2.5	—	2.5
Operating income		**92.1**	77.3	—	77.3
Investment income		2.6	1.6	—	1.6
Total income		**94.7**	78.9	—	78.9
Fair value gains		2.0	2.8	—	2.8
Cost of funds		(4.4)	(2.6)	—	(2.6)
Net income[3]	6	**92.3**	79.1	—	79.1
Expected credit loss charge	3, 11, 12, 15	**(8.4)**	(3.8)	—	(3.8)
People costs	5, 7	(32.7)	(36.1)	(2.3)	(38.4)
Marketing costs	7	(27.6)	(22.3)	—	(22.3)
Depreciation, amortisation and impairment	5, 6, 7	(6.1)	(6.5)	(0.3)	(6.8)
Other costs	7	(11.5)	(9.9)	—	(9.9)
Operating expenses	7	**(77.9)**	(74.8)	(2.6)	(77.4)
Profit/(loss) before taxation		**6.0**	0.5	(2.6)	(2.1)
Income tax (charge)/credit	8	(0.2)	(0.2)	—	(0.2)
Profit/(loss) for the period from continuing operations		**5.8**	0.3	(2.6)	(2.3)
Loss for the period from discontinued operations	4	—	(10.2)	—	(10.2)
Profit/(loss) for the period		**5.8**	(9.9)	(2.6)	(12.5)
Other comprehensive expense					
Items that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations – continuing operations		—	(0.1)	—	(0.1)
Exchange differences on translation of foreign operations – discontinued operations	4	—	(0.2)	—	(0.2)
Total comprehensive income/(expense) for the period		**5.8**	(10.2)	(2.6)	(12.8)
Total comprehensive income/(expense) attributable to:					
Owners of the Parent					
Income/(expense) from continuing operations		5.8	0.2	(2.6)	(2.4)
Expense from discontinued operations	4	—	(10.4)	—	(10.4)
Total comprehensive income/(expense) attributable to the owners of the parent		**5.8**	(10.2)	(2.6)	(12.8)
Earnings per share					
Basic earnings/(loss) per share from continuing operations	9	1.9p	0.1p		(0.7)p
Diluted earnings/(loss) per share from continuing operations	9	1.7p	0.1p		(0.7)p
Basic and diluted loss per share from discontinued operations	4, 9	—	(2.9)p		(2.9)p

1. Exceptional items are detailed in note 5.
2. Interest income recognised on assets held at amortised cost under the effective interest rate method and £3.3 million (2024: £3.7 million) on money market funds held at fair value through profit and loss.
3. Net income is also referred to as “revenue”.

The notes form part of these financial statements.

Condensed consolidated balance sheet

as at 30 June 2025 (unaudited)

	Note	**30 June 2025 £m**	31 December 2024 £m
Non-current assets			
Intangible assets		**20.7**	21.2
Property, plant and equipment		**8.6**	9.6
Investment in associates		**0.3**	0.6
Investment in trusts and co-investments	12	**16.2**	17.8
SME loans held at amortised cost	12	**1.6**	1.4
		47.4	50.6
Current assets			
SME loans held at amortised cost	12	**0.7**	0.7
SME loans held at fair value through profit and loss	12	**46.8**	1.2
Lines of credit	3, 12	**141.9**	97.1
Trade and other receivables	12	**20.5**	20.8
Cash and cash equivalents	13	**148.6**	187.6
		358.5	307.4
Total assets		**405.9**	358.0
Current liabilities			
Trade and other payables	12	**27.2**	27.8
Bank borrowings	10, 13	**170.8**	101.9
Short-term provisions and other liabilities	11	**1.6**	3.6
Lease liabilities	13	**1.8**	1.8
		201.4	135.1
Non-current liabilities			
Long-term provisions and other liabilities	11	**0.6**	0.6
Lease liabilities	13	**5.2**	5.8
Total liabilities		**207.2**	141.5
Equity			
Share capital		**0.3**	0.3
Share premium account		**0.4**	0.1
Foreign exchange reserve		**5.3**	5.3
Share options reserve		**20.0**	20.6
Retained earnings		**172.7**	190.2
Total equity		**198.7**	216.5
Total equity and liabilities		**405.9**	358.0

The financial statements were approved by the Board and authorised for issue on 4 September 2025. They were signed on behalf of the Board by:

Tony Nicol

Director

Company registration number 07123934

The notes form part of these financial statements.

Condensed consolidated statement of changes in equity

for the six months to 30 June 2025 (unaudited)

	Share capital	Share premium account	Foreign exchange reserve	Share options reserve	Retained earnings/ (accumulated losses)	Total equity
	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2025	**0.3**	**0.1**	**5.3**	**20.6**	**190.2**	**216.5**
Profit/(loss) for the period	—	—	—	—	5.8	**5.8**
Other comprehensive income						
Exchange differences on translation of foreign operations	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	5.8	**5.8**
Transactions with owners						
Issue of share capital/exercise of share options	—	0.3	—	—	—	**0.3**
Purchase of own shares held in employee benefit trust	—	—	—	—	(6.9)	**(6.9)**
Buyback and cancellation of own shares	—	—	—	—	(19.0)	**(19.0)**
Transfer of share option costs	—	—	—	(2.6)	2.6	—
Employee share schemes – value of employee services	—	—	—	2.0	—	**2.0**
Balance at 30 June 2025	**0.3**	**0.4**	**5.3**	**20.0**	**172.7**	**198.7**
Balance as at 1 January 2024	0.4	293.1	14.2	24.0	(84.9)	246.8
Loss for the period	—	—	—	—	(12.5)	(12.5)
Other comprehensive expense						
Exchange differences on translation of foreign operations	—	—	(0.3)	—	—	(0.3)
Total comprehensive expense	—	—	(0.3)	—	(12.5)	(12.8)
Transactions with owners						
Issue of share capital/exercise of share options	—	0.2	—	—	—	0.2
Purchase of own shares held in employee benefit trust	—	—	—	—	—	—
Buyback and cancellation of own shares	—	—	—	—	(8.2)	(8.2)
Transfer of share option costs	—	—	—	(3.3)	3.3	—
Employee share schemes – value of employee services	—	—	—	3.0	—	3.0
Unaudited balance as at 30 June 2024	0.4	293.3	13.9	23.7	(102.3)	229.0

The notes form part of these financial statements.

Condensed consolidated statement of cash flows

for the six months to 30 June 2025 (unaudited)

	Note	**6 months to 30 June 2025 £m**	6 months to 30 June 2024 £m
Net cash outflow from operating activities	13	**(34.4)**	(52.4)
Investing activities			
Purchase of intangible assets		**(4.4)**	(5.3)
Purchase of property, plant and equipment		**(0.3)**	(2.2)
Originations of SME loans held at amortised cost	12	**(1.2)**	(0.2)
Cash receipts from SME loans held at amortised cost	12	**0.5**	2.2
Originations from SME loans held at fair value through profit and loss	12	**(50.0)**	—
Cash receipts from SME loans held at fair value through profit and loss	12	**2.8**	12.2
Proceeds from sale of SME loans held at fair value through profit and loss	12	**2.5**	—
Investment in trusts and co-investments	12	**(0.4)**	(1.5)
Cash receipts from investments in trusts and co-investments	12	**3.1**	10.6
Redemption in associates		**0.3**	0.5
Net cash (outflow)/inflow from investing activities		**(47.1)**	16.3
Financing activities			
Proceeds from bank borrowings	10, 13	**73.2**	20.0
Repayment of bank borrowings	10, 13	**(4.3)**	(2.9)
Proceeds from the exercise of share options		**0.3**	0.2
Purchase of own shares	1	**(6.9)**	—
Share buyback	1	**(19.0)**	(8.2)
Proceeds from subleases		**—**	0.4
Payment of lease liabilities	13	**(0.9)**	(2.8)
Net cash inflow from financing activities		**42.4**	6.7
Net decrease in cash and cash equivalents		**(39.1)**	(29.4)
Cash and cash equivalents at the beginning of the period		**187.6**	221.4
Effect of foreign exchange rate changes		**0.1**	0.1
Cash and cash equivalents at the end of the period	13	**148.6**	192.1

The notes form part of these financial statements.

Notes to the condensed interim financial statements

for the six months to 30 June 2025 (unaudited)

1. Basis of preparation

General information

Funding Circle Holdings plc ('the Company') is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company's registered office is 71 Queen Victoria Street, London, EC4V 4AY.

These condensed interim financial statements have been prepared as at, and for the six months to, 30 June 2025. The comparative financial information presented has been prepared for the six months to 30 June 2024 and as at 31 December 2024.

The interim financial information presented as at, and for the six months to, 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements of the Group as at, and for the year to, 31 December 2024 are available on request from the Company's registered office and via the Company's website.

Going concern

The Group made a total comprehensive income of £5.8 million during the six months to 30 June 2025 (30 June 2024: £12.8 million loss). As at 30 June 2025 the Group had net assets of £198.7 million (31 December 2024: £216.5 million). This included cash and cash equivalents of £148.6 million (31 December 2024: £187.6 million) of which £33.6 million (31 December 2024: £37.1 million) is restricted. Additionally, within the net assets the Group holds £72.8 million (31 December 2024: £53.5 million) of invested capital, some of which is capable of being monetised if liquidity needs arise.

The condensed interim financial statements are prepared on a going concern basis as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future (which has been taken as at least 12 months from the date of approval of the condensed interim financial statements).

The Group has prepared detailed cash flow forecasts for the next 15 months to 31 December 2026 and has updated the going concern assessment to factor in the potential ongoing impact of inflation and related economic stress.

The base case scenario assumes:

- the economic environment remains as is with no improvement or deterioration in the macro environment forecast;
- growth in shorter term lending;
- growth in Cashback credit card alongside FlexiPay lines of credit;
- the Group continues to fund the lines of credit through its balance sheet along with the senior banking facility;
- shorter term lending assets are expected to be funded in the same way until December 2025 when we expect to sell the assets and switch to operating under a platform model;
- costs are controlled with any growth driven by marketing, expected credit losses ("ECL") and cost of funds. Remaining costs grow but predominantly through inflation. Strict control of headcount, with limited increases;
- the current share buyback programme concludes in April 2026 with no additional buyback or dividend assumed; and
- corporation tax begins to be paid alongside in 2026 utilising brought forward tax losses.

Management prepared a severe but plausible downside scenario in which:

- further macroeconomic volatility continues through the period with elevated inflation and interest rates reducing originations as borrower demand for loans at higher interest rates reduces and investor funding appetite reduces;
- a downside scenario is applied to Term Loans loans under management resulting in reduced servicing fees;
- a downside scenario applied to the on-balance sheet lines of credit results in reduced net interest margins with higher cost of funds;
- an operational event occurs, such as impacts on critical suppliers and lower corporate cash levels resulting in lost revenues and cash outlays.

The severe but plausible downside scenario results in a £40 million cash outflow (referred to as management's stress buffer).

Management has reviewed its limited regulatory capital requirements. In the downside scenario, the risk of capital requirement breach is considered remote. The Group does not currently rely on committed or uncommitted borrowing facilities, with the exception of a facility for the purpose of originating FlexiPay lines of credit (and initially shorter term lending) and does not have undrawn committed borrowing facilities available to the wider Group.

The Directors have made enquiries of management and considered budgets and cash flow forecasts for the Group and have, at the time of approving these financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, specifically assessed for the 15 months to 31 December 2026.

Basis of preparation

These condensed interim financial statements, which have been reviewed and not audited, have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with UK adopted IAS 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year to 31 December 2024 which have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial information included in these condensed interim financial statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the 'Act'). The statutory accounts for the year ended 31 December 2024 have been reported on by the Company's auditors and were delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Act.

Significant changes in the current reporting period

The financial position and performance of the Group were affected by the following events and transactions during the six months to 30 June 2025:

i) Expansion into shorter term loans product

In April 2025, the Group expanded into a shorter term loan product offering fixed rate interest term loans between 6 and 24 month terms. Loans with terms over 12 months are subject to an origination fee in line with our other term loan products, while those with terms of 12 months or less are not subject to origination fees. The shorter term loans generally charge higher rates of interest than FC's equivalent longer term loans, but provide more flexibility with penalty-free prepayments and in some cases no origination fees.

Shorter term loans are financed through the same leveraged warehouse used to fund the FlexiPay and Cashback credit card products, Kanaloa 2 Limited ("K2"). The interest and fees related to the senior borrowing facility used to fund the loans is presented under "cost of funds" in the condensed consolidated statement of comprehensive income.

The intention of the business with the shorter term loan product is to initially build up the product on-balance sheet to an appropriate scale and to be able to iterate it, before selling the loans to a third party investor and originating new loans under a platform strategy going forward. As the loans are under a business model intending to sell them, they are measured at fair value through profit and loss and presented under "SME loans held at fair value through profit and loss" on the condensed consolidated balance sheet. Interest income and fair value gains or losses follow the existing accounting policy and presentation for SME loans held at fair value through profit and loss and within the Term Loans segment of the business in note 6.

ii) Share buyback programme extension and purchase of own shares

The share buyback programme which was launched and then extended in 2024 concluded in May 2025 and was extended further to buy and cancel up to £25 million of shares in order to return value to shareholders. The nominal cost of the shares cancelled reduces the Group's share capital with an equal increase in the capital redemption reserve. The full cost of the buyback inclusive of stamp duty and broker fees is debited to retained earnings. In the period to 30 June 2025, 16.7 million shares were purchased for consideration of £19.0 million inclusive of fees and expenses under the programme.

Additionally, the Group purchased 6.4 million shares for £6.9 million during the period ended 30 June 2025, which were not cancelled and are held for the purpose of satisfying the exercise of employee share options.

2. Changes in material accounting policies

The accounting policies, methods of computation and presentation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adoption.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a key source of estimation uncertainty.

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The significant judgements and estimates applied by the Group in the financial statements have been applied on a consistent basis with the financial statements for the comparative year to 31 December 2024, except for ECL where the model methodology has been refined (see note 12).

Critical judgements

a) Loans originated through the platform

The Group originates SME loans through its platform which have been funded primarily by banks, asset managers, other institutional investors, funds, national entities, retail investors or by usage of its own capital. Judgement is required to determine whether these loans should be recognised on the Group's balance sheet. Where the Group, its subsidiaries or SPVs which it consolidates have legal and beneficial ownership to the title of those SME loans, they are recognised on the Group's balance sheet. Where this is not the case, the loans are not recognised at the point of origination.

b) Recognition of deferred tax

Under IAS 12, a deferred tax asset should be recognised for all deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or tax losses can be utilised. While the Board-approved forecasts project the UK to be in a taxable profit position for the year ended 31 December 2025 and beyond, there are risks to achieving this forecast and as a result it is not considered highly probable. Management has used its judgement in determining whether there is sufficient certainty to recognise a deferred tax asset. The "European Securities and Markets Authority ("ESMA") has previously issued guidance relating to the recognition of deferred tax assets in response to companies recognising assets too early only to subsequently write them off. One of the key indicators suggested by ESMA for the recognition of deferred tax is whether taxable profit is being recognised from which an entity has begun to offset losses. This is not yet the case for the UK business for a sustained period and management has determined not to recognise a deferred tax asset as a result. Had management determined a different level of certainty regarding the taxable profits of the UK for the year end and beyond, then a deferred tax asset may have been recognised.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that the Directors have identified in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the financial statements.

a) Expected credit loss impairment of FlexiPay lines of credit (note 11, 12 and 15)

At 30 June 2025, the Group held £164.3 million of drawn FlexiPay lines of credit and £337.1 million of undrawn lines of credit, gross of expected credit loss impairment allowances (31 December 2024: £110.0 million drawn and £278.7 million undrawn).

While other financial assets of the Group are held at amortised cost, the FlexiPay lines of credit are the most sensitive to estimation uncertainty due to the higher balance outstanding and more limited historical data.

An expected credit loss impairment allowance is held against the lines of credit of £24.0 million (£22.4 million related to drawn lines of credit and £1.6 million related to undrawn) (31 December 2024: £15.6 million split £12.9 million drawn and £2.7 million undrawn).

The Group estimates the expected credit loss allowance following IFRS 9 through modelling the exposure at default based on observed trends related to the overall line of credit facility and the proportion drawn at the time of default. The probability of default is estimated utilising observed trends and combining these with forward-looking information including different macroeconomic scenarios which are probability weighted. The loss given default is driven by assumptions regarding the level of recoveries collected after defaults occur.

The area most sensitive to estimation uncertainty is the probability of default ("PD") related to stage 1 and 2 lines of credit which is modelled based on observed trends and adjusted using probability weighted forward-looking scenarios. Currently a baseline scenario, upside scenario and downside scenario are utilised which are probability weighted as outlined below which provide a blended stage 1 and 2 average probability of default of 9.1%.

If 100% probability weighting was to be applied to each scenario, the weighted PD related to stage 1 and 2 lines of credit and the expected credit loss impairment provision would change as follows:

ECL scenario	Scenario weighting %	100% weighting to scenario	Average PD %	ECL £	Change in average PD compared to blended scenario %	Change in ECL compared to blended scenario £
Base case	70%	100%	8.9%	23.8	(0.2%)	(0.2)
Upside	15%	100%	6.1%	20.2	(3.0%)	(3.8)
Downside	15%	100%	12.6%	28.7	3.5%	4.7
Blended weighted scenarios	**100%**	**100%**	**9.1%**	**24.0**	**—**	**—**

The above reflects the impact of both drawn and undrawn elements of the ECL impairment allowance.

The loss given default ("LGD") of the expected credit loss impairment allowance is estimated based on observation of the blended portfolio recoveries to date on defaulted lines of credit projected out into the future using an average 84% LGD. While the LGD expectation is based on the trajectory of recoveries to date, the lifetime LGD may differ from the estimated amount. A +/- 500bps increase/decrease in the estimated lifetime LGD would increase/decrease the expected credit loss impairment allowance by £0.6 million/(£0.6 million). It is considered that the above sensitivities represent the range of reasonably possible outcomes in relation to the LGD on FlexiPay lines of credit.

4. Discontinued operations

The Group announced on 7 March 2024 its intention to divest of the US business. As of this date, the US business was considered to form a disposal group and was reclassified as a discontinued operation. An agreement was signed on 24 June 2024 to sell the business to iBusiness Funding, LLC and the transaction completed as of 1 July 2024. As a result, Group retained control of the US business until 1 July 2024, at which point it was deconsolidated.

5. Exceptional items

The Group reflects its underlying financial results in the "before exceptional items" column of the condensed consolidated statement of comprehensive income in order to provide a clear and consistent view of trading performance.

In the previous year, as part of its ongoing commitment to profitability, the Group launched a redundancy and cost efficiency programme. This process resulted in a simpler, leaner and better positioned UK-focused operation. This resulted in redundancy costs of £2.3 million and impairment of capitalised development spend intangible assets of £0.3 million which were treated as exceptional items in the period ended 30 June 2024.

6. Segmental information

IFRS 8 Operating Segments requires the Group to determine its operating segments based on information which is used internally for decision making. Based on the internal reporting information and management structures within the Group, it has been determined that there are two continuing business and one discontinued US business operating segments. Reporting on this basis is reviewed by the Executive Committee ("ExCo"), which is the chief operating decision maker ("CODM"). The ExCo is made up of the Executive Directors and other senior management and is responsible for the strategic decision making of the Group.

The ExCo measures the performance of each segment primarily by reference to profit before tax. Additionally, the ExCo utilises a non-GAAP measure, Adjusted EBITDA, which is defined as profit/loss for the period before finance costs (being the discount unwind on lease liabilities), taxation, depreciation, amortisation and impairments ("AEBITDA"), and additionally excludes share-based payment charges and associated social security costs, foreign exchange and exceptional items. AEBITDA is a measure of Group performance as it allows better comparability of the underlying performance of the business. The segment reporting, including AEBITDA, excludes the impact of the Group's transfer pricing arrangements as this is not information presented to, or used by, the CODM in decision making or the allocation of resources.

	30 June 2025			30 June 2024[1]		
	Continuing operations			Continuing operations		
	United Kingdom			United Kingdom		
	Term Loans	**FlexiPay**	**Total**	Term Loans	FlexiPay	Total
	£m	**£m**	**£m**	£m	£m	£m
Transaction fees	**47.8**	**0.5**	**48.3**	41.8	0.3	42.1
Servicing fees	**18.3**	**—**	**18.3**	18.6	—	18.6
Interest Income	**3.1**	**20.0**	**23.1**	4.3	9.8	14.1
Other fees	**2.3**	**0.1**	**2.4**	2.5	—	2.5
Operating income	**71.5**	**20.6**	**92.1**	67.2	10.1	77.3
Investment income	**2.6**	**—**	**2.6**	1.6	—	1.6
Total income	**74.1**	**20.6**	**94.7**	68.8	10.1	78.9
Fair value gains	**2.0**	**—**	**2.0**	2.8	—	2.8
Cost of funds	**(0.2)**	**(4.2)**	**(4.4)**	—	(2.6)	(2.6)
Net income (revenue)	**75.9**	**16.4**	**92.3**	71.6	7.5	79.1
Adjusted EBITDA	**20.1**	**(5.1)**	**15.0**	18.3	(7.3)	11.0
Discount unwind on lease liabilities	**(0.3)**	**—**	**(0.3)**	(0.3)	—	(0.3)
Depreciation, amortisation, impairment and modification gains/(losses)	**(4.9)**	**(1.2)**	**(6.1)**	(5.8)	(0.7)	(6.5)
Share-based payments and social security costs	**(2.2)**	**(0.4)**	**(2.6)**	(3.5)	(0.7)	(4.2)
Exceptional items	**—**	**—**	**—**	(2.3)	(0.3)	(2.6)
Foreign exchange gains	**—**	**—**	**—**	0.5	—	0.5
Profit/(loss) before tax	**12.7**	**(6.7)**	**6.0**	6.9	(9.0)	(2.1)

1. The segmental results of the US business are not presented above and are presented within discontinued operations.

7. Operating expenses

Continuing operations	Note	**30 June 2025 £m**	Before exceptional items £m	Exceptional items[1] £m	30 June 2024 £m
Depreciation		**1.2**	1.7	—	1.7
Amortisation		**4.8**	5.2	—	5.2
Impairment of intangibles	**5**	**0.1**	—	0.3	0.3
Modification gains		**—**	(0.4)	—	(0.4)
Employment costs (including contractors)	**5**	**32.7**	36.1	2.3	38.4
Marketing costs - (excluding employment costs)		**27.6**	22.3	—	22.3
Data and technology		**4.1**	3.6	—	3.6
Other expenses		**7.4**	6.3	—	6.3
Total operating expenses from continuing operations		**77.9**	74.8	2.6	77.4

1. See note 5 for details on exceptional items.

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The estimated effective tax rate used for the six months to 30 June 2025 (excluding the tax charge on Research and Development Expenditure Credits (RDEC)) is (3.12%), compared to (2.09%) for the six months to 30 June 2024.

The major components of income tax expense in the condensed consolidated statement of comprehensive income are:

	30 June 2025 £m	30 June 2024 £m
Current tax		
Corporation taxation on continuing operations	0.2	0.2
Corporation taxation on discontinued operations	—	0.1
Total current tax	0.2	0.3
Deferred tax		
Deferred taxation on continuing operations	—	—
Deferred taxation on discontinued operations	—	—
Total deferred tax	—	—
Total tax charge/(credit) on continuing operations	0.2	0.2
Total tax charge/(credit) on discontinued operations	—	0.1

The above tax charge includes the amount of tax deducted from the gross RDEC credit receivable for 2025 of £0.2 million (2024: £0.2 million). There is a state tax liability of £nil (2024: £0.1 million) since the US business was disposed of in 2024.

The Group has unrelieved tax losses of £127.8 million (31 December 2024: £125.0 million) that relate to continuing operations and are available for offset against future taxable profits.

9. Earnings/(loss) per share

	30 June 2025 £m Total	30 June 2024 £m Total	30 June 2024 £m Before exceptional items
Profit/(loss) for the period from continuing operations	**5.8**	(2.3)	0.3
Basic weighted average number of ordinary shares in issue (million)	**307.2**	346.3	346.3
Basic earnings/(loss) per share from continuing operations	**1.9p**	(0.7)p	0.1p
Profit/(loss) for the period from continuing operations	**5.8**	(2.3)	0.3
Diluted weighted average number of ordinary shares in issue (million)	**341.5**	346.3	389.9
Diluted earnings/(loss) per share from continuing operations	**1.7p**	(0.7)p	0.1p

	30 June 2025 £m Total	30 June 2024 £m Total
Loss for the period from discontinued operations	—	(10.2)
Basic and diluted weighted average number of ordinary shares in issue (million)	—	346.3
Basic and diluted loss per share from discontinued operations	—	(2.9)p

10. Borrowings

During 2025 the Group continued to operate a leveraged warehouse for the purposes of funding the FlexiPay product and the shorter term lending product with a total committed facility of up to £231.0 million which can be upsized further. The drawn balance on the facility at 30 June 2025 was £170.8 million (31 December 2024: £101.9 million). Interest is charged on the drawn balance at SONIA plus a margin, together with a commitment fee. The forward flow period of the facility was extended to mature in April 2026 effective April 2025.

11. Provisions and other liabilities

	Dilapidation £m	Loan repurchase £m	Restructuring (Exceptional)[1] £m	Other liabilities[2] £m	Total £m
At 1 January 2024	1.1	0.1	—	1.4	2.6
Additional provision/liability	—	—	2.3	0.7	3.0
Amount utilised	(0.3)	(0.1)	—	—	(0.4)
Amount reversed	(0.2)	—	—	—	(0.2)
At 30 June 2024	0.6	—	2.3	2.1	5.0
Additional provision/liability	—	—	—	1.5	1.5
Amount utilised	—	—	(2.3)	—	(2.3)
Amount reversed	—	—	—	—	—
At 31 December 2024	0.6	—	—	3.6	4.2
Additional provision/liability	—	—	—	—	—
Amount utilised	—	—	—	(0.9)	(0.9)
Amount reversed	—	—	—	(1.1)	(1.1)
At 30 June 2025	**0.6**	—	—	**1.6**	**2.2**

1. The restructuring provision relates to the simplification and streamlining of the Group and has been treated as an exceptional item. See note 5.
2. Other provisions includes provisions for operational buybacks of £nil (31 December 2024: £0.9 million) and £1.6 million (31 December 2024: £2.7 million) of expected credit loss impairment allowance related to undrawn FlexiPay lines of credit. See notes 12 and 15.

Current and non-current

	30 June 2025 £m	31 December 2024 £m
Current provisions and other liabilities	**1.6**	3.6
Non-current provisions and other liabilities	**0.6**	0.6
	2.2	4.2

The dilapidation provision represents an estimated cost for dismantling the customisation of offices and restoring the leasehold premises to its original state at the end of the tenancy period. The provision is expected to be utilised by 2030.

12. Financial risk management

The Group's financial risks and risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year to 31 December 2024.

Financial risks arising from financial instruments are analysed into credit risk, liquidity risk, market risk (including currency risk, interest rate risk and other price risk) and foreign exchange risk. These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. Details of how these risks are managed are discussed in the Funding Circle Holdings plc's financial statements for the year ended 31 December 2024.

There has not been a significant change in the Group's financial risk management processes or policies since the year end. The assumptions used in determining the level of defaults and recoveries which determine the fair value of loans remain consistent with those used at 31 December 2024.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- SME loans;
- investments in trusts and co-investments;
- lines of credit;
- trade and other receivables;
- cash and cash equivalents;
- trade and other payables;
- bank borrowings; and
- lease liabilities.

Categorisation of financial assets and financial liabilities

The table shows the carrying amounts of financial assets and financial liabilities by category of financial instrument:

	30 June 2025			31 December 2024		
	Fair value through profit and loss	**Amortised cost**	**Total**	Fair value through profit and loss	Amortised cost	Total
	£m	**£m**	**£m**	£m	£m	£m
Assets						
SME loans held at amortised cost	—	2.3	**2.3**	—	2.1	2.1
SME loans held at fair value through profit and loss	46.8	—	**46.8**	1.2	—	1.2
Lines of credit	—	141.9	**141.9**	—	97.1	97.1
Investment in trusts and co-investments	16.2	—	**16.2**	17.8	—	17.8
Trade and other receivables	0.4	13.9	**14.3**	0.6	10.7	11.3
Cash and cash equivalents	99.8	48.8	**148.6**	136.3	51.3	187.6
	163.2	**206.9**	**370.1**	155.9	161.2	317.1
Liabilities						
Trade and other payables	—	(8.1)	**(8.1)**	—	(8.3)	(8.3)
Bank borrowings	—	(170.8)	**(170.8)**	—	(101.9)	(101.9)
Lease liabilities	—	(7.0)	**(7.0)**	—	(7.6)	(7.6)
	—	**(185.9)**	**(185.9)**	**—**	(117.8)	(117.8)

Financial instruments measured at amortised cost

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents, trade and other receivables, SME loans held at amortised cost, FlexiPay lines of credit, bank borrowings, lease liabilities and trade and other payables. Due to their nature, the carrying value of each of the above financial instruments approximates to their fair value.

Financial instruments measured at fair value

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the assets or liabilities.

The fair value of financial instruments that are not traded in an active market (for example, investments in SME loans) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. An assessment that the level applied to financial instruments is appropriate and whether a transfer between levels is required is undertaken at the end of each accounting period. There were no transfers between levels during the period or prior year.

The Finance department of the Group performs the valuations of items required for financial reporting purposes, including level 3 fair values. This team reports to the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held regularly at Balance Sheet and Valuation Committee along with regular updates provided to the Audit Committee.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements (year ended 31 December 2024: none).

Fair value measurement using

	30 June 2025			31 December 2024		
	Quoted prices in active markets (level 1)	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**	Quoted prices in active markets (level 1)	Significant observable Inputs (level 2)	Significant unobservable inputs (level 3)
	£m	**£m**	**£m**	£m	£m	£m
Financial assets						
SME loans held at fair value through profit and loss	—	—	**46.8**	—	—	1.2
Trade and other receivables	0.4	—	—	0.6	—	—
Investment in trusts and co-investments	—	—	**16.2**	—	—	17.8
Cash and cash equivalents	99.8	—	—	136.3	—	—
	100.2	**—**	**63.0**	136.9	—	19.0

The fair value of all SME loans held at fair value has been estimated by discounting future cash flows of the loans using discount rates that reflect the changes in market interest rates and observed market conditions at the reporting date. The estimated fair value and carrying amount of the SME loans held at fair value through profit and loss was £46.8 million at 30 June 2025 (31 December 2024: £1.2 million).

Investment in trusts and co-investments represents the Group's investment in the trusts and other vehicles used to fund CBILS, RLS, GGS and certain commercial loans and is measured at fair value through profit and loss. The government-owned British Business Bank will guarantee up to 80% of the balance of CBILS loans in the event of default (and between 70% and 80% of RLS loans and 70% for GGS loans). The estimated fair value and carrying amount of the investment in trusts and co-investments was £16.2 million at 30 June 2025 (31 December 2024: £17.8 million).

The most relevant significant unobservable inputs relate to the default rate estimate and discount rates applied to the fair value calculation. However, it was determined that the reasonably possible range of outcomes from these inputs into the estimates are not material to the accounts.

Since 31 December 2024, the forward looking assumptions related to estimating fair value have been marginally updated to incorporate forecast UK GDP and risk-free rate alongside unemployment. The base case scenario outlined later in the note under 'Macro scenarios' is utilised for projecting cash flows, however, the scenario change has not materially impacted the fair value of loans.

There has additionally been decreases in discount rates used to discount the estimated cash flows in the period, primarily driven by decreases in the risk free rate, due to central bank interest rates falling and expectations of rate cuts priced into swaps. Many of the investments in leveraged investment in trust structures have experienced a reduction in discount rates due to de-leveraging of the vehicles as senior lenders debt has been paid down. The repayment of senior debt and the passage of time has additionally led to fair value gains, as a result of the discount unwind, as projected future cash flows of the investments which tend to be backloaded in the structure become nearer in time to the balance sheet date. This, in turn, has led to a higher relative estimation of fair value in the period.

The result of the various factors outlined above is a £2.0 million net fair value gain during the period, primarily driven by discount unwind.

Sensitivities to unobservable assumptions in the valuation of SME loans and money market funds within cash and cash equivalents are not disclosed as reasonably possible changes in the current assumptions inclusive of default rates, discount rates and recovery rates would not be expected to result in material changes in the carrying values.

Fair value movements on SME loans held at fair value through profit and loss and investments in trusts and co-investments are recognised through the condensed consolidated statement of comprehensive income in 'fair value gains'.

The majority of additions of SME loans held at fair value through profit and loss in the period relate to the origination of loans under the shorter term lending product, which are being temporarily originated on the Group's balance sheet with the intention of selling them at a later date and originations thereafter operating under a platform model.

A reconciliation of the movement in level 3 financial instruments is shown as follows:

	SME loans held at fair value through profit and loss £m	**Investment in trusts and co-investments £m**
Balance as at 1 January 2024	18.6	25.2
Additions	—	1.5
Repayments	(12.2)	(10.6)
Net gain/(loss) on the change in fair value of financial instruments at fair value through profit or loss	2.4	2.6
Other non-cash movements	(0.7)	—
Foreign exchange gain	0.1	—
Balance as at 30 June 2024	8.2	18.7
Additions	—	2.6
Repayments	(1.3)	(4.0)
Net gain on the change in fair value of financial instruments at fair value through profit or loss	0.2	1.2
Foreign exchange loss	(0.1)	—
Disposal of discontinued operations	(5.8)	(0.7)
Balance as at 31 December 2024	1.2	17.8
Additions	**50.0**	**0.4**
Repayments	**(2.8)**	**(3.1)**
Sale of loans	**(2.5)**	—
Net gain/(loss) on the change in fair value of financial instruments at fair value through profit or loss	**0.9**	**1.1**
Balance as at 30 June 2025	**46.8**	**16.2**

Financial risk factors

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash and cash equivalents held at banks.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	30 June 2025 £m	31 December 2024 £m
Non-current		
SME loans held at amortised cost	**1.6**	1.4
Investment in trusts and co-investments	**16.2**	17.8
Current		
SME loans held at amortised cost	**0.7**	0.7
SME loans held at fair value through profit and loss	**46.8**	1.2
Lines of credit	**141.9**	97.1
Trade and other receivables		
- Trade receivables	**0.5**	0.4
- Other receivables	**4.1**	4.2
- Accrued income	**8.8**	5.8
- Rent and other deposits	**0.9**	0.9
Cash and cash equivalents	**148.6**	187.6
Total gross credit risk exposure	**370.1**	317.1
Less bank borrowings[1]	**(170.8)**	(101.9)
Total net credit risk exposure	**199.3**	215.2

1. Bank borrowings are related to the FlexiPay and shorter term lending warehouse.

An expected credit loss allowance related to undrawn lines of credit on the FlexiPay product of £1.6 million (2024: £2.7 million) is held within provisions and other liabilities. The Group's maximum exposure to credit risk on the undrawn lines of credit if they were all to be fully drawn would be £337.1 million (2024: £278.7 million). The Group has the ability to freeze, reduce or withdraw lines of credit as a way of managing associated credit risk.

Credit risk associated with SME loans held at amortised cost and lines of credit

Under IFRS 9, the Group is required to provide for loans measured at amortised cost under the expected credit loss ("ECL") model. The impairment related to each loan is based on the ECLs associated with the probability of default of that loan in the next 12 months unless there has been a significant increase in credit risk of that loan since origination. The below factors are used in estimating the impairment:

Factor	**Description**
Probability of Default ("PD")	The Group has developed PD models tailored to each Term Loan or line of credit product to assess the likelihood of default within the next 12 months and over the lifetime. The models estimate PD based on factors including the latest payment behaviour of the customers, commercial, consumer, financial and commercial credit data sharing ("CCDS") data points and observed historical trends. The PD model also includes an estimate of the expected future macroeconomic effect.
Exposure at Default ("EAD")	The Group has developed an EAD model for line of credit products to assess the likely exposure at default. The model calculates estimates of EAD based upon the latest payment behaviour of the customer, the credit limit utilisation, and projecting expected utilisation at default based on observed historical trends.
Loss Given Default ("LGD")	The Group has developed LGD models tailored to each Term Loan or line of credit product to assess the likely financial loss given an account defaults. The models calculate estimates of LGD based on historical data on observed recoveries against defaulted accounts.
Discount rate	The Group uses account-level effective interest rate which is calculated based on line of credit amount or loan amount, interest and fees, expected repayments including pre-payments and term.

Model changes since 31 December 2024:

The Group has refined its ECL model methodology since 31 December 2024. The key changes are as outlined below. The overall impact of the model methodology updates on a like for like basis with the previous methodology is not material to the overall ECL figure, however, results in a larger proportion of balances in stage 2 compared to stage 1 but with a lower PD.

Model component	**Change since 31 December 2024:**
PD	The PD is now calculated using a model which takes a number of input variables derived from commercial, consumer, financial, and behavioural sources of data, which have been observed to correlate with a default. These inputs are combined to determine a PD curve for each borrower, with 12-month PD utilised for stage 1 and lifetime PD for stage 2. The marginal PDs are used to calculate an ECL in each respective forward-looking period. Previously PD was determined using models that utilised the latest payment behaviour of customers and observed historical trends to project defaults.
Significant increase in credit risk	The definition of significant increase in credit risk ("SICR") used by the Group has been updated to reference the relative change in the commercial Delphi risk score between origination and the balance sheet date. Previously SICR was defined as including any account which was overdue or frozen. This change results in a higher proportion of accounts moving to stage 2 prior to becoming late or defaulting, relative to the previous methodology utilised. The backstop of 30 days past due remains in place.
EAD	The EAD methodology has been refined to take account of analysis of the EAD based on more granular utilisation bands for stage 1 and stage 2. This approach has resulted in more accurate EAD prediction when back tested against actual results across portfolios compared to the less granular credit conversion factor approach used previously.
LGD	The assumptions behind LGD used for FlexiPay have previously been based on the extrapolation of limited actual recovery data given the relatively small levels of defaults on the portfolio to date. The approach has been refined to supplement data limitations with substantial term loan recovery information, in light of a shared recovery process between the products at a borrower level and as many FlexiPay borrowers also have Term Loan products, leading to an improved basis for projecting the LGD until more FlexiPay data becomes available in future.

Macro scenarios	The Group's macro scenarios previously incorporated just unemployment as a forecast variable to take account of forward-looking information. The Group now utilises UK unemployment, the risk-free-rate and GDP as the selected forecast variables, with historically observed coefficients between these variables to predict insolvencies, instead of solely using unemployment rates previously. Further details are provided later in this note.

Definitions:

The Group utilises the following definitions and assumptions when calculating the ECL on assets:

Component	**Definition/assumption**
Significant increase in credit risk	The Group assumes there has been a significant increase in credit risk if the probability of default indexed to the commercial Delphi risk score of the borrower has increased over given thresholds since origination and the balance sheet date. A backstop is applied for any outstanding amounts on the loan investment which exceed 30 days, in line with the rebuttable presumption per IFRS 9.
Forecast period	We estimate PD, EAD and LGD for the duration of the lifetime of the Term Loan or line of credit. Term Loans utilise the contractual term of the Term Loan. For lines of credit, the duration of the lifetime is estimated to be five years.
Definition of default	The Group defines a default, classified within non-performing, as a loan investment with any outstanding amounts exceeding 90-days past their due date, which reflects the point at which the loan is considered to be credit-impaired. In some circumstances where loans are bought back by the Group, the financial asset associated with the purchase meets the definition of purchased or originated credit-impaired ("POCI"); this element of the impairment is therefore based on lifetime ECLs. Lines of credit utilises the same default definition and probability of default under IFRS 9; however, they are assessed based on 12-month probability of default at the overall available line of credit level, estimating the expected utilisation of the line of credit at the estimated point of default. The expected credit loss impairment associated with undrawn lines of credit is disclosed within other liabilities in note 15.

SME loans held at amortised cost also include loans which have been brought back from investors with the intention of collecting contractual cash flows.

Lines of credit comprises £141.9 million (2024: £97.1 million) of drawn amounts through the FlexiPay product net of expected credit loss impairment.

The gross principal value of SME loans held at amortised cost is £12.2 million (31 December 2024: £11.3 million) and drawn lines of credit is £164.3 million (31 December 2024: £110.0 million), totalling £176.5 million (31 December 2024: £121.3 million), and an allowance for expected credit losses of £9.9 million (31 December 2024: £9.2 million) and £22.4 million (31 December 2024: £12.9 million) respectively, totalling £32.3 million (31 December 2024: £22.1 million), is held against these loans and drawn lines of credit as detailed below.

An impairment charge of £9.5 million (30 June 2024: impairment charge of £3.2 million of which £0.1 million related to discontinued operations) was recognised through the condensed consolidated statement of comprehensive income for the six months to 30 June 2025 within expected credit loss charge in the income statement related to drawn lines of credit and SME loans held at amortised cost.

Additionally, an expected credit loss impairment credit was recognised relating to undrawn FlexiPay lines of credit of £1.1 million (30 June 2024: charge £0.7 million) was recognised as detailed in notes 11 and 15.

The Group bands each loan investment at origination using an internal risk rating and assesses credit losses on a collective portfolio basis by product. Credit risk grades are not reported to management on an ongoing basis and the only borrower specific information that is produced and used is past due status. There is no significant concentration of credit risk to specific industries or geographical regions.

	Stage 1 Performing: 12-month ECL £m	Stage 2 Underperforming: Lifetime ECL £m	Stage 3 Non-performing: Lifetime ECL £m	POCI Lifetime ECL £m	Total £m
At 1 January 2024	1.6	1.0	3.7	13.8	20.1
Impairment against new lending and purchased assets	5.9	—	—	—	5.9
Exchange differences	—	—	(0.1)	(0.1)	(0.2)
Impairment against loans transferred between stages	(0.2)	2.3	3.1	—	5.2
Loans repaid	(5.2)	(1.7)	(0.2)	(0.7)	(7.8)
Impairment provision derecognised related to written off loans	—	—	—	(0.3)	(0.3)
Change in probability of default or loss given default assumptions	0.1	(0.1)	(0.5)	0.5	—
At 30 June 2024	2.2	1.5	6.0	13.2	22.9
Impairment against new lending and purchased assets	6.8	—	—	—	6.8
Exchange differences	—	—	—	(0.2)	(0.2)
Impairment against loans transferred between stages	—	1.6	4.0	—	5.6
Loans repaid	(6.0)	(1.6)	(0.2)	—	(7.8)
Impairment provision derecognised related to written off loans	—	—	—	—	—
Change in probability of default or loss given default assumptions	(0.2)	(0.1)	(0.3)	0.1	(0.5)
Derecognition of impairment associated with assets of discontinued operations	—	—	(0.1)	(4.6)	(4.7)
At 31 December 2024	2.8	1.4	9.4	8.5	22.1
Impairment against new lending and purchased assets	10.0	—	—	0.6	**10.6**
Exchange differences	—	—	—	0.2	**0.2**
Impairment against loans transferred between stages	(0.6)	7.9	3.0	—	**10.3**
Loans repaid	(8.4)	(1.3)	(0.2)	(0.1)	**(10.0)**
Impairment provision derecognised related to written off loans	—	—	(0.3)	—	**(0.3)**
Change in probability of default or loss given default assumptions	2.0	(4.4)	1.7	0.1	**(0.6)**
At 30 June 2025	**5.8**	**3.6**	**13.6**	**9.3**	**32.3**

	Expected credit loss coverage %	Basis for recognition of expected credit loss impairment	Gross lines of credit and SME loans held at amortised cost £m	Provision for expected credit loss £m	Net carrying amount £m
As at 31 December 2024					
Stage 1 – Performing	2.8	12-month ECL	99.1	(2.8)	96.3
Stage 2 – Underperforming	43.8	Lifetime ECL	3.2	(1.4)	1.8
Stage 3 – Non-performing	90.4	Lifetime ECL	10.4	(9.4)	1.0
POCI	98.8	Lifetime ECL	8.6	(8.5)	0.1
		Total	121.3	(22.1)	99.2
As at 30 June 2025					
Stage 1 –- Performing	**4.3**	**12-month ECL**	**135.7**	**(5.8)**	**129.9**
Stage 2 – Underperforming	**20.6**	**Lifetime ECL**	**17.5**	**(3.6)**	**13.9**
Stage 3 – Non-performing	**97.1**	**Lifetime ECL**	**14.0**	**(13.6)**	**0.4**
POCI	**100.0**	**Lifetime ECL**	**9.3**	**(9.3)**	**—**
		Total	**176.5**	**(32.3)**	**144.2**

Of which is drawn FlexiPay lines of credit	Expected credit loss coverage %	Basis for recognition of expected credit loss impairment	Gross lines of credit £m	Provision for expected credit loss £m	Net carrying amount £m
As at 31 December 2024					
Stage 1 – Performing	2.8	12-month ECL	97.0	(2.7)	94.3
Stage 2 – Underperforming	43.8	Lifetime ECL	3.2	(1.4)	1.8
Stage 3 – Non-performing	89.8	Lifetime ECL	9.8	(8.8)	1.0
POCI	—	Lifetime ECL	—	—	—
		Total	110.0	(12.9)	97.1
As at 30 June 2025					
Stage 1 – Performing	**4.3**	**12-month ECL**	**133.4**	**(5.7)**	**127.7**
Stage 2 – Underperforming	**20.7**	**Lifetime ECL**	**17.4**	**(3.6)**	**13.8**
Stage 3 – Non-performing	**97.0**	**Lifetime ECL**	**13.5**	**(13.1)**	**0.4**
POCI	**—**	**Lifetime ECL**	**—**	**—**	**—**
		Total	**164.3**	**(22.4)**	**141.9**

The risk and finance functions of the Group monitor the performance of the FlexiPay lines of credit and SME loans held at amortised cost and calculate the ECL estimate required for financial reporting purposes. These teams report to the Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO"). Discussions of estimates processes and results are held regularly at Balance Sheet and Valuation Committee meetings along with regular updates provided to the Audit Committee.

The allowance for expected credit losses requires estimation to assess individual loans or when applying statistical models for collective assessments based on the Group's past experience of historical delinquencies and loss trends, as well as forward-looking information in the form of macroeconomic scenarios governed by a Balance Sheet and Valuation Committee, which obtains macroeconomic forecasts such as changes in interest rates, GDP, risk-free rates, unemployment and inflation which are considered for incorporation into scenarios and probability weighted. These scenarios are utilised to derive an adjustment to the PD projections, to reflect the impact of forward-looking information on the underlying PD projections established from historical experience.

Key changes to macro scenarios used in 2025:

UK-specific forecast data is obtained from a third party economics provider. A number of data points were obtained and considered by Funding Circle including GDP, real estate prices, risk-free rates, unemployment rates, among others. The Group now utilises UK unemployment, the risk-free-rate and GDP as the selected forecast variables, with historically observed coefficients between these variables providing improved predictive value of insolvency under statistical modelling techniques compared to unemployment alone which was used previously. The Group previously also utilised upside, downside and baseline projections from the economics provider for each macro variable input. The Group updated its approach to use baseline projections of macro variable inputs from the economics provider, and internally generate two additional scenarios utilising a cyclicality index ("CI") approach which is a measure of where the economy sits within the credit cycle at a given point in time. The base case macro variable input forecasts from the economics provider are used to derive a forecast of CI relative to CI at the balance sheet date. The two additional scenarios are determined by selecting different confidence intervals or severities from the historical CI distribution.

Previously the 3 scenarios were weighted 30% downside, 60% baseline and 10% upside. The probability weighting attributed to the scenarios at 30 June 2025 has been updated to reflect the CI over the projected life of the product. Information related to the macroeconomic drivers utilised in creating the base case scenario and the probability weightings attributed to the scenarios is illustrated below.

Macroeconomic drivers (average for the forecast year)	ECL scenario	H2 2025 %	2026 %	2027 %	2028 %	2029 %	2030 %	H1 2031 %
Unemployment rates %	Base case	4.6	4.9	4.8	4.5	4.2	4.1	4.0
Risk-free rate %	Base case	4.4	3.3	2.7	2.4	2.4	2.5	2.5
GDP YoY%	Base case	1.1	0.9	1.3	1.8	1.7	1.6	1.6

ECL scenario	Probability weighting applied %
Base case	70
Upside	15
Downside	15

A sensitivity to the impact these assumptions have on the estimated ECL is disclosed within note 3.

Credit risk associated with other financial assets:

SME loans held at fair value through profit and loss relate to the underlying pool of SME loans from the legacy warehouses and SPVs that have since been purchased or novated into other Funding Circle entities, but remain held at FVTPL with the business model of holding the loans for sale. Additionally, loans originated by the Group with the intention of selling onwards are included in this category including the shorter term loans.

Trade receivables includes the invoiced amounts in respect of servicing fees due from institutional investors. The risk of financial loss is deemed minimal because the counterparties are well established financial institutions.

Ongoing credit evaluation is performed on the financial condition of other receivables and, where appropriate, a provision for expected credit losses is recorded in the financial statements.

Interest rate risk

a) Interest rate risk sensitivity analysis – fixed rate Interest on SME loans is fixed until the maturity of the investment and is not impacted by market rate changes.

b) Interest rate risk sensitivity analysis – floating rate Interest on cash and cash equivalent balances is subject to movements in base rates. The Directors monitor interest rate risk and note that rates have begun to decrease having previously plateaued following a period of sustained rate rises with an expectation of further base rate decreases going forward. The Directors believe that a reasonable decrease in the base rate of 100bps could reduce interest income recognised in the statement of comprehensive income. A 100bps reduction in interest rates applied to the Group's cash position is estimated to reduce annual interest income by £1.5 million based on the 30 June 2025 cash and cash equivalent balances.

Interest on bank borrowings related to the FlexiPay lines of credit and shorter term lending are subject to movements in SONIA. The Group has partially protected itself through the use of an interest rate cap with a strike price of 6.5% and a notional amount that increases in line with the projected draw downs on the senior borrowing facility.

If SONIA were to increase/(decrease) by 100bps, based on the drawn balance at 30 June 2025, the annualised interest expense recognised in cost of funds would increase/(decrease) by £1.7 million.

Some of the Group's investment in trusts are through warehouse vehicles where the Group is a minority equity investor. The senior borrowing facilities utilised in these vehicles receive interest on borrowings in priority to payments to the equity investors at SONIA plus a margin. Increases in SONIA or anticipated future increases, could result in increased borrowing costs, reducing the expected cash returns to the equity investors of the investment held at fair value through profit and loss. The impact would be recognised in fair value gains and losses in the statement of comprehensive income. The vehicles had interest rate caps or interest rate swaps within their structures which can mitigate the impact of future rate rises.

13. Notes to the condensed consolidated statement of cash flows

Cash outflow from operating activities

	30 June 2025 £m	30 June 2024 £m
Profit/(loss) before taxation		
Continuing operations	**6.0**	(2.1)
Discontinued operations	**—**	(10.1)
Total operations	**6.0**	(12.2)
Adjustments for:		
Depreciation of property, plant and equipment	**1.2**	2.0
Amortisation of intangible assets	**4.8**	5.2
Modification gain	**—**	(0.4)
Impairment of property, plant and equipment, intangible assets, ROU assets and investment in sublease	**0.1**	—
Impairment of intangibles (exceptional item)	**—**	0.3
Interest payable	**0.3**	0.5
Non-cash employee benefits expense – share-based payments and associated social security costs	**2.1**	5.0
Fair value adjustments	**(2.0)**	(5.0)
Movement in restructuring provision (exceptional item)	**—**	2.3
Movement in loan repurchase liability	**—**	(0.1)
Movement in other provisions	**(2.0)**	0.2
ECL impairment	**8.4**	3.9
Other non-cash movements	**2.0**	0.5
Changes in working capital		
Movement in trade and other receivables	**(2.4)**	0.9
Movement in trade and other payables	**(0.7)**	(30.4)
Tax received/(paid)	**2.1**	(0.1)
Originations of lines of credit	**(354.7)**	(216.6)
Cash receipts from lines of credit	**300.4**	191.6
Net cash outflow from operating activities	**(34.4)**	(52.4)

Cash and cash equivalents

	30 June 2025 £m	31 December 2024 £m
Cash and cash equivalents	**148.6**	187.6

The cash and cash equivalents balance is made up of cash and money market funds. The carrying amount of these assets is approximately equal to their fair value. Included within cash and cash equivalents above is a total of £33.6 million (31 December 2024: £37.1 million) in cash which is restricted in use. Of this, £4.2 million (31 December 2024: £5.0 million) of cash is held which is restricted in use to repaying investors in CBILS and RLS loans and paying CBILS and RLS-related costs to the UK government. A further £29.4 million (31 December 2024: £32.1 million) of cash is held which is restricted for use in the FlexiPay and shorter term lending warehouse.

At 30 June 2025, money market funds totalled £99.8 million (31 December 2024: £136.3 million).

Analysis of changes in liabilities from financing activities

	1 January 2024 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	30 June 2024 £m
Bank borrowings	(56.9)	(17.1)	—	—	(74.0)
Lease liabilities	(12.6)	2.8	(0.1)	(5.6)	(15.5)
Liabilities from financing activities	(69.5)	(14.3)	(0.1)	(5.6)	(89.5)

	1 January 2025 £m	**Cash flow £m**	**Exchange movements £m**	**Other non-cash movements £m**	**30 June 2025 £m**
Bank borrowings	(101.9)	(68.9)	—	—	**(170.8)**
Lease liabilities	(7.6)	0.9	—	(0.3)	**(7.0)**
Liabilities from financing activities	**(109.5)**	**(68.0)**	**—**	**(0.3)**	**(177.8)**

14. Related party transactions

The basis of remuneration of key management personnel remains consistent with that disclosed in the 2024 Annual Report and Accounts, with the exception of the Board changes noted earlier.

15. Contingent liabilities and commitments

As part of the ongoing business, the Group has operational requirements with its investors. At any point in time, it is possible that a particular investor may expect the Group to purchase their loan in the event of a breach of representation or warranty, operational errors or control issues or where agreed eligibility criteria have not been complied with. Where a loan is purchased it is presented within SME loans held at amortised cost on the face of the condensed consolidated balance sheet and held at amortised cost under IFRS 9.

In common with other businesses, the Group is involved from time to time in disputes in the ordinary course of business. There are no active cases expected to have a material adverse financial impact on the Group.

The Group has commitments related to undrawn amounts on issued FlexiPay lines of credit. At 30 June 2025, there were undrawn commitments of £337.1 million (31 December 2024: £278.7 million). An expected credit loss impairment allowance is held within other provisions by the Group of £1.6 million (31 December 2024: £2.7 million) in relation to the estimated credit losses the Group may be exposed to on these undrawn lines of credit.

16. Subsequent events

There have been no subsequent events since the balance sheet date.

Glossary

Alternative performance measures

The Group uses a number of alternative performance measures ("APMs") within its financial reporting. These measures are not defined under the requirements of IFRS and may not be comparable with the APMs of other companies. The Group believes these APMs provide stakeholders with additional useful information in providing alternative interpretations of the underlying performance of the business and how it is managed and are used by the Directors and management for performance analysis and reporting. These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the financial statements which are prepared in accordance with IFRS.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition
Income statement			
Adjusted EBITDA	EBITDA, while not defined under IFRS, is a widely accepted profit measure	Refer to Business Review.	Profit for the year before finance costs (being the discount unwind on lease liabilities), taxation, depreciation and amortisation and impairment ("AEBITDA") and additionally excludes share-based payment charges and associated social security costs, foreign exchange and exceptional items.
Exceptional items	None	n/a	Items which the Group excludes from Adjusted EBITDA in order to present a measure of the Group's performance. Each item is considered to be significant in nature or size and is treated consistently between periods. Excluding these items from profit metrics provides the reader with additional performance information on the business across the business as it is consistent with how information is reported to the Board and ExCo. Refer to note 5.
Cash flow			
Free cash flow	Cash generated from operating activities	Refer to Business Review.	Net cash flows from operating activities less the cost of purchasing intangible assets, property, plant and equipment, lease payments and interest received. It excludes the warehouse and securitisation financing and funding cash flows and excludes cash flows on draw downs and repayment of FlexiPay lines of credit.

Independent review report to Funding Circle Holdings plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Funding Circle Holdings plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year 2025 Results of Funding Circle Holdings plc for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2025;
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year 2025 Results of Funding Circle Holdings plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year 2025 Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year 2025 Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year 2025 Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year 2025 Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year 2025 Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 September 2025