

A man with a beard and short hair, wearing a maroon t-shirt, is climbing a rock wall. He is smiling and looking upwards. The rock wall is covered in various colorful climbing holds (yellow, purple, green, blue, pink). A large purple shape is overlaid on the top left of the image, containing the text.

A platform for growth

Annual Report 2025

We're the UK's leading SME finance platform, backing small businesses with the funding they need to win.



More information online at
corporate.fundingcircle.com



Featured on the cover:
Fast access to funds enabled
The Nest Climbing to expand its
facilities in West London.



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We create grow

Our customers are the chocolate makers, climbing centres and the tea mixologists who are the backbone of the economy.

Our market

Since 2010, we have been powering small businesses with the funding they need by leveraging our technology and data to deliver a superior customer experience. With a large and underserved market, we are proud of the impact we make in powering the nation's SMEs, which are critical to the UK economy.

Our products

Our product suite enables businesses to borrow, pay later and spend. Enabled by our proprietary data and AI-powered technology, we provide SMEs with the right product at the right time to support them through every stage of their growth.

5.7m

SMEs in the UK

£80bn+

SME debt outstanding

£80bn+

SME credit card transactions



Borrow
Longer term

Pay later
Monthly

Spend
Daily

Our business model
page 12

Our products
page 20

v t h



More information online at corporate.fundingcircle.com

Our mission is to provide the vital funding small businesses need to succeed. By fuelling their success, we support job creation and strengthen resilience in communities across the country.

Our impact

We play a small but important part in businesses' lives. When we back businesses with finance, not only does it enable them to grow and run their businesses, but it also supports employment and economic growth.



£7.9bn
contribution to GDP

117k
jobs supported

£2.2bn
generated in tax receipts

Our customers
page 18

Chief Executive's statement
page 10

Financial review
page 49



Financial performance

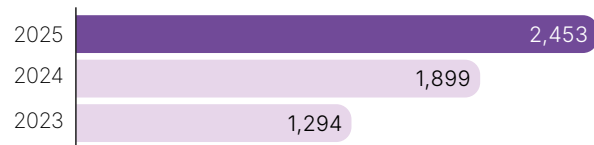
Active customers (thousands)

52.7



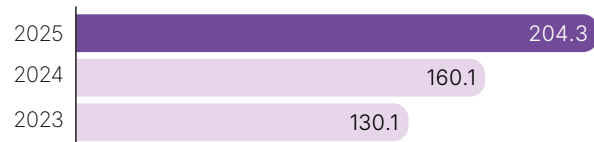
Credit extended (£m)

£2,453m



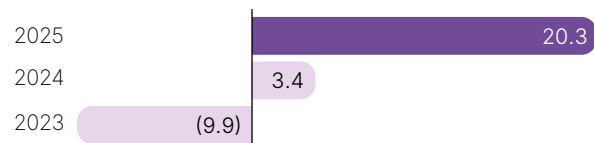
Revenue (£m)

£204.3m



Profit before tax (£m) (before exceptional items)

£20.3m



For more detail page 49

The Strategic Report was approved by the Board on 5 March 2026.

Lisa Jacobs
Chief Executive Officer

“

I’m delighted with our strong performance this year. We supported more small businesses than ever before, saw record customer engagement, grew profit before tax significantly and achieved our medium-term revenue target of more than £200 million a year ahead of schedule.

This performance is due to our strategic transformation, announced in 2024, focusing on profitable, multi-product UK growth. It demonstrates the strength of our capital-light business model, new product investment, and the power of our proprietary data and technology to meet growing customer demand.

We enter 2026 with a clear platform for growth as we become a more meaningful part of our customers’ lives, serving more of their needs, and capturing a larger share of their financing.”

Lisa Jacobs,
CEO



Funding growth



Getting a fast injection of funds meant we could expand our business to offer a cafe as well as top-level climbing experiences; now we're more embedded in the community than ever."

Sam Hunter
Co-Founder, The Nest Climbing Limited



Fast access to funds enabled The Nest Climbing to expand its facilities in West London.

How we helped The Nest Climbing

The Nest Climbing in Hayes is more than a gym; it's a London sanctuary where fitness meets community. Climbing enthusiasts Rob Lawley and Sam Hunter opened The Nest in 2019 to make climbing inclusive, and now the centre offers a welcoming space for bouldering, yoga, and connection. To fuel its growth, a £22,000 Funding Circle Term Loan provided essential funds to expand its facilities and add a cafe, ensuring it remains a supportive 'nest' for its vibrant and growing community.



A year of strong, profitable growth



Ken Stannard
Chair



Our transition to a multi-product platform secures Funding Circle's position as the primary financial partner for the UK's SME ecosystem."

I am delighted to present my first annual statement as Chair of Funding Circle following my appointment in May 2025. Assuming this role through such a transformative period for the Group is a significant responsibility. Funding Circle's mission to support the small businesses that serve as the engine of the UK economy remains as vital today as it was at our founding 15 years ago. Small and medium-sized enterprises ("SMEs") have historically been underserved by traditional financial institutions, and our platform is uniquely positioned to bridge that gap with speed, transparency, and innovation.

Before reviewing our progress, I would like to extend my sincere gratitude to my predecessor, Andrew Learoyd. Having served on the Board since the Company was founded, Andrew's leadership was instrumental in navigating Funding Circle from its early stages to its current status as a market leader.

Reflecting on a year of strategic momentum

In 2025, the Board's oversight focused on ensuring that the Group successfully transitioned from its 2024 reset into a period of high quality, profitable growth. While the macroeconomic environment remained uncertain, our commitment to doing the right thing for our customers and shareholders drove a record performance.

Following the successful execution of our 2024 plan to become a simpler, leaner, UK-focused business, we are now realising the full benefits of that discipline. Group revenue has grown significantly, and profit before tax increased to £20.3 million, representing a substantial rise from the £3.4 million reported in 2024 before exceptional items. This financial performance validates our strategic pivot and demonstrates the operating leverage inherent in our business model. It is particularly pleasing to see the established Term Loans business delivering improved profitability alongside the scaling of our newer transactional products.

The platform advantage and long-term value

A central pillar of our Board discussions this year has been the evolution of our 'borrow, pay later, spend' product offering. By moving beyond a single-product lending model, Funding Circle is becoming an indispensable financial partner for SMEs, integrating itself more deeply into their daily operations. This has increased customer transaction from once every half hour to every 38 seconds, providing a far better understanding of SME needs and improved product innovation.

As a Board, we view our proprietary technology and data platform as the Group's most significant competitive advantage. By leveraging AI-powered risk models trained on 15 years of unique data sets, we maintain a disciplined approach to credit risk while providing a superior experience for our customers. This 'data moat' is not just an operational tool; it is a structural asset that protects our market share and drives long-term profitability.

Our ongoing investment in Generative AI ("Gen AI") applications is enhancing our ability to scale efficiently while maintaining the necessary oversight to ensure prudent and responsible lending with a 'human in the loop' approach. This is underpinned by robust governance across the business, including oversight from the Board Risk Committee, management steering groups, and internal audits of Gen AI controls. Monitoring the risks associated with this technology remains a key priority for the Board in 2026.

Governance, risk, and capital allocation

A primary responsibility of the Board is ensuring we have the right leadership and governance structures to drive our multi-product vision. This year, we oversaw several important transitions.

We were pleased to welcome Maeve Byrne and Richard Harvey, who both joined the Board as Non-Executive Directors. Maeve now chairs our Audit Committee, and Richard our Risk Committee, both bringing a wealth of invaluable experience from across the financial services sector.

This year, I was pleased to join Maeve Byrne and Helen Beck for an internal 'All-Hands' meeting where we discussed our vision for the Group's future directly with Circlers. The Board was also proud to celebrate International Women's Day through a panel discussion featuring a customer, a broker, a Circler and Helen Beck, whose insights we continue to benefit from in her role as Workforce Engagement Non-Executive Director, ensuring the feedback of our people remains central to our strategic discussions.

I am also grateful that Helen agreed to become our Senior Independent Director in July. On behalf of the Board, I would like to extend my gratitude to Geeta Gopalan, who served as Senior Independent Director since 2018. Her experience and expertise were invaluable to the business throughout her tenure.

We have also seen an evolution within our Executive team. At the start of the year, Tony Nicol transitioned into the role of Chief Financial Officer. Having previously served as our Director of Finance and Investor Relations, Tony succeeded Oliver White on 1 January 2025, ensuring a smooth and knowledgeable transition in our financial leadership.

The Board also continues to prioritise a disciplined capital allocation strategy. During 2025, we maintained a robust balance sheet while continuing to return value to shareholders through our share buyback programme. We believe this balanced approach, investing in high growth products like FlexiPay while returning excess capital, is the most effective way to deliver long-term Total Shareholder Return.

Our role in the UK economy

Beyond the balance sheet, the Board remains acutely aware of Funding Circle's social and economic impact. In 2025, our lending supported thousands of jobs and contributed significantly to the UK's GDP and tax receipts. By providing credit to businesses in every one of the country's 650 constituencies, we are playing a tangible role in supporting local communities and fostering economic resilience.

Looking ahead

Funding Circle is at a pivotal moment. We have successfully transformed the business model and are now positioned to lead the UK's SME finance sector into a new era of opportunity. I want to thank our CEO, Lisa Jacobs, her Executive team, and all our Circlers for their unwavering dedication to our mission. Their passion is the foundation of our success.

I am confident that the foundations laid in 2025 have positioned us to deliver sustainable value for our customers and shareholders alike. We remain focused on our vision to be the UK's most trusted financial partner for small businesses.

Ken Stannard

Chair
5 March 2026



I am confident that the foundations laid in 2025 have positioned us to deliver sustainable value for our customers and shareholders alike."

Q&A

Ken discusses 2025's record profitability, the evolution of our multi-product strategy, and how we are driving long-term shareholder value.

Q You joined Funding Circle at a pivotal moment. What was it about the business that attracted you?

A What compelled me to join was the clarity of the mission and the unique infrastructure built to achieve it. We exist to help small businesses get the funds they need to run and grow their businesses, and in doing so, we help address a significant structural gap in the SME lending market that traditional banks have historically underserved. It's a hugely exciting time to join the business as we transition to a UK-focused, multi-product model. By combining high engagement products like FlexiPay and card with our established Term Loans, we are building a scalable and sustainable business that better serves our customers and drives long-term shareholder value.

Q 2025 saw a significant increase in profitability. How has the Board balanced growth with the need for rigorous risk management?

A Delivering profit before tax of £20.3 million in 2025, a substantial increase from the previous year, validates our strategy, but the Board remains vigilant that growth does not come at the expense of credit quality. Our approach combines the speed of innovation with prudent oversight. While we are proud that 73% of loan decisions are instant, enabling a frictionless experience for SMEs, we maintain a 'human in the loop' policy. This ensures that while we leverage AI to enhance decision quality and effectiveness, we retain the judgement necessary to navigate complex credit environments with a team of experienced underwriting experts. To maintain this balance, we have embedded Gen AI risk management into our Enterprise Risk Management ("ERM") framework and established structural oversight through a Gen AI steering committee (see page 58 for further information).

The Board's priority is to ensure our credit models remain resilient, evidenced by our ability to deliver robust returns to our platform investors even through challenging macroeconomic cycles.

Q Shareholders are keen to understand your approach to capital allocation. Why did you prioritise buybacks in 2025?

A The Board continuously assesses how to deploy capital to generate the best value. In 2025, we expanded our share buyback programme because we have high confidence in the Group's intrinsic value and its cash-generative profile. With unrestricted cash at healthy levels and a market share price that does not fully reflect the growth potential of our platform, we determined that reinvesting in our own business is an efficient use of funds. With our Term Loans business consistently generating cash, we were able to continue the buyback programme whilst preserving the flexibility to invest in new products and future growth opportunities.

Q We are seeing a shift from 'lending' to a broader 'borrow, pay later, spend' ecosystem. How does this change the Board's view of the Company's competitive set?

A We are moving beyond simply competing for loans to competing for daily relevance. By expanding our ecosystem to include 'borrow, pay later, and spend', we have transformed the frequency of our client interactions from once every half hour to a transaction every 38 seconds, deepening customer relationships as we meet more of their needs. We are becoming a comprehensive financial partner for SMEs, managing their daily cash flow through FlexiPay and spend through our Cashback card product. This multi-product strategy not only deepens customer loyalty, with over 80% of FlexiPay revenue coming from repeat borrowers, but also diversifies our revenue streams, making the business model more resilient.

Q Looking ahead, what is the Board's role in ensuring Funding Circle stays at the forefront of the Gen AI developments?

A As we transition to becoming an AI-native business in 2026 and beyond, the Board's role will focus on the responsible implementation and governance. We are already utilising Gen AI to improve productivity, accelerate software development and enhance customer experience, amongst other things. Looking ahead, the focus is on deeper integration throughout the business. The Board must ensure that as we deepen the use of AI, we also, in parallel, enhance the rigorous security of our proprietary data assets, which are the fuel for this technology. We are investing in learning and development to ensure the entire team is AI fluent, and we are equally focused on ensuring these powerful tools are deployed responsibly to solve real customer problems.

Q Funding Circle contributed significantly to UK GDP and job support in 2025. How does the Board view the link between social purpose and financial performance?

A The Board views the 'S' in ESG not as a separate initiative, but as intrinsic to our commercial success. In 2025 alone, our lending supported 117,000 jobs and contributed £7.9 billion to GDP. When we look at a map of the UK, we see pins in every corner of the country, representing businesses we have backed in all 650 parliamentary constituencies. By acting as a facilitator of economic growth, we help create an environment in which our customers can thrive, which directly drives the financial returns we deliver to our shareholders.



Funding growth

How we helped Wick & Tallow Bespoke

Since launching in 2011, Wick & Tallow have grown from a Portobello Market stall into a bespoke luxury fragrance brand. Alice Malcolm Green's vision to bring English eccentricity combined with operational agility to a traditional market has led to the brand successfully expanding beyond candles into home fragrance. Funding Circle has supported the business with three Term Loans since 2021 for growth, and since 2024 Alice and her partner James have been using FlexiPay to spread supplier payments for materials over several months, helping them to better manage cash flow, and enabling them to scale faster with confidence.



We love FlexiPay, as it allows us to pay our suppliers and split payments over a few months, helping us to manage cash flow and keep up to date with invoices."

Alice Malcolm Green
Founder, Wick & Tallow Bespoke Ltd



WICK & TALLOW
- BESPOKE -





A clear platform for growth



Lisa Jacobs
Chief Executive Officer

I'm really proud of our performance in 2025, it has been a standout year for Funding Circle. We supported more small businesses than ever before, grew revenue 28% to £204 million, achieving our medium-term revenue target a year ahead of schedule, grew profit before tax ("PBT") to over £20 million and achieved record Circler engagement.

In 2024, we launched our plan to become a simpler, leaner and UK-focused multi-product business, and, after two years of strong execution, we are realising the benefits. Our performance was driven by new product innovation and strong demand, underpinned by the power of our proprietary data and technology and capital-light business model.

Our position as the UK's leading SME finance platform is stronger than ever. We are serving a large and underserved market, enabling businesses to borrow, pay later, and spend, delivering a superior customer experience and attractive returns to our platform investors. And, we're still just getting started.

Business finance that backs small businesses

For 15 years, we have backed the small businesses that keep the UK economy moving. We have extended c.£17 billion of credit to over 125,000 UK businesses.

We're passionate about what we do, the businesses we support are the restaurants, popcorn makers, furniture manufacturers and flooring suppliers. They sit at the heart of local communities, driving growth and creating jobs, and it's an honour to play a small but important part in their stories. In 2025, I enjoyed meeting Mehrdad and Ayda at Beauty Boutique, a day spa in Hampstead, and Atif at Interior Designs Concepts, an interior design business in Putney, both husband and wife teams who told me how Funding Circle's finance helps them run their business supporting purchases of aesthetics machines and managing working capital, so they can

deliver the best for their customers. Their stories are typical of the passionate and dedicated SMEs we fuel across the country.

In 2025, lending through Funding Circle supported 117,000 jobs, £7.9 billion in GDP contribution and £2.2 billion in tax receipts. We once again lent to businesses in every one of the country's 650 constituencies, powering tens of thousands of SMEs.

Strong financial performance

We delivered a strong performance in 2025. Group revenue grew by 28% to £204.3 million, while PBT increased significantly to £20.3 million (2024: £3.4 million before exceptional items). This result was driven by growth across our product set, product innovation, increased demand and increased operating leverage in our core Term Loans business.

As we have diversified our product set, I've been pleased to see the impact. We now offer over ten different products, we have a customer transaction every 38 seconds (vs. every half an hour in 2021), and in H2 last year, 50% of our credit extended came from outside our core term loan products.

We remain capital-light with a robust balance sheet. We are continuing to return value to shareholders through share buybacks, having purchased 17% of our initial share capital since March 2024, while maintaining a strong cash position to support growth.

Strategic progress: borrow, pay later, spend

Over the last few years, we have executed against our multi-product strategy, driving an expanded customer set, an increased share of wallet and deeper customer engagement. Today, we are a more important part of our customers' lives.



We enter 2026 with a clear platform for growth as we become a more meaningful part of our customers' lives, serving more of their needs and capturing a larger share of their financing, to fuel even more SME success stories across the UK."

We are executing against our four strategic pillars to drive profitable growth:

1. **Get to 'Yes':** Expanding our product offering, improving our customer service and our credit segmentation to get to 'Yes' for more businesses. This year we reorganised our sales teams to better serve customers' financial holistic needs, launched a shorter-term loan product, and further expanded our Marketplace partnerships to support those we cannot fund directly.
2. **Expand our audience:** Through new distribution channels and product sets, we are broadening the range of customers we can serve and attract. Our Cashback card is bringing new customers into the Funding Circle ecosystem. We continue to invest in our existing direct and intermediated distribution channels, and our new partnership with TNT Sports, building on our existing partnership with Gallagher PREM Rugby, will also put Funding Circle in front of new SME audiences.
3. **Scale our product offering:** We are driving our newer products, FlexiPay and Cashback card, towards scale and profitability. We have made good progress building out product features to offer more flexibility for customers.
4. **Build a seamless lifetime customer experience:** We are serving our customers across a broader set of needs and by solving more problems for our customers, we are laying the foundations for long-term relationships as their trusted financial partner.

Our technology and data advantage

When I speak to our customers, they want fast and easy access to credit with a human touch. In a small business, the owners are the operators, the marketers and the financiers. We provide a six-minute application form, instant decisions for 73% of applicants, and funding in as little as 24 hours. This drives strong satisfaction with an NPS (Term Loans) of 79 and lets customers focus on what they do best, running their businesses.

We can do this thanks to our data and technology, which delivers a competitive advantage. Our AI-powered risk models are trained with our proprietary data on hundreds of thousands of loans and transactions alongside public data sources, discriminating risk three times better than bureau scores alone.

We continue to invest in our technology and data stack. Gen AI forms part of this as we evolve into an AI-native organisation. We are leveraging AI to improve customer experience and productivity, from better understanding customer sentiment and serving customers faster, to speeding up product development. We are deploying Gen AI thoughtfully and safely with a 'human in the loop' approach.

People and culture

Our results and strategic progress are all testament to the hard work of our Circlers. It is their passion, commitment and dedication that mean we continue to help more SMEs thrive. I'm proud to work alongside them, and delighted that we achieved a record employee engagement score of 74% in 2025.

This year, we launched our new 'People Pact' reflecting our collective commitment to be all in and 'On A Mission' every day to back small businesses, to grow fast, to belong together, to build better, and to be different. At Funding Circle we are on a mission that really matters and ultimately reaps rewards for our Circlers, our customers, our investors and shareholders, and our business.

Looking ahead

When I look at the opportunity ahead, I'm excited by the potential that we have in continuing to become our customers' trusted financial partner. We enter 2026 with a clear platform for growth as we become a more meaningful part of our customers' lives, serving more of their needs and capturing a larger share of their financing, to fuel even more SME success stories across the UK.

Lisa Jacobs

Chief Executive Officer
5 March 2026



Our unique platform

connects investors with customers, helping them achieve growth

Borrowers

SMEs seeking fast, simple finance, with products tailored to every stage of their journey.

Term Loans 60%

Unsecured loans up to £750,000 for up to six years, typically with a personal guarantee.

Our borrower base is highly diversified across regions and industries, which helps ensure robust returns and mitigates the effects of changing economic conditions. Typical borrowers through the platform are well-established businesses seeking efficient financing solutions.

- 10 years' trading history
- 7 employees
- ~£750k revenue
- ~£75,000 loan size
- 4 years average term
- Six-minute application and 24-hour turnaround

FlexiPay line of credit 33% | **Cashback card**

Marketplace 7%

- Other credit products via Marketplace

● % credit extended

Funding Circle

Funding Circle platform

10010
01100
~~~~~  
Deep data lake

Instant decision platform

Learn more about our business:

Our strategy page 14

Our products page 20

Our stakeholders page 45

Governance page 72

## How we make money

Funding Circle operates a capital-light model, generating diverse revenue streams by connecting borrowers with the financing they need to win.

Our income is primarily driven by the volume of credit extended and the ongoing management of those assets, ensuring our interests are aligned with the long-term success of our investors and the growth of our borrowers.

| Business Unit          | Revenue stream                                 | Driver           |
|------------------------|------------------------------------------------|------------------|
| Term Loans             | Transaction fees (incl. Marketplace referrals) | Credit extended  |
|                        | Servicing fees                                 | AuM              |
|                        | Investment income                              | Invested capital |
| FlexiPay Cashback card | Drawdown fees/ credit card interest            | Credit extended  |
|                        | Interchange fees                               | Credit extended  |



Strong brand awareness



Excellent customer experience



Predictive risk model

## Investors

Our hybrid funding model is a strategic choice that combines a scalable capital-light business model with the right funding for the right product.

### Institutional investors

93%

This funding is provided by a diverse group of financial institutions that receive attractive returns, access to a hard-to-reach asset class, portfolio diversification, and the ability to deploy capital at scale. By providing consistent liquidity, these institutions enable us to support thousands of SMEs.

- Banks
- Asset managers
- Funds
- Bond programmes

### Funding Circle's balance sheet

7%

- Senior Citi facility and Funding Circle equity

### Third party finance providers

- Panel of 28 lenders

● % assets under management funding



# Delivering our ambitious strategy

Following a successful multi-year transformation, Funding Circle has emerged as a sustainably profitable business.

**Our strategic objectives**

Our evolution into a multi-product platform has fundamentally redefined our customer relationships; where we once interacted with a business every half hour, we now engage every 38 seconds. Through our integrated 'borrow, pay later, and spend' ecosystem, we are capturing a greater share of wallet and becoming an essential partner in our customers' daily lives.

As we scale, our strategy remains rooted in customer centricity, relentless innovation and profitable growth.

**1 Get to 'Yes'**

We ensure businesses find the 'Yes' to providing the finance they need through our products and Marketplace partnerships. We leverage credit and product innovation to serve a broader customer base and reach more customers.



**2 Expand our audience**

We will reach and serve more SMEs with our newer products, addressing new customer needs and expanding our distribution and marketing channels.



**3 Scale our product offering**

While our product suite is broad, some products remain nascent. Over the coming years, we will scale these products, unlocking new features to drive innovation and profitable growth.



**4 Deliver a seamless lifetime customer experience**

As a trusted financial partner, we provide a superior experience. This allows us to solve more problems, save our customers time and meet more of their needs.



# How we delivered in 2025

## 1 Get to 'Yes'

When our customers win, we win. Our AI-powered risk models sit at the heart of our platform, enabling 73% of applicants to receive an instant decision. This competitive edge allowed us to grow our credit extended by 29% in 2025 to £2.5 billion.

During 2025 we expanded our proposition, launching a shorter-term loan product that has already supported more than 3,000 SMEs and opened our doors to new customer segments, which require more agile financing.

We also worked with a broader range of Marketplace lenders to get finance into the hands of more of our customers. In 2025, we onboarded six new partners, bringing our total to 28 active partners. By leveraging our distribution capabilities, the Marketplace continues to account for around 10% of loan originations. This ecosystem allows us to get finance into the hands of more of our customers, generating increased revenue, efficiency, and long-term relationships.

# 125,000

SMEs supported since 2010

## 2 Expand our audience

We are actively broadening our reach to become the first choice for all UK small businesses. Alongside expanded product sets, we are going deeper in our distribution channels to reach more SMEs.

Our brand presence has reached new heights through high profile partnerships. Now in our fourth year with PREM Rugby, we expanded our reach as the first official business finance partner of TNT Sports. Our new ad, featuring real customers for the first time, reached 4.2 million TNT viewers in the first two months from the Premier League to the Ashes. Capitalising on the Women's Rugby World Cup, our video content reached 36 million rugby fans online, with 10 million views/listens through major rugby print and podcast media partnerships. By appearing where our customers live and work, we are successfully attracting a wider, more diverse base of entrepreneurs to the platform.

# 36m

rugby fans attracted

## 3 Scale our product offering

We have evolved from a single-product lender into a comprehensive financial partner. Through the Funding Circle and Marketplace offering, more than ten products are now available for SMEs. We are focused on scaling our newer solutions, specifically FlexiPay and Cashback card, to solve more SME needs and drive significant business growth. The launch of our Company cards capability now provides SMEs with team-wide financial control, supporting our ambition to become 'front of wallet'.

The scale of our innovation is evident in our product functionality. In the year, we integrated self-service features, accounting software integration, and waived all forex fees, making our toolkit indispensable for daily operations. We also enabled customers to draw down funds directly to bank accounts. As a result, transactions on our newer products, FlexiPay and Cashback card increased 66% this year, with cumulative spending surpassing £1.6 billion.

# >£1.6bn

FlexiPay and Cashback card transactions to date

## 4 Deliver a seamless lifetime customer experience

Our transformation into a multi-product platform has fundamentally changed how we interact with our customers. We are now a meaningful part of their daily lives, serving them across their life cycle with the ability to borrow, pay later, and spend as a trusted financial partner.

Customers are now transacting with Funding Circle every 38 seconds, up from every 92 seconds in 2024 and once every half hour in 2021. We combine digital-first speed with a personal touch that resonates; our Net Promoter Score remains at an industry-leading 79.

We're also investing in building Gen AI applications across the business to enhance customer experience and improve efficiency. In our customer interactions, we're using Gen AI applications for sentiment analysis and to provide tailored customer insights. We're also using a Gen AI-powered coaching tool to enable our Account Managers to better serve customers.

# 38

customers transact with us every 38 seconds

# 79

our industry-leading Net Promoter Score



## Key performance indicators

# How we measure our performance

### Financial

#### Revenue (£m)

# £204.3m

|      |  |       |
|------|--|-------|
| 2025 |  | 204.3 |
| 2024 |  | 160.1 |
| 2023 |  | 130.1 |

#### Definition

The Group generates revenue principally from: transaction fees earned from originating loans with borrowers; servicing fees from servicing of assets under management; interest income from FlexiPay and cash balances; and investment income net of investment expense and after fair value gains/(losses) and cost of funds.

#### Links to strategy:

- 1
- 2
- 3
- 4

#### Profit/(loss) before tax (£m) (before exceptional items)

# £20.3m

|      |  |       |
|------|--|-------|
| 2025 |  | 20.3  |
| 2024 |  | 3.4   |
| 2023 |  | (9.9) |

#### Definition

Profit/(loss) before tax is defined as net income after taking into account all operating expenses and finance income, costs and share of (loss)/profit of associates. It is presented above before the impact of exceptional items.

#### Links to strategy:

- 1
- 2
- 3
- 4

#### Basic earnings/(loss) per share (p) (before exceptional items)

# 14.6p

|      |  |       |
|------|--|-------|
| 2025 |  | 14.6  |
| 2024 |  | 0.8   |
| 2023 |  | (2.4) |

#### Definition

Basic earnings/(loss) per share is defined as the profit/(loss) for the year attributable to ordinary equity holders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year. It is presented above before the impact of exceptional items.

#### Links to strategy:

- 1
- 2
- 3
- 4

### Operational

#### Originations (£m)

#### Term Loans originations

# £1,638m

|      |  |       |
|------|--|-------|
| 2025 |  | 1,638 |
| 2024 |  | 1,407 |
| 2023 |  | 1,060 |

#### Definition

This represents the monetary value of loans originated through the Group's platform or through Marketplace referrals in any given year as well as drawdowns on the FlexiPay lines of credit and Cashback card spend. These are key drivers of transaction and servicing fees for the Term Loans business and the upfront fee for the FlexiPay business. These are presented above for continuing operations only in both the current and comparative periods.

#### Links to strategy:

- 1
- 2
- 3
- 4

#### FlexiPay transactions

# £815m

|      |  |     |
|------|--|-----|
| 2025 |  | 815 |
| 2024 |  | 492 |
| 2023 |  | 234 |

#### Key to strategic objectives:

- 1 Get to 'Yes'
- 2 Scale our product offering
- 3 Expand our audience
- 4 Deliver a seamless lifetime customer experience

### Assets under Management ("AuM") (£m)

#### Term Loans under management

£2,755m

|      |  |       |
|------|--|-------|
| 2025 |  | 2,755 |
| 2024 |  | 2,714 |
| 2023 |  | 2,853 |

#### FlexiPay end of month balances

£206m

|      |  |     |
|------|--|-----|
| 2025 |  | 206 |
| 2024 |  | 119 |
| 2023 |  | 58  |

#### Definition

This represents the total value of outstanding principal of borrower loans, lines of credit and Cashback card balances. It includes amounts that are overdue but excludes loans that have defaulted and loans originated through Marketplace referrals to other lenders. These are presented above for continuing operations only in both the current and comparative periods.

#### Links to strategy:

- 1
- 2
- 3
- 4

## Financial Alternative performance measures ("APMs")

#### Unrestricted free cash flow (£m)

£30.8m

|      |  |        |
|------|--|--------|
| 2025 |  | 30.8   |
| 2024 |  | 3.6    |
| 2023 |  | (11.4) |

#### Definition

Unrestricted free cash flow represents the net unrestricted 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 lines of credit cash flows. It excludes restricted cash movements and cash flows from discontinued operations. The Directors view this as a key liquidity measure.

#### Links to strategy:

- 1
- 2
- 3
- 4



## Our customers

# Understanding what our customers need to grow their businesses

We are proud to be the trusted finance partner for SMEs across the UK, supporting their day-to-day operations to navigating complex growth phases. Whether it's a long-term investment through a Term Loan or everyday cash flow management using FlexiPay or our Cashback business credit card, our products provide a financial toolkit that ensures more businesses get a 'Yes' whenever they need it.

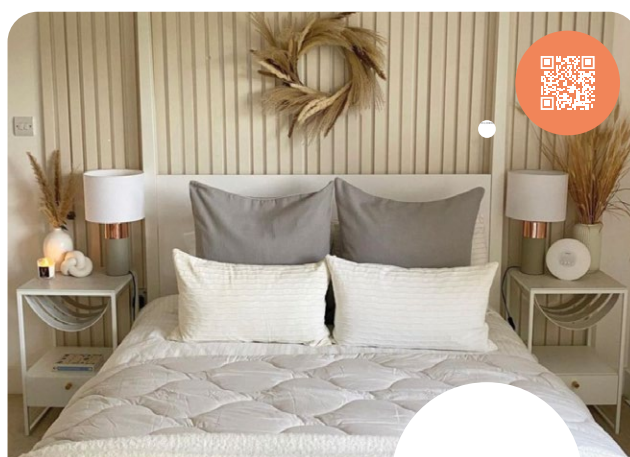
## Lending through Funding Circle in 2025

# £7.9bn

contribution to GDP

# 117k

jobs supported



ETHICAL  BEDDING

## Establishing its brand

### Ethical Bedding | Cashback business credit card

James Higgins founded Ethical Bedding with a mission to combine financial discipline with a planet-positive ethos. The brand operates at the intersection of luxury and sustainability, positioning 'eco' as a core design principle. However, scaling a modern e-commerce brand presents unique hurdles:

- **High operational spend:** Significant upfront costs for inventory and international freight.
- **Marketing demands:** The need for consistent digital marketing investment to drive growth.
- **Funding pressure:** Finding extra capital to reinvest into new product development and wellness ecosystems.

#### How we help

Ethical Bedding utilised the Funding Circle Cashback business credit card to provide a practical tool for scaling.

- **Cash flow smoothing:** Aided working capital planning and simplified daily operational spending.
- **Automated reinvestment:** Earned cashback provides a vital extra margin for business growth.
- **Disciplined spending:** Supported the day-to-day reality of running a mission-driven brand.



gem  
bazaar.

## Looking to scale up

**Gem Bazaar** | Term Loan

The handcrafted gemstone jewellery business combines English design sensibility with the traditional craftsmanship of Jaipur to create 'timeless pieces with soul.' Having started on a small-batch model, growth has allowed husband and wife team, Stephen and Emma Plunkett, to develop a stronger brand that prioritises style and artisanal quality. However, managing the life cycle of handcrafted jewellery from initial design in the UK to meticulous production in India, requires agile financial management:

- **Expensive upfront costs:** Securing high quality gemstones and funding production runs in advance of sales in an environment of sky-rocketing silver and gold prices.
- **Seasonal retail peaks:** Needing to be ready to capitalise on immediate retail opportunities that require quick liquidity at certain times of the year, and especially around Black Friday and Cyber Monday.
- **Marketing demand:** The challenge of scaling advertising efforts on social media platforms to reach a wider audience while maintaining a healthy return on spend.

### How we help

Gem Bazaar used a Funding Circle Term Loan to invest in significant growth opportunities.

- **Stock purchase and footprint expansion:** Provided the capital to invest in stock and scale their retail footprint, ensuring the brand could meet demand.
- **Flexible capital:** Acted as a 'bridging' solution, allowing the business to seize upcoming sales opportunities quickly.
- **Strategic advertising:** Enabled the team to invest in enhanced digital marketing efforts, aimed at increasing return on advertising spend.



choc on choc™

## Expanding its reach

**Choc on Choc** | FlexiPay

Award-winning British chocolatier Choc on Choc blends traditional craft with innovative designs. To expand its reach from local boutiques to major retailers, the father and daughter team, Kerr Dunlop and Flo Broughton, faced the classic 'growth gap' common in manufacturing:

- **Lumpy cash flow:** Managing large, upfront supplier invoices well before receiving payment from retailers.
- **Seasonal peaks:** The challenge of funding high volume production for major holiday periods.
- **Supply chain costs:** The need for flexible capital to maintain inventory levels without depleting cash reserves.

### How we help

Choc on Choc uses FlexiPay to spread the cost of its larger invoices, providing the financial agility to pivot their focus towards high margin growth.

- **Direct-to-consumer strategy acceleration:** Allows the business to spread the cost of invoices, enabling them to unlock the capital needed to grow from wholesale multiples to a direct-to-consumer model.
- **Targeted digital growth:** Enabling significant increase in social media advertising spend, driving brand awareness and high intent traffic to the website.
- **Working capital management:** Allows the business to manage their day-to-day operations and VAT payments.
- **Operational breathing room:** Smooths out the financial impact of seasonal production spikes.



## Our products

# Our multi-product offering meets SMEs' financial needs

From day-to-day transactions to long-term growth, our diverse product range supports business owners at every step of their journey. Whether they need to borrow, pay later, or spend, we meet a broad spectrum of financial needs empowering businesses with our trademark ease, speed, and market-leading instant decision technology.

### What our customers say



We spoke to our bank and got quotes from other lenders, but our bank was very slow to respond. With Funding Circle, the experience was quick, and easy. The initial decision was made within about 48 hours, and after the loan was signed off I received the funds within three days."

**Bird & Blend**

## Borrow

### Term Loans

Designed to support business growth and working capital. Our unsecured Term Loans offer £10k–£750k with fixed rates from 6.9% per year, terms from six months up to six years and typically require a personal guarantee. Through our Marketplace, we also work with third party lenders to offer loans to our customers that we are otherwise unable to support, whether that is due to our product range or credit appetite.

~£75k  
average Term Loan size

4 years  
average loan term



More on our products online at [fundingcircle.com/uk/businesses/business-finance/](https://fundingcircle.com/uk/businesses/business-finance/)



“We love FlexiPay, as it allows us to pay our suppliers and split payments over a few months, helping us to manage cash flow and keep up to date with invoices.”

**Wick & Tallow**



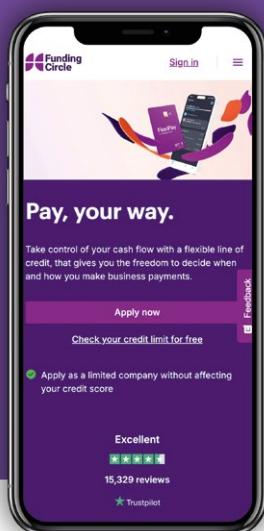
“FlexiPay helped us pay key suppliers. The process was easy and efficient, we filled out some questions and the decision was made. A great alternative way to get finance to help your business.”

**Joe & Seph's**

## Pay later

### FlexiPay line of credit

Businesses can take full control of their cash flow using FlexiPay, allowing them to pay upfront for business needs ranging from bills to stock and suppliers. With flexible terms and billing, SMEs can repay in 1, 3, 6, 9, or 12 months or settle early, while keeping their business moving.



£250k  
maximum credit line

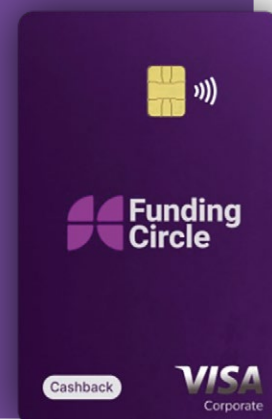
0%  
interest  
from  
1.99%  
variable flat fee per transaction

## Spend

### Cashback business credit card

Rewarding businesses everyday spending. The Cashback card offers 2% cashback for the first six months, up to £2,000, and an uncapped 1% thereafter. With free unlimited Company cards and instant accounting integration, this enables businesses to empower their teams while cutting admin.

2%  
cashback for the  
first six months  
42 days  
interest free with no  
annual or forex fees





A proprietary

# platform

for sustainable, profitable growth



**Greig McEwan**  
Chief Technology Officer

Our proprietary technology and data platform is the engine of Funding Circle's competitive advantage. Built on 15 years of lending data and modern cloud architecture, it transforms the customer experience by delivering a level of speed and reliability that traditional lenders cannot match.

In 2025, we leveraged this foundation to fully operationalise our multi-product strategy. Our modular platform allowed us to scale FlexiPay and our Cashback business credit card seamlessly, delivering the instant decisions and friction-free experiences our customers rely on.

Looking ahead to 2026, we are unlocking the next frontier of efficiency: becoming an AI-native organisation. We are moving beyond Gen AI experimentation to strategic transformation, deploying this evolving

technology to fundamentally reshape our workflows and deliver a market-leading customer experience. By equipping our teams with the right tools and training, we plan to drive step-changes in engineering velocity and operational productivity, whilst managing implementation safely and responsibly. Simultaneously, our risk models continue to evolve, utilising our unique data to rank order risk with ever-greater accuracy. Underpinning this innovation is our uncompromising commitment to security; our 'defence-in-depth' capabilities ensure that as we move faster, we remain resilient against an evolving threat landscape. We enter this year with a platform that is smarter, scalable, and secure, ready to power our next phase of profitable growth.

## Delivering a superior customer experience



### Frictionless digital experience

Our highly flexible interface provides an intuitive experience across desktop and mobile. As we have expanded our multi-product offering, we have seen a 7x increase in mobile usage, allowing SMEs to manage their finances effortlessly on the go.



### Automated decision engine

At the heart of our platform, machine learning models automate complex underwriting tasks. This enables SMEs to apply in as little as six minutes, with 73% of customers receiving an instant decision, delivering certainty when it matters most.



### Flexible modular architecture

Our flexible modular architecture enables the rapid launch of new products. This modular design was key to the successful rollout and iteration of our FlexiPay and Cashback card products.



### Gen AI-powered service

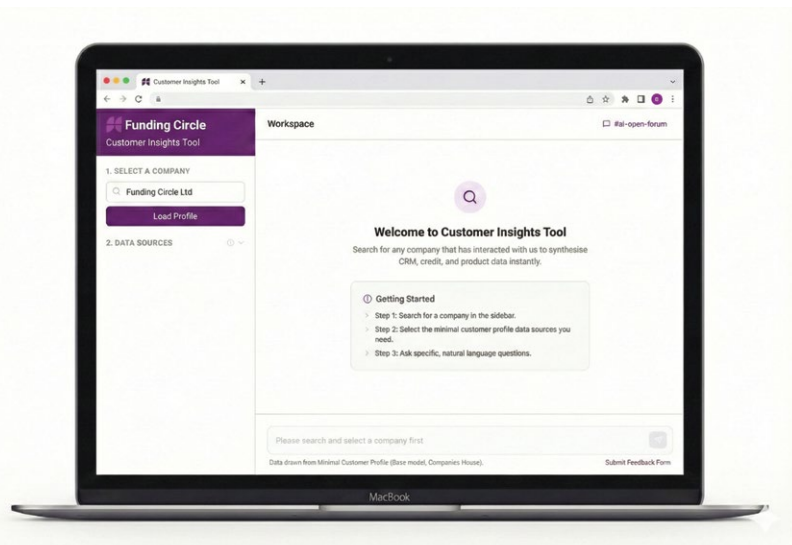
We use Gen AI to work more efficiently, drive operational leverage through automation, and deepen our SME relationships by analysing customer sentiment. Our cloud-native infrastructure also supports product growth and innovation simultaneously, allowing us to create a more tailored customer experience.

## Customer Insights tool

Having the right data at our fingertips allows us to provide a seamless customer experience. In 2025, we launched the Customer Insights tool, a proprietary, Gen AI-powered tool that synthesises data from across our entire ecosystem into a single, digital view of every SME. By surfacing rich, contextual insights instantly, the tool empowers our customer-facing teams to gain a deeper understanding of our customers whilst enabling them to provide a more personalised, consistent, and informed experience.

By centralising these insights, we achieve greater operational leverage while delivering an improved customer service.

Since launch, the tool has been used to:



Leverage historical insights to support Account Managers anticipate and address potential questions from customers during call preparation.

Surface past loan data to identify and offer the most relevant financial solutions aligned with a customer's business goals.

Map connections between related businesses, to provide a holistic view of historical performance, enabling more informed decision-making.

## Protecting Funding Circle and customer data in an evolving threat landscape

As the global threat landscape evolves, so do our defences. We employ a rigorous 'defence-in-depth' strategy that goes beyond simple protection, actively hunting threats to safeguard our platform. By combining best-in-class technology with expert oversight, we ensure that our speed and scale never come at the cost of security.

### Multi-layered defence

We secure data at every level. From secure device protection to comprehensive cloud security controls, we create multiple robust barriers that protect our infrastructure from outside threats.

### World-class partnerships

We don't work in isolation. We partner with top global security companies to deploy leading tools for identity management and cloud security. This ensures our technology is always protected by industry experts.

### Intelligent monitoring

Our automated systems scan the threat landscape 24/7. Using advanced threat intelligence, we identify and neutralise potential vulnerabilities in real time before they can impact our platform.

### Rigorous stress testing

We don't wait for attacks, we simulate them. Through regular penetration testing and simulation, we constantly stress test our defences to ensure they are battle-hardened against real-world scenarios.

### 24-hour security operations centre ("SOC")

Technology is backed by human expertise. Our dedicated SOC provides round-the-clock surveillance and rapid incident response, ensuring the integrity of our financial ecosystem is always maintained.



See page 67 for more details on how we manage technology change as an emerging risk



# The future of data and AI

Unlocking value through data, AI, and credit risk expertise.

### The data advantage:

#### 3x better risk discrimination

Our credit risk expertise remains our defining competitive edge. Our proprietary models deliver 3x greater predictive power in distinguishing between high and low risk borrowers compared to traditional credit bureau benchmarks. This superior risk discrimination allows us to price risk more accurately and serve customers that traditional banks often overlook.

Our ninth-generation models ("Gen 9") represent a significant leap forward, delivering a 10% relative uplift in predictive power compared to the previous generations. Crucially, the effectiveness of our approach has been tested; our models have been validated by performance data throughout the economic stresses of the Covid-19 period, proving their resilience in volatile environments.

### AI as a multiplier:

#### 2026 and beyond

In 2025, we established the technical and governance frameworks for the use of Gen AI. Now, we are expanding its application to transform the business. We are building an AI-native culture where Gen AI supports our engineering, commercial and operational teams. By using third party software, we are ensuring our teams have the right technology for every task. From generating code to summarising complex data for underwriters, these tools are increasing our velocity and freeing our people to focus on high value innovation.

As we move into 2026, we will continue to explore further opportunities to streamline the customer experience, from credit origination to servicing, ensuring Funding Circle remains at the cutting edge of SME finance.

# 10bn

SME data points

# 3x

better risk discrimination

# 79

NPS (Term Loans)

## Gen AI has redefined our call quality monitoring approach



In the Collections and Recoveries team, our priority is to support customers through challenging times with empathy. Historically, our call quality process – to review the team's performance and identify opportunities for improvement – has been manual. By reviewing only a small subset of interactions, we faced limitations in providing the real-time, comprehensive feedback essential for delivering a superior customer experience.

To solve this, we developed and launched 'Hannah Call Coach', a Gen AI-driven solution that automatically analyses calls for procedural adherence and effective problem-solving. This data feeds directly into a bespoke call dashboard, shifting the focus from retrospective auditing to proactive self-coaching.

The tool has significantly streamlined our workflows, improved team productivity, and enhanced our customer service. We have replaced the manual call quality monitoring process, increasing our review capacity with a 118% uplift in calls analysed. By providing structured, instantaneous feedback, we've empowered our team

to take ownership of their professional development while ensuring the highest standards for our customers.

The success of 'Hannah Call Coach' has served as a catalyst for innovation across Funding Circle. This initiative has helped to spark further data-driven thinking, influencing how we approach call quality in other areas of the business such as Sales and Operations. It is now becoming the blueprint for a suite of tailored AI tools designed to elevate performance and consistency across all our customer-facing functions.



Integration of Gen AI into our call quality monitoring has significantly streamlined our workflows, improved productivity, and enhanced our customer service."

**Alex Przytocki**

Head of Collections & Debt Recovery



### How we helped Bird & Blend

From humble bedroom beginnings to a nationwide sensation, Bird & Blend Tea Co. has reimaged the British brew with heart and creativity. Founded by Krisi and Mike in 2010, its growth is rooted in community and flavour. Funding Circle is proud to have supported Bird & Blend's growth journey with multiple Term Loans since 2018, totalling over £550,000. From expansion to Covid protection, and back to growth, this vital access to funds has enabled the business to adapt and grow, turning Krisi and Mike's ambitious vision into a thriving reality for tea lovers everywhere.



Funding Circle was a great help to us during the pandemic and beyond, backing us not only with finance but by stocking our teas at Funding Circle HQ, so it feels like a real partnership."

**Mike Turner**  
Co-Founder,  
Bird & Blend Tea Co.





## Our people

# Our Circlers

make our business thrive

Our people (“Circlers”) are at the heart of our mission to back small businesses. In 2025, thanks to the contributions of everyone working at Funding Circle, we demonstrated the successful execution of our strategy and we continue to build a better, stronger business together.

### Overview, People Pact and engagement

As we celebrated our 15th anniversary, we have transitioned from a fintech pioneer into the UK’s leading SME multi-product finance platform. This milestone provided a pivotal opportunity to evolve our Employee Value Proposition (“EVP”) into our refreshed People Pact: **‘On A Mission’**.

This foundation honours our history of fintech bravery while empowering Circlers to #LiveTheAdventure in our next chapter. Central to this vision is our transformation into an AI-native company. We are investing in the growth of every Circler to ensure they can capitalise on the potential of AI, creating a more productive, rewarding work environment and a superior experience for our customers.

From the very early days of our journey we strongly believed in the power of our team and what we can achieve when we #StandTogether. To enable that, we have invested in our in-office experience, to support collaboration, to make it appealing for Circlers as a place to work and learn and to be reflective of Funding Circle’s uniqueness, in a way that works for all of us through our hybrid working pattern, while being proportionate and sustainable.

### Mission-led engagement

Following a year of strategic refinement in 2024, 2025 has been defined by the resilience and renewed energy of our Circlers. We have transitioned from a phase of change into a high performance culture that is now fully ‘on a mission’ to drive our next chapter as an AI-native leader.

In 2025, we achieved our highest-ever levels of employee engagement, reflecting our steadfast commitment to fostering a high performance culture where every Circler can thrive. Our annual engagement survey recorded an overall positive sentiment score of **74%, a 10-point increase** on the previous year.

At the heart of this progress is a deep-seated connection to our mission. Our success is tied to the shared conviction that supporting small businesses is vital to a thriving economy. This year’s results show our collective commitment to our #ObsessOverTheCustomer value which remains exceptionally high at 80%, signalling that Circlers are not just engaged with their work, but are invested in the impact we have on the businesses we serve.

## The People Pact: ‘On A Mission’

To ensure our future direction is rooted in the lived experience of our people, we conducted deep-dive research to reconnect with our challenger mindset when refreshing our employee value proposition. True to our value #BeOpen, we listened to our people through large-scale workshops and engagement data, and strategic conversations with our Board and leadership teams.

We heard that Circlers join us for our innovative mission and stay for our inclusive culture and the unique ‘best of both worlds’ environment; combining start-up energy with public company stability. **‘On a mission’ celebrates this unique blend** and centres on five key pillars:



**To back small business**

We’re on a mission to back small business owners in the UK – in a way that no other company can.

You bring your expertise and talent, and we promise to connect it with real change for real people.



**To grow fast**

We believe the fastest way to grow is to do – so we give you the ownership and responsibility to go further, faster.

The more you put in, the more you get out – whether you’re starting out or taking your next step.



**To belong together**

We’re a driven team that chooses to lift each other up – we challenge, we champion, and we have each other’s backs.

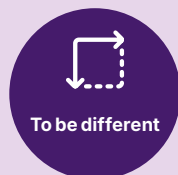
Because the best work is done when you feel you truly belong.



**To build better**

Nothing stays still here, we’re constantly improving, changing and spotting new opportunities.

We’re builders. Our people can switch direction quickly, see things differently, take ownership and run with it.



**To be different**

We’re built differently – the restless energy of a fintech start-up, with the stability and backing of a public company.

The result? The pace to innovate and the scale to make it count.

## Our values

#ObsessOverTheCustomer

#ThinkSmart

#StandTogether

#LiveTheAdventure

#BeOpen

#MakeItHappen

### Learning and development

#### Circle In and Growth Week

The **Circle In** is our flagship onsite event where we come together to align on strategy, build connections, and fuel our shared mission. In 2025, the event was a celebration of our heritage and a bold look towards our future as an AI-native business.

We used this event to launch our refreshed **People Pact**, ensuring every Circler understands how their growth drives our mission to back small businesses. The day featured deep dives into our evolving product suite, showcases from our Circler-led groups, and an exploration of how Gen AI will empower us to work smarter, deliver more for our customers and #MakeItHappen.

The momentum continued into **Growth Week**, a dedicated series of development activities launched in October. From internal

expert 'spotlights' to external specialists, the week covered everything from technical AI fluency to physical and mental wellbeing, all designed to help Circlers fuel their mission.

#### Growth Week impact:

- **Scale:** Over 500 Circlers engaged in the sessions, and proactively invested in their development.
- **Sentiment:** The week achieved really positive feedback, reflecting our Circlers' engagement in continuous learning and high performance culture.

### AI fluency

Our vision is to become an AI-native company to drive growth, create a superior experience for our customers, and to make our work more productive and rewarding for every Circler. For Funding Circle, being AI-native is not an ambition to automate every process; rather, it represents a strategic maturity where we #ThinkSmart to know when and how to leverage Gen AI to solve complex problems and deliver tangible benefits for our customers.

By equipping our workforce with the skills to navigate an AI-augmented landscape, we are directly improving how we support small businesses:

- **Faster decisions for SMEs:** AI-enhanced productivity allows us to process information more efficiently, leading to quicker funding decisions for the businesses that rely on us.
- **Personalised support:** AI fluency enables Circlers to use data-driven insights to provide more tailored financial solutions that meet the unique needs of each business.

- **Enhanced innovation:** By automating routine tasks, we free up our Circlers to focus on our mission and developing the next generation of finance solutions that SMEs need to thrive.

Through our AI learning and development programme, we are ensuring that every Circler is not just 'AI-ready' but is empowered to use these tools to better #ObsessOverTheCustomer every day.

## Leading from the front



**Adam is a Senior Strategy Manager and has been at Funding Circle for four years.**

I lead our 'Let's Talk About Heritage' ("LTAH") Circler Group, which celebrates the range of backgrounds within our Company. We understand that strength comes through our diversity (situated as we are in one of the most diverse cities in the world), but also that people from different backgrounds face different challenges through their lives and in the workplace. Our goal is to create an environment where we can talk about those differences honestly and transparently, educating ourselves as to others' cultures and lived experiences, and making the workplace a more inclusive space for everyone. In 2025 we ran a variety of events including 'Sip & Paint' discussion evenings, showcased inspirational and impactful Black people

through Black History Month, and tried our hands at origami. We have big plans for 2026, including the launch of a new mentoring programme, linking up with wider groups in the city, and empowering people from across the business to run more of their own events. Watch this space!



Joining the team here was a transformative experience. Everyone is deeply motivated by our mission and eager to help one another succeed."

**Adam Ismail**  
Circler Group Lead



## Our people continued

### Diversity, equity and inclusion

#### Circler-led groups

Our Circler-led groups are at the forefront of our culture, driving the initiatives that make Funding Circle unique. 2025 highlights included **Circle of Pride**, spotlighting queer-owned small businesses, and **Neurodiversity@FC**, hosting immersive VR experiences to build awareness of sensory sensitivity. From **Women@FC's** organic storytelling in its monthly newsletter to **FC Impact's** nationwide water quality project and **Parents@FC's** family events, these groups ensure that every Circler feels seen, supported and empowered to make an impact.

All our Circler-led groups came together for our Open Circle event during Growth Week. An Open Circle is a safe space where our Circler groups collaborate for a unique panel discussion to bring answers to difficult questions. Open Circles are a key part of maintaining our open and supportive culture.

#### Female Empowerment Programme

We are proud to announce that, as of December 2025, we achieved our HM Treasury's Women in Finance Charter

pledge, which is a commitment to support the progression of women into senior roles in the financial services sector. This achievement reflects our focus over several years to build and iterate our processes to hire and promote top talent, based on performance and potential, while mitigating bias and ensuring we attract diverse applicants. This is also supported by our Female Empowerment Programme, now in its third year. Designed for nominated emerging and experienced leaders identifying as women (cisgender or transgender) or non-binary, in recognition of their performance and potential. The curriculum focused on strengthening our talent pipeline by building business acumen, strategic communication and the confidence to lead with impact and amplify visibility across Funding Circle.

This programme was underpinned with three impact imperatives: improving retention, accelerating career growth and strengthening our internal succession planning. By focusing on leadership development, strategic networking, and executive presence, we have supported a pipeline of future leaders ensuring that Funding Circle's leadership team of the future remains representative of our Circler population.



#### Awards

- Announced in 2025: Tia Crabtree, Tiana Portugal and Lucy Vernal featured on the Innovate Finance Women in FinTech Powerlist 2024.
- Kate Turgoose featured on the Innovate Finance Pride in FinTech Powerlist 2025.
- Ben Rose named on The Leasing Foundation's 30 under 30.
- Rachael Raymond won Industry Leader of the Year at the NACFB Commercial Lender Awards.

## Q&A

### on 2025's Female Empowerment Programme with Clare Harris

**Clare is the Head of Existing Customer Management for FlexiPay and has been a cornerstone of Funding Circle for nearly 14 years.** Her career trajectory has mirrored the Company's evolution; from working on the retail investment product to playing a fundamental role in the launch and scaling of FlexiPay, Clare has been, and continues to be, instrumental in supporting Funding Circle's success.



**Q What motivated you to participate in the Female Empowerment Programme, and what were you most hoping to achieve?**

**A** I was primarily motivated by the opportunity to further build my professional network within Funding Circle and to learn from other women at a similar level in the business. I felt it was important to take dedicated time away from my daily role to focus on my development and explore how I could further advance my career.

**Q Which part of the curriculum had the most significant impact on your professional growth, and why?**

**A** While the entire programme was well structured with excellent trainers, the sessions on assertiveness and impostor syndrome were particularly impactful for me. They were incredibly engaging and provided a space for deep self-reflection, helping me understand my own traits and behaviours. I came away with practical, 'bite-sized' tips that I can immediately use to overcome personal challenges in the workplace.

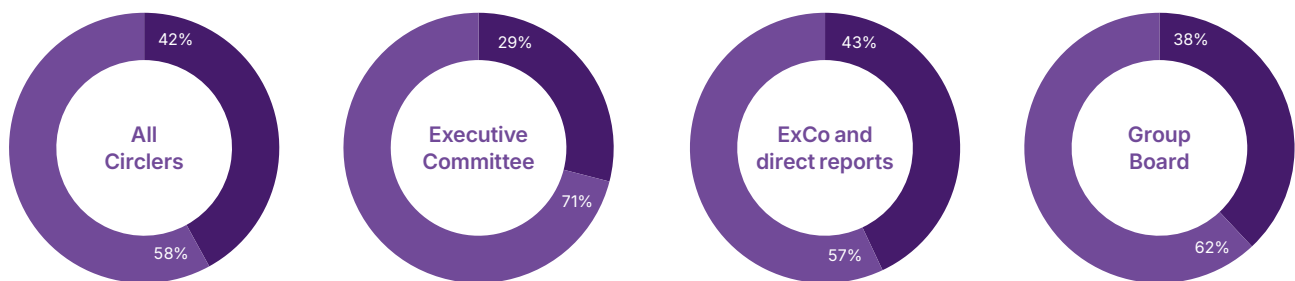
**Q How has your approach to your role at Funding Circle changed since completing the programme?**

**A** I feel significantly more confident and empowered to take the next steps in my career. Moving forward, I will be more intentional about my actions and communication style to increase my impact and influence. I am consciously taking more time to reflect on my achievements, continuing to build my network and map my future career goals. The programme really helped me recognise the value of my voice in high visibility settings.

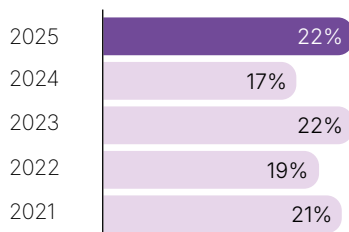


## Gender metrics

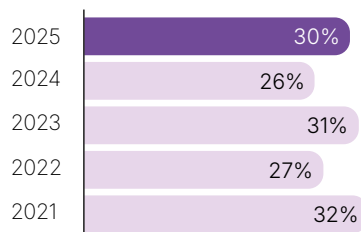
(as at 31 December 2025)



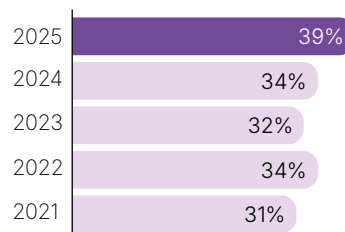
### Mean pay gap



### Median pay gap



### Women in leadership<sup>1</sup>



## Diversity, Equity and Inclusion (“DEI”) Statement

### ‘On A Mission, together’

At Funding Circle, we’re on a mission to back small businesses like no other company has ever done before. To succeed, we need a team that reflects the diverse world of the customers we support. We know that our success comes from a culture where every Circler, regardless of background, identity, or experience, feels the confidence to bring their whole self to work.

In our fast-moving environment, we don’t just ‘accept’ diversity; we seek it out to help us spot opportunities and find a better way. Whether you are a prospective, new or existing Circler, we are committed to providing an environment where you can thrive. Just as we back

our customers, we back our people by ensuring fairness is woven into everything we do, from recruitment and compensation to career development. This includes ensuring all applications, including those from disabled persons, are treated equally and fairly at every stage of the journey.

We provide the space for you to take ownership and run with it, ensuring that everyone has the platform to contribute their ideas and the support to be successful. Being a Circler means backing each other as much as we back small businesses. We measure our success not just by individual achievements, but also by the impact we have on others. We cherish our diversity, across culture, gender, race, disability, sexual orientation, and thought, and we stand together to make it happen, every single day.

1. Defined as those employees in a “senior manager” role and above.

# Delivering on our commitments

At Funding Circle we are committed to contributing positively to our communities; we do this through the business finance we provide to our SME customers who are often underserved by mainstream finance, and through sound and responsible ESG practices that support broader societal and environmental efforts.

## Our ESG Framework sets out our goals and roadmap for each strategic pillar

### Diversity, equity and inclusion

#### Our ambition and commitment

To be best in class and live by our DEI Statement, building an inclusive and diverse culture.

#### Achievements in 2025

- 80% positive sentiment score in the Inclusion and Belonging category of our engagement survey (+3% year on year).
- Achievement of our HM Treasury’s Women in Finance Charter pledge for women in senior leadership, as detailed on page 28.
- Third year of the Female Empowerment Programme, focused on accelerating career growth, and 14 Circlers trained as Mental Health First Aiders, providing additional mental health support alongside our Employee Assistance Programme.

#### Goals and roadmap for 2026

- Maintain our Belonging score by scaling our Circler-led impact, through efforts including mentorship, advocacy and visibility.
- Continue to make progress against key DEI metrics and targets, including women in leadership and the gender pay gap.

### Social impact

#### Our ambition and commitment

To back a diverse and thriving SME customer base – creating jobs, fostering financial inclusion and having a positive impact on UK SMEs, entrepreneurs and their wider communities.

#### Achievements in 2025

- 117,000 jobs, £7.9 billion in GDP, and businesses in all 650 constituencies supported through our lending, as detailed on pages 3 and 8.
- Silver Fair Payment Code accreditation, highlighting our commitment to ethical SME payment practices.
- Free or discounted access to Thrive Mental Wellbeing’s NHS-trusted mental health app to all UK SMEs.
- Fourth year backing underserved entrepreneurs through Hatch Enterprise partnership, with 19 founders supported.
- 99 “Impact Days” contributed by Circlers volunteering with charities including NishkamSWAT and Earthwatch Europe.

#### Goals and roadmap for 2026

- Engagement with internal and external stakeholders to identify opportunities for social and sustainability benefits for our customers.
- Continued focus on our multi-year partnerships to support UK SMEs and their local communities.

### Climate and environment

#### Our ambition and commitment

To support initiatives that help drive progress towards net zero, and contribute meaningfully to climate, nature and biodiversity outcomes for healthier communities.

#### Achievements in 2025

- Development and approval of internal climate Transition Principles.
- Achievement of our interim operational climate target.
- Exploration of financed emissions data improvements.
- £100k investment commitment in Greenlee Peatland Restoration Northumberland National Park project, over 2026–2027.

#### Goals and roadmap for 2026

- Development of internal flood risk and scenario analysis capabilities.
- Continued focus on financed emissions data improvements.
- Engagement with materially emitting suppliers without net zero targets.
- Engagement with new office building manager on sustainability and heating decarbonisation plans.

### Governance and risk management

#### Our ambition and commitment

To meet shareholder and investor expectations, and be viewed positively in the market.

#### Achievements in 2025

- Board and Executive engagement in climate issues and trends.
- Initial gap analysis against draft UK Sustainability Reporting Standards.
- Continued upholding of highest standards of risk management and corporate governance more broadly, as covered in the sections starting on pages 57 and 72.


#### Goals and roadmap for 2026

- Further integration of climate risk management processes.
- Monitoring and preparation for UK Sustainability Reporting Standards.

Our approach to ESG considers relevant risks and opportunities, and is informed by our engagement with our strategic stakeholders. Sustainability-related objectives are included as part of non-financial objectives in determining the CEO and CFO annual bonus, as outlined on page 104. They cover committed and sustained focus on our roadmap and goals for each of our ESG pillar.

For more detail on corporate governance and risk management, and our climate-related disclosures, please refer to the sections referenced on the right.

- More detail on corporate governance is set out on page 72.**
- More detail on risk management is set out on page 57.**
- Our Non-Financial and Sustainability Information Statement is set out on page 44.**
- Our climate disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") are set out on pages 32 to 42.**



Relevant policies can be found on the Company's Sustainability webpage

## Social impact

We believe that supporting small businesses is vital to a thriving economy. Beyond our mission to back them with business finance, we also aim to deliver and support initiatives that bring real benefits to SMEs and their local communities.

### Our customers and SMEs

We value the contribution of SMEs to the economy through the jobs they create and the potential multiplier effect they can have on society. For 15 years, our lending has helped businesses operate and grow, and has sustained employment and stability locally. We recognise the importance of financial inclusion – our borrowers sit at the heart of diverse communities, and the business finance we provide supports SMEs across the UK.

Given the materiality of this impact vs. our other social and environmental impacts, we work with Oxford Economics each year to carry out an economic impact analysis focused on our activities and the outcomes they drive. In 2025, Funding Circle's lending supported 117,000 jobs, £7.9 billion in GDP, and helped businesses in every one of the 650 parliamentary constituencies. Please see page 8 for more detail.

In January 2026, Funding Circle was awarded the Silver Fair Payment Code accreditation, highlighting its ongoing commitment to ethical payment practices and its role in fostering a healthy ecosystem for SMEs, in particular in an economic climate where cash flow remains a primary concern for business

owners. The recognition demonstrates that we consistently meet high standards for prompt payment, upholding the Code's principles of being Clear, Fair and Collaborative with suppliers.

We continued to offer UK SMEs free or discounted access to Thrive Mental Wellbeing's NHS-trusted app, providing SME owners and employees mental health support anytime, anywhere. Our most vulnerable customers also have access to unlimited in-app therapy, providing them with an alternative to NHS pathways.



**Above:** Hatch Enterprise founders at the closing event of the Get Ready to Start Programme, hosted at Funding Circle, May 2025.




## Environmental, social and governance (“ESG”) continued

### Social impact continued

#### Wider societal contributions and commitments

We are a signatory to the Investing in Women Code and the HM Treasury’s Women in Finance Charter, as outlined in more detail in Our people on page 28. Funding Circle is a participant of the United Nations Global Compact and the UN Global Compact Network UK, and adheres to their principles-based approach to responsible business on human rights, labour, environment, and anti-corruption. We publish our Communication on Progress annually.

 Please also see our Non-Financial and Sustainability Information Statement on page 44.

2025 marked our fourth year of partnership with Hatch Enterprise, contributing to its mission to build a fairer, more equitable and more diverse business landscape.

In 2025 we supported 19 founders on the inaugural Get Ready to Start Programme. Through its programmes, Hatch supports entrepreneurs from across the UK to launch and grow successful businesses that also have a positive impact on their communities. Its work is targeted at those typically underrepresented in entrepreneurship, including women and other marginalised genders, people from ethnic minority backgrounds, people with disabilities and neurodivergent people.

We are proud of the diversity of our Circlers and their social impact beyond work, and seek to support their engagement when it aligns with our mission. In 2025 we co-sponsored a ‘shark tank’ style pitch event designed to support underrepresented groups (particularly the Somali community) in accessing business support and funding. The event attracted over 200 participants and awarded a female-led start-up.

Under our Climate and environment pillar, we focus on Beyond Value Chain Mitigation (“BVCM”) activities that help move towards societal net zero by delivering positive climate and nature outcomes with co-benefits for communities. More detail on this is set out on page 35. In 2025 we continued to support non-profit Earthwatch Europe’s citizen science programmes through its Great UK WaterBlitz, which helps build a picture of freshwater quality across the UK. We also aim to provide engagement and learning opportunities for our employees. In 2025 we held a Climate Fresk workshop facilitated by Business Declares, joining a global movement of over two million people seeking to learn about climate change and climate solutions.



**Above:** Bicester participants of the Great UK WaterBlitz 2025, courtesy of Earthwatch Europe.

## Climate and environment

We are committed to fostering a resilient and sustainable business model that contributes to the broader global effort of mitigating climate change and protecting the environment. Our approach to environmental responsibility is being proportionately embedded in our operational strategies, recognising the growing importance of climate-related risks and opportunities for the wider UK economy, but limited idiosyncratic risks to Funding Circle’s business model.

This section incorporates disclosures consistent with the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations, in compliance with the Financial Conduct Authority’s (“FCA”) UK Listing Rules<sup>1</sup> and includes greenhouse gas (“GHG”) emissions reporting per Companies Act 2006 regulations. Our disclosures remain aligned to the TCFD recommendations, considering proportionality and materiality and recognising that certain areas will continue to be deepened and enhanced over many years. In anticipation of the

incoming UK Sustainability Reporting Standards, we have undertaken a gap analysis against the IFRS Sustainability Disclosure Standards for Climate-related Disclosures (“IFRS S2”). We also note the expectations under Bank of England PRA Supervisory Statement 5/25, which, although not directly applicable to Funding Circle as it is not regulated by the Prudential Regulation Authority, is anticipated to raise general standards in our market.

1. The Company has also considered the 2021 TCFD Annex and the Supplemental Guidance for the Financial Sector.

## 1. Strategy

### 1.1 Climate-related risks and opportunities

Funding Circle is a UK-based SME finance platform that provides digital lending services, supported by key technology partners and employees who work flexibly from our central London headquarters. Our technology, data and product capabilities enable SMEs to access fast, hassle-free funding, while offering institutional investors exposure to SME debt opportunities. We manage the lending originated through our platform (Assets under Management, or "AuM"), 93% of which are Term Loans balances funded by institutional investors<sup>2</sup>. The remaining 7% are funded from Funding Circle's own balance sheet ("on-balance-sheet lending") and a senior bank facility.

We have assessed climate-related risks and opportunities across our operations and value chain over the short term (one year or less), medium term (one to five years) and long term (more than five years). Our Enterprise Risk Management Framework ("ERMF") horizon is five years – aligned to "medium term" in this context. We recognise that climate-related issues often manifest over longer time horizons. However, with a weighted average effective life of a Funding Circle Term Loan of 2.1 years<sup>3</sup> and maximum term of six years, these time horizons remain most appropriate for our present business model.

Factors considered in this assessment include greenhouse gas emissions including financed emissions, qualitative

and quantitative analysis of AuM, risk analysis in line with our ERMF, and feedback from stakeholders. These factors have been reviewed by internal subject matter experts and our external sustainability advisers to assess potential materiality, with recommendations made for approval by relevant Committees (see Governance on page 71).

There was no impact on our financial position, performance or cash flow from climate-related risks and opportunities in the reporting period and our conclusion remains that climate change does not present financially material risks or opportunities to our business over our five-year ERMF horizon.

**Table 1: Key climate-related risks and opportunities considered in assessing materiality**

| Category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Driver                                                                                                              | Potential business impact                                                                                                                                                                                                                                                                                             | Horizon      | Potential financial impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Market:</b> changes to SME and/or institutional investor demand and preferences.                                 | <b>Strategic:</b> increased SME or investor demand for green finance products could reduce demand for existing Funding Circle products and/or require investment in data and product innovation.                                                                                                                      | Medium–long  | <b>Reduced revenue from:</b> <ul style="list-style-type: none"> <li>● lower demand for existing products and services;</li> <li>● deteriorating borrower credit quality in higher-carbon sectors; or</li> <li>● write-offs, impairments and early retirement of existing assets.</li> </ul> <b>Increased costs from:</b> <ul style="list-style-type: none"> <li>● compliance or carbon taxes;</li> <li>● investment in data and product innovation;</li> <li>● reducing or compensating for AI use; or</li> <li>● suppliers passing on transition-related costs.</li> </ul> <b>Reduced access to capital/ liquidity from:</b> <ul style="list-style-type: none"> <li>● changes to investor risk appetite or liquidity.</li> </ul> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Policy and legal:</b> more demanding climate policy including carbon taxes.                                      | <b>Funding:</b> reduced investor risk appetite for SME lending or for certain sectors, or reduction in available investor capital (e.g. as a result of climate policy) may constrain platform liquidity.                                                                                                              | Medium–long  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Technology:</b> need for SMEs and suppliers to transition to greener technologies.                               | <b>Credit:</b> financial pressure on SME borrowers in higher-carbon industries may impact their ability to repay.                                                                                                                                                                                                     | Medium–long  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Reputation:</b> climate-related compliance or delivery failures negatively impact public/stakeholder perception. | <b>Operational:</b> <ul style="list-style-type: none"> <li>● Compliance with more onerous climate data, reporting or other climate regulation or taxes could increase costs for Funding Circle, SME borrowers and investors.</li> <li>● Transition investment by suppliers may increase procurement costs.</li> </ul> | Short–medium |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Materiality judgement: Likely to be below the threshold for financial materiality in the medium term.</b><br>Lending is well diversified across sectors, as shown in Table 7, and we support a diversified pool of institutional investors. Around a third of lending is to a broad spectrum of "carbon-related" sectors (as defined by TCFD <sup>4</sup> ). As our lending is mostly unsecured, we are not exposed to the risk of transition-related devaluation of physical assets used as loan security. We do not anticipate financially material transition risks to occur in the medium term. |                                                                                                                     |                                                                                                                                                                                                                                                                                                                       |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

2. We use our balance sheet minimally in the Term Loans business with limited co-investment in government guarantee schemes and R&D on new products to help test and iterate the loans.

3. Term Loans, which have a weighted average life of 2.1 years, make up 93% of balances under management, with the remaining balances being up to 12 months short-term, open-ended products (Funding Circle Cashback business credit card and FlexiPay drawn lines of credit).

4. Carbon-related sectors are defined in "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD, 2021).



# Environmental, social and governance (“ESG”) continued

## Climate and environment continued

### 1. Strategy continued

#### 1.1 Climate-related risks and opportunities continued

Table 1: Key climate-related risks and opportunities considered in assessing materiality continued

| Category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Driver                                                                          | Potential business impact                                                                                                                                                                                                                                                                                                                                                                 | Horizon      | Potential financial impact                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Acute:</b> e.g. increase in extreme climate-related weather events.          | <p><b>Credit:</b> temporary interruptions to SME borrowers' operations affecting their ability to repay.</p> <p><b>Reputation:</b> insufficient forbearance tools and processes exacerbate SME stress and contribute to SME business closure.</p> <p><b>Funding:</b> reduced investor risk appetite or liquidity due to impacts of weather events on borrower or investor operations.</p> | All horizons | <p><b>Reduced revenue from:</b></p> <ul style="list-style-type: none"> <li>deteriorating borrower credit quality;</li> <li>customer boycotting;</li> <li>lower demand for products or services; or</li> <li>write-offs and early retirement of existing assets.</li> </ul> <p><b>Increased costs from:</b></p> <ul style="list-style-type: none"> <li>finances or litigation.</li> </ul> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Chronic:</b> e.g. rising sea levels.                                         | <p><b>Credit:</b> permanent changes to SME borrowers' operations or supply chains resulting in structurally higher costs and affecting their ability to repay.</p> <p><b>Funding:</b> long-term changes in investor risk appetite or reduced liquidity due to chronic impacts on investors' operations.</p>                                                                               | Long         | <p><b>Reduced access to capital/liquidity from:</b></p> <ul style="list-style-type: none"> <li>changes to investor risk appetite or liquidity.</li> </ul>                                                                                                                                                                                                                                |
| <p><b>Materiality judgement: Likely to be below the threshold for financial materiality in the medium term.</b><br/>           Funding Circle has a minor, UK-only operational physical presence, which is not in an area of heightened flood or subsidence risk. Assets under management are broadly distributed across the UK as shown in Table 8 and are mostly unsecured, meaning no risk of assets relied on for loan collateral. Funding Circle's forbearance procedures were enhanced in 2025 to formally include our response for climate-related extreme events impacting borrowers.</p> |                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                           |              |                                                                                                                                                                                                                                                                                                                                                                                          |
| Opportunities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Market:</b> changes to SME and/or investor demand and preferences.           | <p><b>Increased SME demand</b> for transition-related finance.</p> <p><b>Increased investor demand</b> for transition-related or sustainable finance.</p>                                                                                                                                                                                                                                 | Short-medium | <p><b>Increased revenue from:</b></p> <ul style="list-style-type: none"> <li>access to new and emerging markets; or</li> <li>new products and services relating to climate transition, resilience or adaptation.</li> </ul>                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Technology:</b> innovation in circularity, energy efficiency and renewables. | <p><b>Platform and marketing enhancements</b> to increase efficiency, reduce waste and utilise 100% renewable electricity.</p>                                                                                                                                                                                                                                                            | Medium-long  | <p><b>Increased access to capital/liquidity</b> (for the same reasons).</p> <p><b>Decreased costs from:</b></p> <ul style="list-style-type: none"> <li>reduced reliance on (volatile) fossil fuels;</li> <li>increased energy efficiency; or</li> <li>lower resource use and waste.</li> </ul>                                                                                           |
| <p><b>Materiality judgement: Likely to be below the threshold for financial materiality in the medium term.</b><br/>           An internal commercial review in 2023–2024 found muted customer demand and significant gaps between loan pricing and institutional investors' expectations for loan returns.</p>                                                                                                                                                                                                                                                                                   |                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                           |              |                                                                                                                                                                                                                                                                                                                                                                                          |

#### Further detail on potential climate-related risks in lending

Carbon-related sectors, as defined by TCFD, typically have higher greenhouse gas emissions today and therefore face greater change – and associated climate transition risks – to achieve low carbon operations necessary for a net zero economy. Around a third of Funding Circle loans are made to businesses operating in carbon-related sectors (as detailed in Table 7 in Metrics and targets) vs. a concentration of c.77%

of all UK SME lending according to Bank of England statistics<sup>5</sup>.

These broad sectoral classifications are useful only to provide a high level view of potential materiality. They do not, for example, differentiate between an electric vehicle vs. an internal combustion engine automotive firm.

Geographical concentrations may heighten the physical climate-related risks in Funding Circle's lending if, for example, a high number of businesses

in a certain area suffered acute weather events that disrupted trading. As shown in Table 8 in Metrics and targets, Funding Circle's loans are broadly distributed across the UK. Within these high level regional splits, we have not identified any areas of geographical concentration risk. We have started investigating the build of internal capabilities to assess postcode-level flood risk.

5. Bank of England Bankstats December 2025 data, Table A8.1.1 Stock of loans (total).

## 1.2 Strategy and net zero transition planning

### Lending activities

We have an ambition to reach net zero by 2050 across all emission scopes, in line with the UK's 2050 net zero commitment. In 2025, our Board ESG Committee approved a set of internal Transition Principles, the first step towards developing a transition plan to support this ambition.

Our lending activity is by far our most significant source of emissions. Estimated financed emissions from the balances we hold on our balance sheet are broadly equivalent to 54 times our operational and supplier emissions, and financed emissions from AuM are 405 times. In 2025, we started to formalise our thinking on financed emission transition levers, recognising challenges around a lack of primary data and our low levels of influence over customer decarbonisation, particularly given the unsecured and relatively short-term nature of the financing we facilitate through our platform.

Actions undertaken or underway in 2025–2026 include plans and pilots to improve data quality, participation in industry-led working groups<sup>6</sup> and proactive engagement with institutional investors to understand any potential future changes to their climate-related lending requirements or appetite. Given the above challenges and the volatility of the UK and global climate policy backdrop, we expect that our transition planning – particularly in relation to financed emissions – will continue to evolve incrementally in the short term, and we are not currently prioritising the development of quantitative decarbonisation targets for our lending.

In 2025, we made a minor update to our forbearance procedures to specifically recognise extreme climate-related events. This supports our team in offering flexible and tailored support to SME borrowers impacted by such events.

We are satisfied that – over the medium term at a minimum – our strategy supports an agile, low risk approach to the climate transition through the continued evolution of a diversified loan portfolio, a diversified investor base, and the ability to respond to changing market demands for new products. We remain committed to providing finance to SMEs across a diverse geographic and sectoral

distribution and do not anticipate any significant strategy, business model, resource allocation, or credit decisioning changes as a result of climate-related risks and opportunities.

### Operations and supply chain

In 2024, following the sale of our US business, we accelerated our interim climate targets for certain of our operational emissions scopes. Namely, the minimisation of emissions across Scope 1, 2 and 3.6 (business travel) and mitigation of remaining hard-to-abate emissions through investment beyond our value chain<sup>7</sup>. We have now taken all practical actions within our control to minimise these emissions and have purchased and retired high quality carbon credits in excess of our residual Scope 1, 2 and 3.6 emissions in 2025.

Excluding financed emissions, the majority (>90%) of our emissions relate to our supply chain (Scope 3.1, 3.2 and 3.4). In 2025, we conducted preparatory analysis of our supplier emissions and set a target for 2026 to assess suppliers representing at least 67% of supplier emissions and engage with any who individually contribute >2% of emissions and do not currently disclose science-aligned net zero targets. We estimate c.58% of supplier emissions are currently covered by science-aligned targets. Further detail on interim targets can be found in Metrics and targets on page 38.

### Beyond our value chain

In addition to the carbon credits purchased to mitigate our residual Scope 1, 2 and 3.6 emissions, we increased our investment in society's broader transition to a low carbon, nature-positive economy through a two-year, £100k total investment commitment in the Greenlee Peatland Restoration Northumberland National Park project. The site is one of the most important wetland sites in Europe and is designated as a Special Area of Conservation, a Site of Special Scientific Interest and a National Nature Reserve. The 196 ha land has been managed as a traditional upland beef and sheep farm through agricultural tenancies, and the park's vision is to create a leading exemplar of innovative and diverse nature recovery and land management in the area linking in with the wider Hadrian's Wall Wetlands Landscape Recovery project. The project will undertake significant areas of peat restoration works to the extensively drained moorland, with the aim of creating

fully functioning peat bogs that can ultimately sequester carbon, improve water holding capacity and improve water quality and biodiversity. The Park Authority is currently leading the development phase, working with project members to establish a bespoke management agreement for the whole area with an implementation timeline of over 20 years. Our contribution in 2026–2027 should result in 11 ha of restored peatland.

## 1.3 Resilience of our strategy

In 2023–2024, we undertook, with support of external experts, our first qualitative analysis of the transition and physical climate risks inherent in our lending (total AuM, including defaulted loans, as well as balances held on Funding Circle's balance sheet).

Transition risk vulnerability across the sectors we lend to was assessed based on several risk factors: regulation, raw material cost, technology, market demand fluctuations, and reputational risk. Physical risks were assessed through sectoral and geographical lenses. Inputs were sourced from external research, literature and tools including the FCA's Climate Financial Risk Forum's ("CFRF") climate scenario analysis narrative tool and the World Bank Group's carbon pricing dashboard.

The analysis showed a small proportion (4.8% of FY 2024 balances) of lending to sectors with higher exposure or vulnerability to climate-related risks. Our sectoral and geographic lending distribution has not changed materially between FY 2024 and FY 2025, as shown in Tables 7 and 8.

We have also reviewed the qualitative scenario analysis conducted last year using the Network for Greening the Financial System ("NGFS") scenarios, shown in Table 2. The potential impacts of the three scenarios on climate-related risks and opportunities are unchanged, and we have updated the strategic considerations to reflect the continued evolution of our approach in 2025.

6. Working groups include: UK Finance Industry Working Group on ESG implications for SMEs, and the PCAF (UK chapter) Working Group on Business Loans and Unlisted Equity.

7. In the 2024 Annual Report and Accounts, this target was worded as "Interim (2025) partial net zero (market based) for Scope 1, 2 and 3.6 (business travel)". Subsequently, we refined the wording to take account of the SBTi's draft Corporate Net-Zero Standard v2 released November 2025 and its tighter criteria on the use of net zero terminology. The intention – and outcome – of the target remain the same, however, and further details are disclosed in Metrics and targets.



# Environmental, social and governance (“ESG”) continued

## Climate and environment continued

### 1. Strategy continued

#### 1.3 Resilience of our strategy continued

As our AuM mirror the sectoral diversity of the broader UK economy, our exposure to any economic shocks or persistent declines would likely be in line with UK GDP. All scenarios are expected to have a negative impact on GDP by 2050 vs. a baseline of no physical or transition risk.

This qualitative approach to long-term climate scenario analysis aligns proportionately to the materiality of our climate-related risks and opportunities and to the short time horizons of our lending. In May 2025, the NGFS released new short-term climate scenarios – the first publicly available framework to analyse potential impacts of climate policies and climate change within Funding Circle’s five-year ERM horizon.

In Q4 2025, we convened internal subject matter experts and our external sustainability advisers to consider the potential future incorporation of the NGFS short-term scenarios in our existing annual stress testing scenarios. This remains under consideration with our Finance team, with a view to developing a longer-term roadmap to building our quantitative climate scenario capabilities.

Table 2: Summary of climate scenario analysis

| Characteristics                                                                       | Potential impacts                                                                                                                                                                                             |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                       | NGFS – Orderly Transition (Net Zero 2050)                                                                                                                                                                     | NGFS – Disorderly (Delayed Transition)                                                                                                                                                          | NGFS – Hot House World (“NDCs”)                                                                                                                                                                   |
| 2050 GDP vs. baseline of no physical/transition risk                                  | -3%                                                                                                                                                                                                           | -4.6% to -4.7%                                                                                                                                                                                  | -5.7% to -6%                                                                                                                                                                                      |
| <b>Transition</b>                                                                     |                                                                                                                                                                                                               |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
| Policy reaction                                                                       | Immediate, smooth                                                                                                                                                                                             | No additional actions until 2030                                                                                                                                                                | No additional pledges vs. today                                                                                                                                                                   |
| Technology change                                                                     | Fast                                                                                                                                                                                                          | Slow then fast                                                                                                                                                                                  | Slow                                                                                                                                                                                              |
| Electrification, decarbonisation and energy efficiency                                | Rapid and steady                                                                                                                                                                                              | Slow then fast                                                                                                                                                                                  | Slow                                                                                                                                                                                              |
| Overall transition risk                                                               | Medium                                                                                                                                                                                                        | High                                                                                                                                                                                            | Low                                                                                                                                                                                               |
| <b>Physical</b>                                                                       |                                                                                                                                                                                                               |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
| Temperature rise                                                                      | 1.4°C                                                                                                                                                                                                         | 1.6°C                                                                                                                                                                                           | 2.6°C                                                                                                                                                                                             |
| Physical risks                                                                        | Low                                                                                                                                                                                                           | Medium                                                                                                                                                                                          | High                                                                                                                                                                                              |
| <b>Impacts and considerations</b>                                                     |                                                                                                                                                                                                               |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
| Time horizons affected                                                                | Short, medium and long term                                                                                                                                                                                   | Long term                                                                                                                                                                                       | Long term                                                                                                                                                                                         |
| Potential impact on climate-related risks and opportunities                           | Heightened transition risks, particularly for “carbon-related” sectors, may put strain on SME profitability and require market-wide investment in climate compliance.                                         | Muted transition risks initially then significantly heightened after 2030, with a shock to revenues and costs likely felt across most sectors, with “carbon-related” ones particularly exposed. | Limited transition risks with even “carbon-related” sectors having a long time to adapt. Physical risks will increase significantly over the longer term with far-reaching economic consequences. |
| Strategic considerations                                                              | <b>Forbearance</b> procedures enhanced in 2025 to explicitly reference climate-related extreme events and will continue to be monitored and evolved as necessary to support SMEs undergoing temporary stress. |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
|                                                                                       | Continued development of <b>capabilities</b> to assess and manage <b>transition risks</b> (e.g. financed emissions improvements) and ongoing improvements to our climate approach and <b>disclosures</b> .    |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
|                                                                                       | Continued development of <b>capabilities</b> to assess and manage <b>physical risks</b> (e.g. postcode-level flood risk, scenario analysis).                                                                  |                                                                                                                                                                                                 |                                                                                                                                                                                                   |
| <b>No material change to strategy</b> or financial performance currently anticipated. |                                                                                                                                                                                                               |                                                                                                                                                                                                 |                                                                                                                                                                                                   |

## 2. Governance

### 2.1 Board oversight

The Board of Directors at Funding Circle holds ultimate responsibility for climate-related risks and opportunities and delegates certain matters to two Committees, as outlined below. During 2025, the previous Chair of the Board and ESG Committee, Andrew Learoyd, retired

from the Board and was replaced by Ken Stannard, and Richard Harvey was appointed Chair of the Risk Committee, bringing a combined 60 years of industry experience to their new positions. Helen Beck, our Senior Independent Director, is acting as Interim ESG Committee Chair to provide steady leadership during a

review of the Committee's structure. With over 25 years in financial services, and having received training in climate transition planning, Helen ensures our ESG oversight remains robust during this transition.

**Table 3: Board oversight of climate-related risks and opportunities**

| Committee                     | Climate-related Terms of Reference                                              | Frequency of climate-related updates                       | Key matters overseen or approved in 2025                                                                                                                               |
|-------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board</b>                  | Ultimate oversight as part of risk management and strategic planning processes. | Annual as part of ARA <sup>1</sup> approval process.       | <ul style="list-style-type: none"> <li>Final approval of ESGC and RC items listed below.</li> <li>ESG Framework outlining approach to ESG.</li> </ul>                  |
| <b>ESG Committee ("ESGC")</b> | Oversight of the Group's ESG strategy including climate-related opportunities.  | Twice a year, with additional written updates as required. | <ul style="list-style-type: none"> <li>New internal Transition Principles.</li> <li>Approach to climate targets.</li> <li>Progress against climate targets.</li> </ul> |
| <b>Risk Committee ("RC")</b>  | Responsibility for climate-related (and broader ESG) risk management.           | Annual ERMF <sup>2</sup> and CRMF <sup>3</sup> process.    | <ul style="list-style-type: none"> <li>Climate as part of the ERMF and Enterprise Risk Taxonomy.</li> <li>Climate risk appetite thresholds in the CRMF.</li> </ul>     |

Acronyms: 1. Annual Report and Accounts. 2. Enterprise Risk Management Framework. 3. Climate Risk Management Framework.

During the ESGC's November 2025 meeting, training was provided by our external sustainability advisers, Perigon Partners. This provided an overview of the changing external and regulatory landscape, how we are positioned vs. UK banking peers, and views on priority focus areas for 2026. This was followed by a more technical session with Risk and Finance teams on climate scenario analysis and anticipated incoming UK legislation and regulation.

In line with the assessed low materiality of climate-related risks and opportunities, no trade-offs were identified in 2025 in relation to our strategy, nor were climate performance metrics included in remuneration policies. Broader sustainability-related objectives are included as part of non-financial objectives in determining the CEO and CFO annual bonus, as outlined on page 104.

### 2.2 Management's role

Executive responsibility for climate-related risks and opportunities is held by the CEO, who delegates climate risk management to the Chief Risk Officer ("CRO"). Management responsibility for execution and delivery of our climate (and broader ESG) strategy sits with the Chief Legal Officer and Company Secretary. Risk oversight is provided by the Management Risk Committee ("MRC"), which reports into the Board RC described above.

The Enterprise Risk Management Framework ("ERMF") and Climate Risk Management Framework ("CRMF") are the principal processes through which management is regularly informed about climate-related issues. Both are owned by the CRO, reviewed by the MRC and approved by the Board RC annually. Additionally, in 2025, the majority of our Executive team joined the externally facilitated training session during the ESGC's November meeting.

The construct and taxonomy of the ERMF is refreshed and approved by the Board RC each year, with no change in 2025 in relation to climate risk. Climate risk is assessed annually through the ERMF review cycle, which is approved by the Board RC and the ERMF Risk and Control Self Assessment process.

Evidence considered in the self-assessment includes a market scan of key climate-related risks and opportunities (Table 1), qualitative scenario analysis (Table 2), and sectoral and geographical lending distribution (Tables 7 and 8). The materiality of potential climate-related impacts is assessed using our standard risk classification matrix, which rates the inherent likelihood of the risk occurring and the impact on the business in financial and non-financial terms. In assigning ratings, we consider both qualitative factors (such as effect on customers, media coverage and business continuity) and quantitative financial thresholds ranging from "critical" (financial impact of £5 million or more in a 12-month period) to "minor" (financial impact of £250k or less in a 12-month period).

## 3. Risk management

### 3.1 Identification and assessment of climate-related risks

Climate-related risks are identified and assessed annually under the ERMF and CRMF review processes.

In the Enterprise Risk Taxonomy, climate-related risk is an explicit Level 1 Key Risk under the principal risk of Strategic Risk. It is defined as a cross-cutting risk type that may manifest through other principal risk categories and covers transition and physical risks. The Risk Appetite Statement in relation to strategic risks is that Funding Circle "will make efficient use of its available resources to build a sustainable, diversified and profitable business that can successfully adapt to environment and technological changes, and respond adequately to competition pressures".



# Environmental, social and governance (“ESG”) continued

## Climate and environment continued

### 3. Risk management continued

#### 3.1 Identification and assessment of climate-related risks continued

As with 2023 and 2024, policy and legal transition risks were the main driver of climate-related risks to Funding Circle, with continued developments in reporting obligations likely to impact Funding Circle, our SME customers and institutional investors. The residual risk rating for climate risk in 2025, considering the effectiveness of controls in place, was “low” and unchanged from the prior year.

Additionally, the CRMF sets risk appetite thresholds for the proportion of AuM subject to high exposure to physical risks and carbon-intensive sectors. Physical risks are taken from the UK National Risk Register – those with a likelihood  $\geq 5\%$  and impact of significant and higher – while carbon-intensive sectors are defined as agriculture, electricity and utilities, and mining and quarrying as shown in Table 7. Balances as at 31 December 2024 were assessed and the adequacy of the thresholds considered in February 2025, with the process underway for 2025 year-end balances at the time of reporting, as part of the annual CRMF and risk metrics reviews.

#### 3.2 Management and integration of climate-related risks

Through its integration into the ERMF, climate-related risk is subject to the same evaluation, response and monitoring process and governance as all other key risks. The main controls in place to manage climate-related risks include internal legal and regulatory review; management and risk oversight and controls; third party review; internal audit review; and internal policies and practices.

We intend to integrate the current CRMF data inputs into the annual risk metrics process in 2026, and continue to explore enhancements to data (e.g. financed emissions accuracy and granular flood risk information) and capabilities (e.g. internal scenario analysis and climate risk modelling). While current processes for identifying, assessing and managing climate-related risks are aligned to the materiality of these risks, these steps will ensure that processes remain robust, proportionate and integrated.

### 4. Metrics and targets

#### 4.1 Greenhouse gas emissions metrics and targets

This section includes our mandatory reporting of GHG emissions in line with the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013, and the Streamlined Energy and Carbon Reporting (“SECR”) under the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our GHG emissions reporting period is 1 January to 31 December and is aligned with our financial reporting year.

We measure a full inventory of material Scope 1, 2 and 3 emissions in accordance with the GHG Protocol Corporate Standard, using an operational control approach to define our organisational boundary. Activity data was used where available (Scopes 1, 2, 3.5, 3.6 and 3.1 cloud emissions) or estimated on a spend basis. Emissions were calculated by applying recognised and up-to-date emission factors from reference databases (mainly Exiobase 3.8.2, IEA 2023/24, eGRID2023, UK GHG Conversion Factor 2025, EPA GHG Emission Factor Hub 2025, Base Empreinte Ademe 23.9, and Greenly 1.0) selected based on geographical relevance and data quality.

We undertake annual independent third party verification of our GHG emissions, excluding Scope 3.15, in accordance with ISO 14064-1. Verification of our 2024 emissions was completed at a limited level of assurance, with a materiality threshold of 5%, covering all activities under our operational control and all relevant emissions categories, with any exclusions (such as category 3.15) clearly identified. Verification of our 2025 emissions is scheduled for 2026.

#### Financed emissions

Scope 3 category 15 emissions (financed emissions) were calculated in accordance with the Partnership for Carbon Accounting Financials (“PCAF”) Global GHG Accounting and Reporting Standard (the “PCAF Standard”) methodology for business loans. As we have no primary emissions data for our SME customers, we have applied PCAF’s ‘economic activity-based emissions’ method, which provides sector-based factors for the volume of emissions per £ of revenue. We then attribute a proportion of an SME’s emissions based on the ratio between the amount outstanding originated through the Funding Circle platform and the total debt and equity of the SME.

In 2025, we transitioned from Exiobase v3.9, base year 2019, to Watershed’s Comprehensive Environmental Data Archive (“CEDA”) dataset, base year 2022, in line with PCAF’s principle of using the most up-to-date and accurate data. For comparability we have re-calculated 2024

financed emissions based on the new CEDA emissions factors. 2023 emissions, which used Exiobase country-level factors, have not been re-calculated. As shown in Table 4, financed emissions are broadly stable vs. 2024 comparatives (+2%), despite a small increase in corresponding AuM (+7%). As a result, AuM emission intensity has slightly decreased for FY 2025.

Our exposure-weighted data quality score for 2025, based on the PCAF Standard, was 4.01, where 1 is the highest data quality and 5 is the lowest. This was also 4.01 in 2023 and 2024.

These methodology updates and data limitations impact the accuracy of the reported figures. We anticipate further fluctuations until data quality and methodologies improve and stabilise, and continue to explore ways to develop more accurate SME emissions data through industry working groups and pilots with data partners, recognising the industry-wide challenges on sourcing primary emissions data for SMEs.

As Funding Circle holds only a small proportion of credit extended on its own balance sheet (<7% of AuM), the majority of attributed emissions form part of the carbon footprint of the institutional investors who fund the lending originated through the platform. For transparency, we report on both Funding Circle’s financed emissions (relating to the small volume of on-balance-sheet loans) and the overall emissions attributed to the total AuM.

Further detail is provided on page 41.

#### Comparative periods

We completed the sale of our US business on 1 July 2024. In line with the GHG Protocol for treatment of structural business changes, emissions from our US business were removed, where possible, from 2024 reported figures and comparative periods.

We have reclassified office heating emissions from Scope 3 category 8 to Scope 1, reversing the change made in the 2024 report. While these emissions were previously reported as Scope 3 due to limited direct control over building systems under the GHG Protocol’s operational control approach, a change in building management and increased tenant engagement on building decarbonisation potentially alter the practical level of influence we can exert. In light of this, and to support clearer stakeholder understanding of our operational emissions boundary, we consider Scope 1 to be the most transparent and decision-useful classification for these emissions.

As described above, financed emissions figures are not comparable between 2023 and 2024/2025.

## Emissions and energy reporting

**Table 4: Funding Circle Holdings GHG emissions**

| Global GHG emissions data for period 1 January to 31 December                            |                         | 2025 <sup>1</sup><br>tCO <sub>2</sub> e | 2024 <sup>2</sup><br>(comparative)<br>tCO <sub>2</sub> e | 2024<br>tCO <sub>2</sub> e | 2021<br>tCO <sub>2</sub> e |
|------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------|----------------------------------------------------------|----------------------------|----------------------------|
| Scope 1 <sup>3</sup>                                                                     |                         | 37                                      | 110                                                      | —                          | 129                        |
| Scope 2 <sup>4</sup>                                                                     | – location based        | 36                                      | 51                                                       | 51                         | 340                        |
|                                                                                          | – market based          | —                                       | —                                                        | —                          | 411                        |
| <b>Total gross emissions (Scope 1 and 2)</b>                                             | <b>– location based</b> | <b>73</b>                               | 161                                                      | 51                         | 469                        |
|                                                                                          | <b>– market based</b>   | <b>37</b>                               | 110                                                      | —                          | 540                        |
| Scope 3 – category 1 purchased goods and services                                        |                         | 4,618                                   | 5,363                                                    | 5,718                      | n/a                        |
| Scope 3 – category 2 capital goods <sup>5</sup>                                          |                         | 154                                     | 766                                                      | 766                        | —                          |
| Scope 3 – category 3 fuel and energy activity                                            |                         | 18                                      | 15                                                       | 15                         | n/a                        |
| Scope 3 – category 4 upstream transportation and distribution <sup>6</sup>               |                         | 433                                     | 355                                                      | —                          | n/a                        |
| Scope 3 – category 5 waste generated in operations <sup>7</sup>                          |                         | 11                                      | 29                                                       | 29                         | 3                          |
| Scope 3 – category 6 business travel                                                     |                         | 66                                      | 279                                                      | 279                        | 113                        |
| Scope 3 – category 7 employee commuting                                                  |                         | 321                                     | 230                                                      | 230                        | n/a                        |
| Scope 3 – category 8 upstream leased assets <sup>8</sup>                                 |                         | 13                                      | —                                                        | 110                        | n/a                        |
| <b>Total Scope 3 supply chain gross emissions</b>                                        |                         | <b>5,634</b>                            | 7,037                                                    | 7,147                      | 116                        |
| <b>Total gross emissions (Scope 1, 2 and 3 excl. 3.15)</b>                               | <b>– location based</b> | <b>5,707</b>                            | 7,198                                                    | 7,198                      | 585                        |
|                                                                                          | <b>– market based</b>   | <b>5,671</b>                            | 7,147                                                    | 7,147                      | 656                        |
| Scope 3 – category 15 investments: financed emissions – AuM <sup>9</sup>                 |                         | 2,310,832                               | 2,269,616                                                | 2,798,767                  | n/a                        |
| – 3.15 – AuM: Scope 1 and 2 (tCO <sub>2</sub> e)                                         |                         | 600,903                                 | 588,900                                                  | 727,218                    | n/a                        |
| – 3.15 – AuM: Scope 3 (tCO <sub>2</sub> e)                                               |                         | 1,709,929                               | 1,680,716                                                | 2,071,549                  | n/a                        |
| – 3.15 – intensity ratio (tCO <sub>2</sub> e/£m) – AuM                                   |                         | 537                                     | 565                                                      | 697                        | n/a                        |
| <b>Scope 3 – category 15 investments: financed emissions – balances on balance sheet</b> |                         | <b>309,708</b>                          | 158,360                                                  | 197,783                    | n/a                        |
| – 3.15 – balances on balance sheet: Scope 1 and 2 (tCO <sub>2</sub> e)                   |                         | 83,049                                  | 43,123                                                   | 54,419                     | n/a                        |
| – 3.15 – balances on balance sheet: Scope 3 (tCO <sub>2</sub> e)                         |                         | 226,659                                 | 115,237                                                  | 143,364                    | n/a                        |
| <b>Total gross emissions (Scope 1, 2 and 3 incl. 3.15)</b>                               | <b>– location based</b> | <b>315,415</b>                          | 165,558                                                  | 204,981                    | n/a                        |
|                                                                                          | <b>– market based</b>   | <b>315,379</b>                          | 165,507                                                  | 204,930                    | n/a                        |
| Full-time employee ("FTE") (average over the applicable reporting period)                |                         | 739                                     | 788                                                      | 788                        | 929                        |
| Total income (£m)                                                                        |                         | 222.5                                   | 161.7                                                    | 161.7                      | 206.9                      |
| <b>Intensity ratio (Scope 1 and 2): tCO<sub>2</sub>e/FTE</b>                             | <b>– location based</b> | <b>0.10</b>                             | 0.20                                                     | 0.06                       | 0.50                       |
|                                                                                          | <b>– market based</b>   | <b>0.05</b>                             | 0.14                                                     | —                          | 0.58                       |
| Intensity ratio (Scope 1 and 2): tCO <sub>2</sub> e/£m                                   | – location based        | 0.33                                    | 1.00                                                     | 0.32                       | 2.27                       |
|                                                                                          | – market based          | 0.17                                    | 0.68                                                     | —                          | 2.61                       |
| <b>Intensity ratio (Scope 1, 2 and 3 excl. 3.15): tCO<sub>2</sub>e/FTE</b>               | <b>– location based</b> | <b>7.72</b>                             | 9.13                                                     | 9.13                       | 0.63                       |
|                                                                                          | <b>– market based</b>   | <b>7.67</b>                             | 9.07                                                     | 9.07                       | 0.71                       |
| Intensity ratio (Scope 1, 2 and 3 excl. 3.15): tCO <sub>2</sub> e/£m                     | – location based        | 25.65                                   | 44.51                                                    | 44.51                      | 2.83                       |
|                                                                                          | – market based          | 25.49                                   | 44.20                                                    | 44.20                      | 3.17                       |

1. Figures for 2025 for Scope 1, 2 and 3, excluding 3.15, are due for external verification in 2026 (limited assurance, 5% materiality threshold). FY 2024 figures have been verified as described on page 38.

2. We provide comparative 2024 figures following the reclassification of office heating emissions from Scope 3.8 to Scope 1, as per footnote 3. Furthermore, 2024 data reflects emissions from ongoing operations following the sale of our US operations in July 2024 (except for 3.1 and 3.6, where it was not possible to disaggregate the data, and which include US data up to July). In July 2024 we also fully relocated from two floors to one, reducing our London office space.

3. Emissions from natural gas heating of our UK leased office were reported as Scope 3 category 8 in the 2024 Annual Report, but reclassified as

Scope 1 for 2025, and the 2024 comparative period shown, including comparative intensity ratios. This reflects a change in building management and increased tenant engagement on building decarbonisation, which may potentially improve the practical level of influence we can exert over heating choices.

4. Scope 2 includes purchased electricity and as per the GHG Protocol Corporate Standard we also apply the market-based use of Renewable Energy Certificates ("RECs").

5. Category 3.2 capital goods emissions were exceptionally higher in 2024 due to our London office refit.

6. Category 3.4 upstream transportation and distribution was included in 2025 for the first time to show emissions from our direct mail

marketing separately (previously included in category 3.1), and we provide comparative figures for 2024.

7. Category 3.5 waste generated in operations peaked in 2024, although the reasons remain unclear and possibly partly due to service provider data inconsistencies.

8. Category 3.8 reflects rented office equipment.

9. For transparency we report on financed emissions for our on-balance-sheet balances, as well as for total AuM, and we include defaulted loans. In addition, we follow PCAF's guidance to report Scope 1 and 2 financed emissions separately from Scope 3. We provide comparatives for 2024 to reflect the move to CEDA's emissions factors dataset.



# Environmental, social and governance (“ESG”) continued

## Climate and environment continued

### 4. Metrics and targets continued

#### 4.1 Greenhouse gas emissions metrics and targets continued

##### Emissions and energy reporting continued

Table 5: Regional breakdown of energy consumption data for period 1 January to 31 December

| Kilowatt-hour equivalent (“kWh <sub>e</sub> ”) | Scope 1 <sup>2</sup> |                      |                |                |                | Scope 2        |                |                |                |                  |
|------------------------------------------------|----------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
|                                                | 2025                 | 2024                 | 2023           | 2022           | 2021           | 2025           | 2024           | 2023           | 2022           | 2021             |
| <b>Region<sup>1</sup></b>                      |                      |                      |                |                |                |                |                |                |                |                  |
| UK                                             | 117,301              | 512,544 <sup>2</sup> | 593,164        | 457,208        | 554,366        | 205,032        | 262,420        | 359,778        | 402,758        | 359,638          |
| US                                             | n/a                  | —                    | —              | —              | 79,469         | n/a            | n/a            | 385,700        | 545,219        | 643,284          |
| <b>Total</b>                                   | <b>117,301</b>       | <b>512,544</b>       | <b>593,164</b> | <b>457,208</b> | <b>633,835</b> | <b>205,032</b> | <b>262,420</b> | <b>745,478</b> | <b>947,977</b> | <b>1,002,922</b> |

1. We completed the sale of our US business on 1 July 2024, and have only reported data for ongoing operations for 2024. In July 2024 we also fully relocated from two floors to one floor, reducing the size of our UK London office.
2. We have restated 2024 Scope 1 data to reflect the reclassification in 2025 of emissions from gas heating of the UK leased office to Scope 1, from Scope 3 category 8 in 2024, following changes to the building management (see Table 4 footnote 3).

#### Targets and performance

Table 6: GHG emissions targets

| Target                                                                                                                                                                                                                               | Emissions scopes | Target date | 2025 performance                                                                                       | Status                  | Comments                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------|--------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Net zero</b>                                                                                                                                                                                                                      | All              | 2050        | Total emissions (Scope 1, 2, 3 incl. 3.15 balances on balance sheet) ↑ 91% vs. 2024.                   | Too early to tell       | Net zero target is in line with UK Government’s 2050 net zero target.                                                                                                                                                    |
| <b>Interim operational: Minimise emissions and mitigate hard-to-abate residual emissions through investment beyond our value chain<sup>1</sup></b>                                                                                   | 1, 2, 3.6        | 2025        | Relevant emissions ↓ 74% vs. 2024 and ↓ 84% vs. 2021 (market based).                                   | Met; ongoing mitigation | Emissions minimised to the extent of Funding Circle’s influence. Verified carbon credits in excess of residual emissions have been purchased and retired for 2025 <sup>2</sup> .                                         |
| <b>Supplier emissions: Assess suppliers representing ≥67% of supplier emissions<sup>3</sup> and engage with any which individually contribute &gt;2% of emissions and do not currently disclose science-aligned net zero targets</b> | 3.1, 3.2, 3.4    | 2026        | Preparatory analysis in Q3 2025 showed c.58% of supplier emissions covered by science-aligned targets. | On track                | “Supplier emissions” refers to Scope 3 category 1, 2 and 4 emissions not already included in other scopes or categories of emissions and excludes broker commissions, which are treated as nil-emission financial flows. |

1. In the 2024 Annual Report, this target was worded as “Interim (2025) partial net zero (market based) for Scope 1, 2 and 3.6 (business travel)”. We have revised the wording – but not the intention – of the target to clarify exactly what the target involves.
2. 250 tonnes of carbon removal credits were purchased in respect of residual 2025 emissions, which totalled 103 tCO<sub>2</sub>e across Scopes 1, 2 and 3.6 on a market basis. Electricity purchased by Funding Circle is 100% renewable, backed by appropriate renewable energy certificates.
3. Supplier emissions are estimated on a spend basis with key emissions factors sources being Exiobase 3.8.2, Greenly 1.0, as well as supplier company reports when available.

2025 was the first full year of UK-only emissions following the sale of our US business in mid-2024. Although US-driven emissions were excluded, where possible, from 2024 figures, we were unable to disaggregate Scope 3 categories 1 and 6, so the reductions in these areas in 2025 are likely driven mostly by the US divestment.

Further efforts to minimise Scopes 1, 2 and 3 category 6 emissions in support of our interim operational target included:

- maintenance of our travel policy, which restricts flights to essential cases;
- continued supportive flexible working policies, which minimise travel;
- a full year of impact from efforts in 2024 to consolidate our London head office onto one floor and upgrade lighting;
- continued procurement of 100% renewable electricity, backed by renewable energy certificates; and
- initial engagement with the new building management company of our head office on sustainability plans, including to decarbonise the heating.

Other actions to support near-term or future decarbonisation included:

- preparatory analysis on supplier emissions to conduct an initial screening and develop a methodology;
- continued engagement of employees on recycling, with our recycling rate stable at 77%;
- updated financed emissions methodology to use improved economic emissions factors database;
- engagement and testing with external data providers on emerging SME-focused (financed) emissions solutions;
- development of internal Transition Principles; and
- review of SBTi updated draft Corporate Net-Zero Standard and Financial Institutions Net-Zero Standard.

Funding Circle's most significant category of emissions – financed emissions – are not currently subject to quantitative interim targets and are responsible for the 91% increase in total emissions (Scope 1, 2 and 3, including 3.15 balances on balance sheet). Total location based emissions excluding 3.15 were down 21% in 2025 vs. 2024 and Scope 1 and 2 location based emissions were down 55% in the year and 84% from the 2021 baseline. The increase in financed emissions, which dwarfs all other emissions categories, is mostly due to temporary fluctuations in the proportion of assets under management held on Funding Circle's balance sheet. By way of comparison, financed emissions for all assets under management increased by 2% while total portfolio balances grew by 7%.

As discussed in earlier sections, we are focused on improving data quality and granularity to provide a more accurate view of these emissions and continuing to lay critical groundwork in our transition thinking, including understanding the impacts of temporary balance sheet movements and business model characteristics, before considering targets. We do not incorporate climate-related issues into remuneration policies or targets as these are not assessed as material, nor do we operate an internal carbon price. Broader sustainability objectives are, however, part of non-financial objectives in determining the CEO and CFO annual bonus, as outlined on page 104.

#### Carbon credits

Funding Circle uses carbon credits to mitigate its hard-to-abate residual emissions across Scopes 1, 2 (market based) and 3 category 6 (business travel) from 2025, having exercised the actions within its control to minimise these emissions as far as possible. We source quality carbon credits by targeting an average purchase price of £30 per tonne. This investment level aligns with current voluntary carbon market indicators for high integrity credits. Credits purchased and retired in relation to 2025 emissions were as follows:

- AgreenaCarbon nature-based carbon removal credits: 250 tonnes CO<sub>2</sub>e.

AgreenaCarbon is a Verra Verified Carbon Standard ("VCS") project operating across Europe, focused on reducing agricultural GHG emissions and increasing carbon removals through regenerative farming practices.

## 4.2 Other climate-related risk metrics and targets

### Metrics used for monitoring climate-related risk

Funding Circle monitors its sectoral and geographical lending portfolio distribution annually to inform its assessment of climate-related physical and transition risks, which are summarised in Tables 7 and 8 below. In 2024, we conducted a high level assessment of physical risk exposure by hazard type; however, we have not repeated this assessment in 2025 as it did not add significant insights, and CRMF metrics are under review as we integrate them into the risk metrics review cycle in 2026.



# Environmental, social and governance (“ESG”) continued

## Climate and environment continued

### 4. Metrics and targets continued

#### 4.2 Other climate-related risk metrics and targets continued

##### Metrics used for monitoring climate-related risk continued

Table 7: Sectoral lending distribution

| Sector (based on CEDA BEA classification)  | AuM 2025   | AuM 2024   |
|--------------------------------------------|------------|------------|
| <b>Construction</b>                        | 18%        | 18%        |
| Professional and Technical Services        | 14%        | 14%        |
| Retail Trade                               | 10%        | 10%        |
| Administrative, Support and Waste Services | 8%         | 8%         |
| <b>Manufacturing</b>                       | 8%         | 9%         |
| Wholesale Trade                            | 6%         | 7%         |
| Other Services                             | 6%         | 5%         |
| Accommodation and Food Services            | 5%         | 5%         |
| Health Care and Social Assistance          | 5%         | 4%         |
| <b>Transportation and Warehousing</b>      | 4%         | 4%         |
| <b>Real Estate, Rental and Leasing</b>     | 3%         | 3%         |
| Information                                | 2%         | 2%         |
| Arts, Entertainment, and Recreation        | 2%         | 2%         |
| Educational Services                       | 2%         | 2%         |
| Finance and Insurance                      | 2%         | 2%         |
| <b>Agriculture</b>                         | 1%         | 1%         |
| <b>Utilities</b>                           | <1%        | <1%        |
| <b>Mining and Quarrying</b>                | <1%        | <1%        |
| Management of Companies                    | <1%        | <1%        |
| unknown                                    | 4%         | 4%         |
| <b>Total “carbon related”</b>              | <b>35%</b> | <b>35%</b> |

Note: Sectors in bold indicate “carbon-related” sectors as per TCFD. Italicised sectors indicate sectors identified by Funding Circle as “carbon-intensive”, and are a subset of “carbon-related” sectors.

Table 8: Geographical lending distribution

| UK region                | AuM 2025 | AuM 2024 |
|--------------------------|----------|----------|
| London                   | 18%      | 18%      |
| South East               | 16%      | 16%      |
| Midlands                 | 15%      | 16%      |
| East Anglia              | 11%      | 11%      |
| North West               | 10%      | 11%      |
| South West               | 8%       | 8%       |
| Yorkshire and The Humber | 7%       | 7%       |
| Scotland                 | 5%       | 5%       |
| Wales                    | 4%       | 4%       |
| North East               | 3%       | 3%       |
| Northern Ireland         | 1%       | 1%       |
| n/a                      | 2%       | n/a      |

Note 1: In Tables 4, 7 and 8, we include defaulted loans for the estimation of financed emissions and the climate-related risk analysis, whereas defaulted loans are excluded when reporting AuM elsewhere in this Annual Report.

Note 2: In Tables 4, 7 and 8, we provide comparative data for 2024, following the shift to CEDA’s sector classification for 2025, as well as a more granular classification for UK regions (in Table 8) vs. the one used in our 2024 Annual Report.

#### Thresholds and performance

Internal thresholds for climate-related physical and transition risks defined by the CRMF were unchanged between 2025 and 2024. Balances as at 31 December 2024 were within these thresholds as reported for 2024<sup>8</sup>; we expect no significant movement for balances at 31 December 2025, and will refresh the assessment for 2025 data through our annual risk metrics review cycle in 2026.

As described in the Risk management section, physical risks are taken from the UK National Risk Register – those with a likelihood  $\geq 5\%$  and impact of significant and higher – while carbon-intensive sectors are defined as agriculture, electricity and utilities, and mining and quarrying as shown in Table 7. In 2025, as for 2024, the physical risk on the register rated as sufficiently likely and impactful was ‘low temperature and snow’. However, as global temperatures continue to rise, we recognise the increasing focus on physical risks and

adaptation, particularly noting the advice issued by the Climate Change Committee to the UK Government in October 2025, which set out significant changes to the UK’s weather and climate at 2°C of warming above pre-industrial levels. As such, and as discussed in the Strategy and Risk management sections above, we have started investigating the build of internal capabilities to assess postcode-level flood risk. Our lending continues to support a broad geographical distribution of SMEs across the UK as shown in Table 8.

8. Proportion of balances outstanding as at 31 December 2024 subject to high exposure to physical risks was <1%. Proportion of balances outstanding as at 31 December 2024 to carbon-intensive sectors was 1%.



The process with Funding Circle was very straightforward and clear. It did the job, helping to ease out the unpredictable cash flow curve so we could focus on growing the business.”

**Barnaby Black**  
Co-Founder, Frontier Energy

### Funding Circle powers Frontier Energy's next chapter.

Barnaby Black, an electrician with extensive experience in renewables – including six years building solar and battery back-up systems in Tanzania – co-founded Frontier Energy in 2023. The company helps accelerate the UK's green transition by designing and installing high quality domestic and commercial solar PV, battery storage, and electric vehicle charging solutions across the UK.

Frontier Energy's mission delivers both social and environmental impact and is embedded in its product and its people. Beyond empowering its clients to lower their carbon footprints, the company actively employs and trains up local labour alongside its contractors and core team, ensuring it builds the skilled workforce required for the net

zero economy. Frontier Energy's work involves highly accredited installations, including large-scale commercial and agricultural solar projects, that drive down the UK's energy dependence on fossil fuels.

Due to the high capital outlay and unpredictable nature of the market (which Barnaby refers to as the 'solar coaster'), the business needed cash flow support. In 2024, Frontier Energy was approved for a loan from Funding Circle. This quick and straightforward finance helped smooth out the volatility, ensuring consistent operations, covering labour costs and allowing the directors to focus on securing their own larger commercial projects and developing their Operations and Maintenance services.



## Non-financial and sustainability information statement

This section is produced in order to comply with the reporting requirements in sections 414CA and 414CB of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which places requirements on us to incorporate climate disclosures in our Annual Report. We have provided the location of relevant disclosures by cross-reference. Specifically, requirements A-H of section 414CB are covered on pages 32 to 42.

| Reporting requirement                           | Policies and standards                                                                                                            | Information necessary to understand our business and its impacts | Page reference |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------|
| <b>Environmental matters</b>                    | Funding Circle ESG Framework*                                                                                                     | ESG, including climate disclosures consistent with TCFD          | 30 to 44       |
|                                                 |                                                                                                                                   | Risk management                                                  | 57 to 60       |
|                                                 |                                                                                                                                   | Principal risks and uncertainties                                | 61 to 68       |
|                                                 |                                                                                                                                   | Board decision-making and section 172(1) duties                  | 78             |
|                                                 |                                                                                                                                   | Report of the ESG Committee                                      | 94 to 95       |
| <b>Our employees</b>                            | Funding Circle Code of Conduct*<br>People at Funding Circle*<br>Whistleblowing Policy*<br>DEI Statement<br>Communication Handbook | Our people                                                       | 26 to 29       |
|                                                 |                                                                                                                                   | ESG                                                              | 30 to 44       |
|                                                 |                                                                                                                                   | Risk management                                                  | 57 to 60       |
|                                                 |                                                                                                                                   | Principal risks and uncertainties                                | 61 to 68       |
|                                                 |                                                                                                                                   | Corporate governance report                                      | 76 to 83       |
| <b>Social matters</b>                           | Funding Circle ESG Framework*<br>Customer complaints*                                                                             | Joint Report of the Audit and Risk Committees                    | 88 to 93       |
|                                                 |                                                                                                                                   | Report of the ESG Committee                                      | 94 to 95       |
|                                                 |                                                                                                                                   | ESG                                                              | 30 to 44       |
|                                                 |                                                                                                                                   | Social impact                                                    | 30 to 31       |
|                                                 |                                                                                                                                   | Engaging our stakeholders                                        | 45 to 48       |
| <b>Human rights</b>                             | Human Rights Statement*<br>External Assurance<br>Supplier Standard*<br>Supplier Code of Conduct*<br>Modern Slavery Statement*     | Our customers                                                    | 18 to 19       |
|                                                 |                                                                                                                                   | Risk management                                                  | 57 to 60       |
|                                                 |                                                                                                                                   | Report of the Directors                                          | 112 to 115     |
|                                                 |                                                                                                                                   | ESG                                                              | 30 to 44       |
|                                                 |                                                                                                                                   | Corporate governance report                                      | 76 to 83       |
| <b>Anti-corruption and anti-bribery matters</b> | Anti-Corruption and Bribery Policy*                                                                                               | Report of the ESG Committee                                      | 94 to 95       |
|                                                 |                                                                                                                                   | Risk management                                                  | 57 to 60       |
| <b>Principal risks and risk management</b>      | Enterprise Risk Management Framework Policy                                                                                       | Principal risks and uncertainties                                | 61 to 68       |
|                                                 |                                                                                                                                   | Risk management                                                  | 57 to 60       |
|                                                 |                                                                                                                                   | Viability Statement                                              | 69 to 70       |
|                                                 |                                                                                                                                   | Joint Report of the Audit and Risk Committees                    | 88 to 93       |
| <b>Description of business model</b>            |                                                                                                                                   | Our business model                                               | 12 to 13       |
|                                                 |                                                                                                                                   | Our strategy                                                     | 14 to 15       |
| <b>Non-financial KPIs</b>                       |                                                                                                                                   | Our strategy                                                     | 14 to 15       |
|                                                 |                                                                                                                                   | Engaging our stakeholders                                        | 45 to 48       |



\* Relevant policies can be found on the Company's Sustainability webpage

# We actively engage with all our stakeholders

Our shared mission with borrowers, institutional investors, shareholders and our people ensures that a vital, historically underserved part of our economy can access the funding it needs to win. We are committed to building open and constructive relationships with all our stakeholders.

In 2025, we engaged in a variety of ways to ensure our stakeholders continued to feel connected and supported at all times.

### Customers



**Innovative products and multiple customer touch points enable us to engage with and serve more SMEs than ever before, whatever their business needs.**

79

NPS (Term Loans)

4.6

'Excellent' Trustpilot score

#### How we engage

- Real-time monitoring of customer insight from every stage of the customer journey, human management of Google and Trustpilot reviews, and dedicated customer support via social media.
- Regular SME surveys, focus groups, in-depth interviews and in-person borrower visits by the leadership and broader team to shape our product and user experience.
- Promotion of our SME customers through video case studies across marketing channels, including featuring borrowers in our TV campaign across TNT Sports for the first time.

- Encouraging Circlers to support our borrowers through the 'Purple Pages' borrower directory, and sourcing office supplies, gifts and services from customers wherever possible.
- Brand monitoring to a nationwide SME panel measuring sentiment, satisfaction and comparison against competitors.
- Regular engagement with introducers through our PREM Rugby sponsorship, and presence at the biggest SME broker events.
- Email updates to communicate new product launches, the latest on government schemes, new features and service improvements for existing customers as well as leads.

#### Outcomes of engagement

- We achieved a NPS (Term Loans) of 79 (2024: 79).
- Our Trustpilot score remains at an 'Excellent' 4.6 rating.
- We added new features across our products, and introduced a shorter-term loan product to back more SMEs in the UK with the funding they need to win.
- We delivered a specially designed Gen AI event for our borrowers, inviting business owners to our offices to help equip them with the tools they need to use Gen AI within their business.

### Section 172(1)

The Directors recognise that they have a duty to promote the success of the Company in accordance with section 172(1) of the Companies Act 2006. Further details on how the Board operates and the way in which it reaches decisions, including the matters discussed and debated during the year, are set out in the Governance section on pages 72 to 115. Some examples of how the Directors have had regard to the factors set out in section 172(1) (a) (f) when discharging their duties are on page 78.



## Engaging our stakeholders continued



We're on a mission to back small businesses and it's our people that make that happen. To succeed, we create a culture where Circlers thrive and share our mission, values and ambition.

74%  
engagement score

75%  
recommend Funding Circle as a place to work

### How we engage

- Regular All-Hands meetings and our biannual Company-wide events, Full Circle and Circle In, providing an opportunity to reinforce our values and culture by bringing everyone together as 'one team'.
- Meetings between Helen Beck, our Workforce Engagement Non-Executive Director, and employee groups, with subsequent feedback loops to the Board.
- Six Circler-led groups (Women@FC, Let's Talk About Heritage, Circle of Pride, FC Impact, Parents@FC and Neurodiversity@FC) that empower our people to deliver initiatives important to them and our DEI agenda.
- Regular employee engagement surveys, with results shared with the Board, along with reports and updates on diversity and inclusion initiatives.
- Internal recognition through our values awards and recognising Circlers monthly through our 'Incredible Circler' initiative.

- Providing Circlers with the right tools and benefits to enable them to bring their whole selves to work, including our daily Just Eat Lunch offering and barista-made coffee, amongst others.
- Empowering Circlers with structured AI literacy programmes, equipping every team member with the skills to shape their development and the future of the business by becoming AI fluent.

### Outcomes of engagement

- Continued to embed our value, 'obsess over the customer' by giving Circlers the opportunity to visit Funding Circle borrowers to learn about their businesses.
- Delivered our Female Empowerment Programme for the third year, focused on enhancing the careers of women in the business.
- Backed Circlers with a passion for sports, including Holly Errington at Gravesend Women's RFC with sponsorship.



- Delivered an allyship training programme to further strengthen our education on diversity, equity and inclusion.
- Supported Circler resource groups in delivering over 43 initiatives and events.
- 2025 engagement results achieved a record overall score of 74% with 75% recommending Funding Circle as a great place to work.
- We are proud to announce that, as of December 2025, we achieved our HM Treasury's Women in Finance Charter pledge, which is a commitment to support the progression of women into senior roles in the financial services sector.



**Above:** Circlers at the annual Circle In event.

**Left:** Circlers at Circle In event social, celebrating Funding Circle's 15th birthday.



£2.2bn

in forward flow commitments for our Term Loans business

£2.2bn

SBOLT issued as at 31 December 2025

30

investors and advisers at Capital Markets Day

17%

share capital purchased as part of buyback programme

**Providing stable, robust and attractive returns to a diverse range of institutional investors is a central part of our strategy.**

**How we engage**

- We actively engage with all types of institutional investors – for example, asset managers, banks, insurance companies and pension funds – to share details of our products and services. This includes a presence at key global conferences, investor roadshows and bespoke meetings.
- We provide information and support to existing institutional investors in a range of accessible formats, including monthly and daily reporting on their investments.

**Outcomes of engagement**

- Institutional demand to fund loans remains strong, with an active investor pipeline for the future as well as the renewal of a number of facilities in 2025.
- According to J.P. Morgan data, Funding Circle, on behalf of our funding investors, is the largest issuer of public bonds backed by UK SME loans in the last decade, thereby achieving one of the central banks’ objectives of increasing lending to the real economy via the capital markets.
- We cemented our position as a leading European/UK SME ABS issuer by facilitating our ninth UK public Securitisation (SBOLT 2025-1), with loans contributed by our long-term funding partner, Waterfall Asset Management.
- In the year, our funding base continued to grow with the renewal of our long-standing partnership with Waterfall Asset Management, where a further £750 million commitment saw us surpass a landmark £3 billion in total financing together. We also extended our strategic collaboration with TPG Angelo Gordon and Barclays through a new £300 million forward flow deal, while securing a £200 million agreement with Deutsche Bank to specifically bolster support for UK small businesses via our core Term Loans.
- Our partnership with Bayview Asset Management, LLC, supported by credit facilities from J.P. Morgan and Citi, successfully surpassed £1 billion in total funding. To fuel the scaling of our products, we also secured a dedicated £291 million credit facility from Citi for FlexiPay and our shorter-term loan product. Together, they demonstrate our ability to attract diverse, high quality capital to provide the fuel for SMEs up and down the country.

**We maintain transparent and open engagement with our shareholders. This enables the Board to clearly communicate its strategy, provide updates on our performance and receive regular feedback.**

**How we engage**

- Regular shareholder communications such as full and half-year results, and ad hoc regulatory news service announcements.
- In early 2025, we actively consulted with top shareholders to get feedback on our proposed Remuneration Policy prior to it being circulated for approval at our 2025 Annual General Meeting (“AGM”).
- Held analyst and investor meetings and presentations/roadshows, as well as ad hoc meetings and events with shareholders and prospective shareholders.
- The 2025 AGM was once again open to shareholders, offering an in-person opportunity for shareholders to interact with the Board.
- The Chair, Chief Executive Officer and Chief Financial Officer regularly communicate with shareholders and analysts as required and provide regular reports to the Board on shareholder interactions.

**Outcomes of engagement**

- Took into account views of shareholders through the year when shaping Company strategy and other key developments, including our new Remuneration Policy in 2025, as well as announcing a further share buyback.
- We held our first Equity Capital Markets Day in June, bringing together over 30 institutional investors and advisers.

## Engaging our stakeholders continued



£12k

raised for charity of the year,  
Great Ormond Street Hospital

99

Circler volunteering  
impact days

**The SMEs we serve are at the centre of our communities. We are passionate advocates of community engagement and charitable causes that deliver societal benefits.**

### How we engage

- Continual evolution and implementation of our ESG strategy, which sets out a framework for operating as a responsible business and is overseen by our Board ESG Committee.
- Regular touch points with institutional investors, including discussions regarding their ESG and sustainability investment criteria as they apply to our lending products.
- Participation in industry forums on topics related to supporting SMEs' green transitions to a decarbonised economy.
- Sustained approach to corporate partnerships to drive social and sustainability outcomes for SMEs and communities, including through employee engagement.
- Employee-led volunteering and charity initiatives led by the Circler group, FC Impact.

### Outcomes of engagement

- Progressed our ESG goals and strategy, including our priorities for engagement with our various stakeholders.
- Extended our partnership with Thrive Mental Wellbeing, a mental health app trusted by the NHS, providing free or discounted mental health support for all UK small business leaders and employees.
- Continued multi-year contribution to charities delivering social and environmental value, such as Earthwatch's Great UK WaterBlitz citizen science campaign, and Hatch Enterprise, which empowers underrepresented entrepreneurs to launch and grow their businesses, also with Funding Circle volunteers providing mentoring.
- Raised £11,935 for charity during 2025 and Circlers contributed 99 volunteering Impact Days in support of a range of good causes, including our charity of the year, Great Ormond Street Hospital.
- In January 2026, we achieved Silver Fair Payment Code accreditation from the Small Business Commissioner, reinforcing our commitment to prompt and ethical payment practices.

117k

jobs supported by lending  
through Funding Circle

£7.9bn

UK GDP contribution from  
lending through Funding Circle

**Our goal is for Funding Circle to always be known as a trusted and reputable company, and to work with regulators and industry to deliver the best outcomes for our SMEs and our stakeholders.**

### How we engage

- Engagement with local, national and supra-national government agencies, including regulators, legislators, policymakers and industry groups. These interactions provide insight and leadership on policy and rulemaking related to issues affecting SME borrowers, institutional investors or lending in the fintech industry.
- Contribution to the discourse and debate on industry issues, including submitting position papers and participating in expert hearings, consultations, forums and other policy engagement initiatives.
- The Board ensures it uses the results of the above engagement, as well as key legal and regulatory changes affecting the business, to inform its strategy and decision making.

### Outcomes of engagement

- We have advocated to make the Growth Guarantee Scheme ("GGS") a permanent fixture of the UK's SME finance landscape to provide long-term certainty for both lenders and SMEs, avoiding 'funding cliff edges'. The British Business Bank ("BBB") has since committed to the scheme until 2030.
- Recent 2025 data shared with policymakers demonstrated that lending via the platform supported 117,000 jobs and contributed £7.9 billion to UK GDP.
- We responded to the Business and Trade Committee inquiry into small business strategy, proposing policy solutions such as supporting growth in the securitisation market.
- Lisa Jacobs represented the interests of SMEs at the Treasury Committee's inquiry into SME finance, advocating for the importance of stability to give SMEs confidence to invest and grow, and highlighting the vital role of non-bank lenders in reducing the SME funding gap.

# Outperforming expectations

and delivering growing PBT



**Tony Nicol**  
Chief Financial Officer



We are pleased to report that the Group delivered strong revenue and sustainable profit growth in 2025, demonstrating continued scalability following the move to profitability in 2024.”

### Overview of the year ended 31 December 2025

We are pleased to report that the Group delivered strong revenue and sustainable profit growth in 2025, demonstrating continued scalability following the move to profitability in 2024. This performance was driven by growth across Term Loans (a longer-term financial product offering) and FlexiPay (a shorter-term line of credit product) which also incorporates the Cashback card (launched in H2 2024), demonstrating the strength of our expanded product suite in meeting the diverse financing needs of SMEs. FlexiPay and the Cashback card are presented as one segment.

While these two business segments are at different stages of maturity, product innovation has remained a driver for both. In our more established Term Loans business, we have successfully expanded our product range to include our shorter-term loan offering. Simultaneously, in our high growth FlexiPay segment, we have continued to iterate on features to deepen customer engagement.

|                              | Credit extended<br>(Originations and Transactions) |               | Assets under Management   |                           |
|------------------------------|----------------------------------------------------|---------------|---------------------------|---------------------------|
|                              | FY 2025<br>£m                                      | FY 2024<br>£m | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
| <b>Continuing operations</b> |                                                    |               |                           |                           |
| Term Loans                   | 1,638                                              | 1,407         | 2,755                     | 2,714                     |
| FlexiPay                     | 815                                                | 492           | 206                       | 119                       |
| <b>Total</b>                 | <b>2,453</b>                                       | 1,899         | <b>2,961</b>              | 2,833                     |

Overall, credit extended grew by 29% to £2.5 billion, with significant growth for Term Loans and FlexiPay. Assets under management grew to £3.0 billion with credit performance in line with management expectations.

Strong credit extended translated into revenue growth of 28% to £204.3 million (2024: £160.1 million), achieving our 2026 revenue guidance a year earlier than expected. The Group made a profit before tax of £20.3 million (2024: profit before tax of £3.4 million before exceptional items, profit before tax of £0.8 million after exceptional items).



## Financial review continued

### Segmental highlights

|                                                            | 31 December 2025      |                |              | 31 December 2024 <sup>1</sup> |                |             |
|------------------------------------------------------------|-----------------------|----------------|--------------|-------------------------------|----------------|-------------|
|                                                            | Continuing operations |                |              | Continuing operations         |                |             |
|                                                            | Term Loans<br>£m      | FlexiPay<br>£m | Total<br>£m  | Term Loans<br>£m              | FlexiPay<br>£m | Total<br>£m |
| Transaction fees                                           | 105.8                 | 1.2            | 107.0        | 84.7                          | 0.6            | 85.3        |
| Servicing fees                                             | 35.9                  | —              | 35.9         | 37.5                          | —              | 37.5        |
| Interest income                                            | 5.6                   | 44.6           | 50.2         | 8.3                           | 22.6           | 30.9        |
| Other fees                                                 | 5.0                   | 0.1            | 5.1          | 5.1                           | 0.1            | 5.2         |
| Operating income                                           | 152.3                 | 45.9           | 198.2        | 135.6                         | 23.3           | 158.9       |
| Investment income                                          | 24.3                  | —              | 24.3         | 2.8                           | —              | 2.8         |
| <b>Total income</b>                                        | <b>176.6</b>          | <b>45.9</b>    | <b>222.5</b> | 138.4                         | 23.3           | 161.7       |
| Fair value (losses)/gains                                  | (6.7)                 | —              | (6.7)        | 4.2                           | —              | 4.2         |
| Cost of funds                                              | (2.5)                 | (9.0)          | (11.5)       | —                             | (5.8)          | (5.8)       |
| <b>Net income ("revenue")</b>                              | <b>167.4</b>          | <b>36.9</b>    | <b>204.3</b> | 142.6                         | 17.5           | 160.1       |
| <b>Profit/(loss) before tax (before exceptional items)</b> | <b>32.2</b>           | <b>(11.9)</b>  | <b>20.3</b>  | 19.0                          | (15.6)         | 3.4         |
| Exceptional items                                          | —                     | —              | —            | (2.3)                         | (0.3)          | (2.6)       |
| <b>Profit/(loss) before tax</b>                            | <b>32.2</b>           | <b>(11.9)</b>  | <b>20.3</b>  | 16.7                          | (15.9)         | 0.8         |

1. The segmental results of the discontinued US business for 2024 are not presented above.

### Term Loans

Term Loans originations increased by 16% to £1,638 million (2024: £1,407 million). Growth was driven by product innovation and increased borrower demand, with a particularly strong Q4 2025.

We continue to look at ways to provide access to finance for SMEs. Alongside our principal longer-term financial product, we met business needs through a range of other products:

- We expanded our loan proposition with a shorter-term loan (6 to 24-month terms). To support the launch, whilst we tested and iterated this product, we funded it through our balance sheet in line with our capital allocation policy. It was funded through the same leveraged warehouse as FlexiPay. The product expansion has been a success and we onboarded an institutional investor, Waterfall Asset Management, in January 2026 to fund the product going forward. We also sold the shorter-term loan portfolio to that investor in line with the value it was carried at.

- We continued to participate in the government's Growth Guarantee Scheme ("GGS") which enabled us to provide finance to SMEs at a lower cost than we would otherwise be able to.

- We have also continued to grow originations through our Marketplace network of third-party finance providers. This allows us to support even more SMEs with access to a wider range of financing options.

Under our off-balance-sheet funding model, Term Loans are funded through agreements with institutional investors. During 2025, we signed five forward flow arrangements with investors and we have c.£2.2 billion future funding in place including the institutional funders we onboarded for shorter-term loans earlier this year (31 December 2024: c.£2.1 billion).

Assets under Management ("AuM") started to grow again and reached £2.8 billion, as new lending outpaced the amortisation of the legacy Covid-19

government-guaranteed loans. As at 31 December 2025, the legacy Covid-19 loans represented c.8% of total AuM (31 December 2024: 27%).

The Term Loans business delivered revenue of £167.4 million, growing 17% (2024: £142.6 million). This growth came principally from originations and successful scaling of our shorter-term loan offering. The income from shorter-term loans is presented within investment income as we earned interest whilst the loans were on-balance-sheet. Going forward this will move to a fee-based model where we earn an upfront transaction fee and a servicing fee in line with our other Term Loans products.

Profit before tax was £32.2 million, up from £19.0 million in 2024 (£16.7 million in 2024 after exceptional items). PBT margin increased to 19.2% (2024: 13.3%; 2024: 11.7% after exceptional items), showing the strong efficiency and scalability of our established platform business.

### FlexiPay and Cashback card

Our line of credit product, FlexiPay, has demonstrated significant growth to date and we continue to invest in it. FlexiPay includes a line of credit product and a Cashback card.

Transactions grew by 66% to £815 million (2024: £492 million), driven by customer growth and new features, increasing customer engagement. We also continue to scale Cashback card, launched in H2 2024. Active accounts increased by 56% to nearly 20,000 in 2025, driving transaction growth. AuM grew to £206 million at 31 December 2025 (2024: £119 million), following transaction and active account growth.

Revenue for FlexiPay was £36.9 million in 2025, increasing from £17.5 million in 2024, primarily due to interest income growth. This was driven by a rise in transactions and fee growth. The average fee for each drawdown grew to 7.3% (2024: 5.8%), reflecting a longer average

repayment period after offering wider repayment terms during 2024 of 1, 3, 6, 9 or 12 months.

The FlexiPay segment has two primary products – FlexiPay, a line of credit and a Cashback card. The line of credit offers the instant ability to settle invoices or withdraw cash via bank transfer or the FlexiPay card. A one-off drawdown fee is charged, with repayment spread over 1-12 months. There is no additional interest. On our Cashback card, when a customer transacts, an interchange fee of 1.75% is earned alongside interest on any revolving balances. The product offers customers 2% cashback in the first six months, followed by 1% thereafter.

FlexiPay is funded through Funding Circle's invested capital and a senior debt facility with Citi. The lines of credit are part of Funding Circle's balance sheet. The interest payable on this facility is shown in "cost of funds" and is based on SONIA plus a margin. This facility is

currently £240 million with the ability to upsize further and is due for renewal in April 2026. This facility now only funds FlexiPay, however during 2025, the facility also funded our shorter-term loans and was £291 million at 31 December 2025, prior to an institutional investor being onboarded for future shorter-term loan funding.

Loss before tax was £11.9 million (2024: loss before tax of £15.9 million after exceptional items, loss before tax of £15.6 million after exceptional items), with continued investment to support product momentum. Marketing costs and expected credit losses are recognised upfront, creating an initial "j-curve" effect. However, given the recurring nature of these products, we expect to generate repeat revenues that drive long-term profitability. Over 80% of the 2025 revenues came from customers onboarded pre-2025 and earlier cohorts are now cash generative.

## How we make money from different products

| Business Unit             | Revenue stream                         | Driver           | Typical yield | % of FY25 revenue <sup>1</sup> |
|---------------------------|----------------------------------------|------------------|---------------|--------------------------------|
| Term Loans                | Transaction fees                       | Originations     | c.6.5%        | 52%                            |
|                           | Servicing fees                         | AuM              | c.1.3% p.a.   | 20%                            |
|                           | Investment income                      | Invested capital | Variable      | 9%                             |
| FlexiPay<br>Cashback card | Drawdown fees & Cashback card interest | Transactions     | Variable      | 15%                            |
|                           | Interchange fees                       | Transactions     | 1.75%         | 1%                             |

1. Revenue also includes bank interest from corporate balances representing c.3% of revenue.



## Profit and loss

|                                                            | 31 December<br>2025<br>£m | 31 December<br>2024<br>Before<br>exceptional<br>items<br>£m | 31 December<br>2024<br>Exceptional<br>items<br>£m | 31 December<br>2024<br>Total<br>£m |
|------------------------------------------------------------|---------------------------|-------------------------------------------------------------|---------------------------------------------------|------------------------------------|
| Transaction fees                                           | 107.0                     | 85.3                                                        | —                                                 | 85.3                               |
| Servicing fees                                             | 35.9                      | 37.5                                                        | —                                                 | 37.5                               |
| Interest income                                            | 50.2                      | 30.9                                                        | —                                                 | 30.9                               |
| Other fees                                                 | 5.1                       | 5.2                                                         | —                                                 | 5.2                                |
| <b>Operating income</b>                                    | <b>198.2</b>              | 158.9                                                       | —                                                 | 158.9                              |
| Investment income                                          | 24.3                      | 2.8                                                         | —                                                 | 2.8                                |
| <b>Total income</b>                                        | <b>222.5</b>              | 161.7                                                       | —                                                 | 161.7                              |
| Fair value (losses)/gains                                  | (6.7)                     | 4.2                                                         | —                                                 | 4.2                                |
| Cost of funds                                              | (11.5)                    | (5.8)                                                       | —                                                 | (5.8)                              |
| <b>Net income ("revenue")</b>                              | <b>204.3</b>              | 160.1                                                       | —                                                 | 160.1                              |
| <b>Expected credit loss charge</b>                         | <b>(18.3)</b>             | (8.6)                                                       | —                                                 | (8.6)                              |
| People costs                                               | (68.4)                    | (68.1)                                                      | (2.3)                                             | (70.4)                             |
| Marketing costs                                            | (62.0)                    | (45.6)                                                      | —                                                 | (45.6)                             |
| Depreciation, amortisation and impairment                  | (11.1)                    | (13.2)                                                      | (0.3)                                             | (13.5)                             |
| Other costs                                                | (24.2)                    | (21.2)                                                      | —                                                 | (21.2)                             |
| <b>Operating expenses</b>                                  | <b>(165.7)</b>            | (148.1)                                                     | (2.6)                                             | (150.7)                            |
| <b>Profit/(loss) before tax from continuing operations</b> | <b>20.3</b>               | 3.4                                                         | (2.6)                                             | 0.8                                |

**Operating income** includes transaction fees, servicing fees, interest income from loans held at amortised cost, interest on cash balances and other fees and was £198.2 million (2024: £158.9 million).

- Transaction fees, representing fees earned on originations, increased to £107.0 million (2024: £85.3 million), driven by originations growth as the business continued to expand its Term Loans offering to more segments of the market. Average yields in the Term Loans business improved to 6.5% (2024: 6.0%), driven by product mix.
- Servicing fees, representing income for servicing AuM, were £35.9 million (2024: £37.5 million). The fees move in line with AuM and although year-end AuM grew slightly compared to 2024, total servicing fees were lower as a result of a lower average AuM during the year. We expect AuM to continue to grow in 2026 now that new lending has outpaced legacy amortisation. Servicing yields remain similar to 2024 levels.

● Interest income includes:

- FlexiPay interest income which is a fee charged on transactions and spread over a number of months, in line with borrower repayments. It has increased to £42.9 million (2024: £21.3 million), driven by transaction levels and the average fees on transactions which were 7.3% in the year (2024: 5.8%) due to longer average payment terms.
- Interest earned on cash and cash equivalents decreased to £6.8 million (2024: £9.2 million). This interest applies to the Group's unrestricted cash as well as restricted cash drawn from the Citi facility in anticipation of future drawdowns. The interest earned on cash has decreased in line with the unrestricted cash balance decrease, driven primarily by share buybacks and investment in our shorter-term loan offering where we temporarily held loans on balance sheet while we tested and iterated the product. We have since sold these loans to an institutional investor.

● Other fees arose principally from collection fees we recovered on defaulted loans.

**Investment income** represents the income on loans held on balance sheet at fair value. It increased to £24.3 million (2024: £2.8 million), driven by the shorter-term loan product which we held on balance sheet and received interest income on during the investment phase before selling the loans post-year-end.

**Net income ("revenue")**, defined as total income after fair value adjustments and cost of funds, was £204.3 million (2024: £160.1 million). The fair value loss in the year of £6.7 million (2024: £4.2 million gain) related primarily to fair value movements on the shorter-term loan products held on balance sheet. Since year-end, we have sold these loans to an institutional investor, in line with the value at which they were held.

The fair value gain in 2024 related to certain investments in trusts and co-investments which were sold earlier than originally anticipated thereby accelerating the receipt of future cash flows, which were valued at a discount.

**Expected credit losses** 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. This has increased to £18.3 million (2024: £8.6 million), mainly driven by growth in FlexiPay AuM.

**Operating expenses:** At an overall level, operating expenses increased compared with 2024. However, costs remain actively

and tightly managed with a 12% increase in expenses before exceptional items compared to a 28% growth in revenue.

The primary drivers of cost growth were the variable expenses associated with marketing and variable salary costs driven by the financial outperformance during the year. Marketing costs increased to £62.0 million. The remaining costs increased by 1%.

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

Total people costs of £68.4 million were broadly flat (2024: £68.1 million before

exceptional items) with inflation and new hires offset by the reduction in share-based payments. The average salary per head increased by 11% driven by the variable costs including sales team commissions and Group bonus levels. Year-end headcount increase was driven by volume related roles and investment in product development.

The share-based payment charge for the year, included in people costs, was £5.9 million (2024: £7.8 million), the reduction was largely driven by a large share price increase in 2024 which increased the national insurance costs associated with the awards in that year.

|                                            | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m | Change<br>% |
|--------------------------------------------|---------------------------|---------------------------|-------------|
| Continuing operations                      |                           |                           |             |
| Salary costs                               | 71.3                      | 69.3                      | 3           |
| Less capitalised development spend ("CDS") | (8.8)                     | (9.0)                     | (2)         |
| <b>Salary costs net of CDS</b>             | <b>62.5</b>               | 60.3                      | 4           |
| Share-based payments                       | 5.9                       | 7.8                       | (24)        |
| <b>Total people costs</b>                  | <b>68.4</b>               | 68.1                      | —           |
| Average headcount (incl. contractors)      | 739                       | 788                       | (6)         |
| Year-end headcount (incl. contractors)     | 778                       | 726                       | 7           |

**Marketing costs** comprise performance marketing (direct mail and online), brand spend and broker commission payments. Marketing costs increased in the year to £62.0 million (2024: £45.6 million). This was in line with growth in credit extended, together with an increase in the mix of broker commissions which has a higher cost per acquisition compared to performance marketing. Additionally, we continued sponsorship of PREM Rugby and launched a business partnership with TNT Sports.

**Depreciation, amortisation and impairment costs** of £11.1 million (2024: £13.2 million before exceptional items) largely represent the amortisation of the cost of our capitalised technology development and the depreciation of right-of-use assets related to our office lease. The reduction is driven by some legacy technology assets reaching the end of their amortised life during 2025.

**Other operating costs**, consist of loan processing costs, data and technology, professional fees and employee and office-related costs. Revenue growth drove an increase in the variable element of these costs, alongside inflation.



## Financial review continued

### Balance sheet and investments

The Group's net equity was £228.4 million at 31 December 2025 (31 December 2024: £216.5 million). This increase reflects the profit generated and recognition of deferred tax assets, partially offset by share buybacks. A deferred tax asset of £23.6 million on brought forward losses has been recognised at 31 December 2025 as the Group becomes increasingly profitable, and it is probable that there will be future taxable profits to offset previous losses. A further £2.5 million has been recognised in relation to RDEC tax credits to offset tax payable. The recognition of a deferred tax asset results in a tax credit increasing the profit for the year and resulting in a higher earnings per share ("EPS") figure compared to the position if the deferred tax asset had not been recognised. Note 9 provides further detail of the impact of deferred tax on EPS.

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 business     |             | Investment business     |                                 | 31 December 2025 Total £m | 31 December 2024 Total £m |
|---------------------------------|------------------------|-------------|-------------------------|---------------------------------|---------------------------|---------------------------|
|                                 | Term Loans business £m | FlexiPay £m | Shorter-term lending £m | CBILS/RLS/GGS co-investments £m |                           |                           |
| SME loans and lines of credit   | 2.1                    | 172.9       | 120.4                   | 12.3                            | 307.7                     | 118.8                     |
| Cash and cash equivalents       |                        |             |                         |                                 |                           |                           |
| Unrestricted                    | 100.8                  | 0.1         | —                       | —                               | 100.9                     | 150.5                     |
| Restricted                      | —                      | 41.9        | 5.9                     | 3.7                             | 51.5                      | 37.1                      |
| Other assets/(liabilities)      | —                      | 10.1        | (1.8)                   | —                               | 8.3                       | 6.3                       |
| Borrowings                      | —                      | (168.8)     | (98.5)                  | —                               | (267.3)                   | (101.9)                   |
| <b>Cash and net investments</b> | <b>102.9</b>           | <b>56.2</b> | <b>26.0</b>             | <b>16.0</b>                     | <b>201.1</b>              | 210.8                     |
| Other assets                    | 65.7                   | —           | —                       | —                               | 65.7                      | 45.3                      |
| Other liabilities               | (34.7)                 | —           | —                       | (3.7)                           | (38.4)                    | (39.6)                    |
| <b>Equity</b>                   | <b>133.9</b>           | <b>56.2</b> | <b>26.0</b>             | <b>12.3</b>                     | <b>228.4</b>              | 216.5                     |

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

|                                              | 31 December 2025 £m | 31 December 2024 £m |
|----------------------------------------------|---------------------|---------------------|
| Investment in product/vehicles               |                     |                     |
| 1. CBILS/RLS/GGS co-investments <sup>1</sup> | 12                  | 18                  |
| 2. Shorter-term loans <sup>1</sup>           | 26                  | —                   |
| 3. Other                                     | —                   | 2                   |
| <b>Net invested</b>                          | <b>38</b>           | 20                  |
| FlexiPay <sup>1</sup>                        | 56                  | 34                  |
| <b>Total net invested capital</b>            | <b>94</b>           | 54                  |

1. The vehicles through which the funding and lending is generated are set up to be bankruptcy remote, see note 29 of the financial statements for details.

### Capital allocation framework: A disciplined approach to managing capital

|                                            |                                                                                                                                                                                           |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Deliver</b><br>growth strategy in MTP   | Capital required to deliver the medium-term plan with existing products                                                                                                                   |
| <b>Invest</b><br>to make platform stronger | Investment in products to drive opportunities, e.g. co-investment in government guarantee schemes and seeding products before onboarding institutional funders                            |
| <b>Future</b><br>growth opportunities      | Capital for future opportunities to accelerate the Group's strategy                                                                                                                       |
| <b>Distribute</b><br>to shareholders       | Further consideration of buybacks and other shareholder distributions, including dividends, with sufficient cash-backed profits. To date, we have bought back 17% of issued share capital |

### CBILS/RLS/GGS co-investments –

as part of our historical 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 loans** – this relates to our shorter-term loan offering which we launched during 2025 as part of our Term Loans business with terms from 6 to 24 months. Whilst the product was tested and iterated, we funded it using our balance sheet, through the same leveraged warehouse as FlexiPay, in line with our capital allocation framework. The loans were treated as held for sale and therefore accounted for at fair value.

### Cash flow

At 31 December 2025, the Group's total cash position was £152.4 million (31 December 2024: £187.6 million).

Of the total cash balance, £100.9 million (31 December 2024: £150.5 million) is unrestricted in its use with £51.5 million (31 December 2024: £37.1 million) being restricted. Restricted cash relates to cash held in the senior debt facility with Citi 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 movements in unrestricted cash during 2025 have principally been driven by:

- i. trading performance;
- ii. ongoing investment in FlexiPay lines of credit and shorter-term loan product with external bank debt;

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

iv. purchase of shares as part of the share buyback programme.

Unrestricted free cash flow, which is an alternative performance measure, has significantly improved year-on-year and is positive, driven by the profitability of the business.

Unrestricted free cash flow 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, Cashback card and shorter-term loan product. This excludes restricted cash and cash flows. 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:

|                                                                                  | 2025<br>£m    | 2024<br>£m |
|----------------------------------------------------------------------------------|---------------|------------|
| <b>Profit before tax from continuing operations</b>                              | <b>20.3</b>   | 0.8        |
| Depreciation, amortisation, impairment and modification gains                    | <b>11.1</b>   | 13.2       |
| Purchase of tangible and intangible assets and payment of lease liabilities      | <b>(11.4)</b> | (13.6)     |
| Exceptional items                                                                | —             | 0.3        |
| Share-based payments and social security costs                                   | <b>5.0</b>    | 7.2        |
| Fair value adjustments                                                           | <b>6.7</b>    | (4.2)      |
| Working capital/other                                                            | <b>(0.9)</b>  | (0.1)      |
| <b>Unrestricted free cash flow</b>                                               | <b>30.8</b>   | 3.6        |
| Net movement in trusts, co-investments and SME loans at amortised cost           | <b>7.6</b>    | 12.3       |
| Net movement in lines of credit (net of borrowings)                              | <b>(22.2)</b> | (15.7)     |
| Net movement in loans at fair value through profit and loss (net of bonds)       | <b>(27.6)</b> | 3.6        |
| Share buyback/purchase of own shares                                             | <b>(39.2)</b> | (33.7)     |
| Net proceeds from sale of US business                                            | —             | 30.6       |
| Other (distribution from associates and proceeds from exercise of share options) | <b>1.0</b>    | 1.4        |
| <b>Movement in the year</b>                                                      | <b>(49.6)</b> | 2.1        |
| Cash and cash equivalents at the beginning of the year                           | <b>150.5</b>  | 148.4      |
| <b>Cash and cash equivalents at the end of the year</b>                          | <b>100.9</b>  | 150.5      |



## Financial review continued

### Share buybacks and share purchases

In May 2025, we announced our third share buyback programme, for up to £25 million, which is currently ongoing. This follows two earlier share buyback programmes announced in 2024 which returned £50 million to shareholders. Of this total of £75 million, c.£64 million has been purchased through 2024 and 2025 leaving up to c.£11 million remaining.

In the year to 31 December 2025, 23.0 million shares were bought back and cancelled (2024: 33.5 million shares) for consideration of £27.6 million (2024: £33.7 million) inclusive of fees and expenses under the programme representing c.7% (2024: c.9%) of the called-up share capital at the start of the year.

Additionally, the Group bought back 2.3 million shares that were not cancelled and were held in treasury for cancellation

or to be used to satisfy share awards. The consideration was £3.0 million inclusive of fees and expenses, representing 0.7% of the called-up share capital at the start of the year.

A further 7.7 million of ordinary shares were purchased by the EBT for consideration of £8.6 million (2024: £nil) for the purposes of satisfying employee share option plans.

### Subsequent events - sale of shorter-term loan assets

The shorter-term loans held by the Group were held at a fair value of £120.4 million at 31 December 2025 (2024: £nil). Since the year end, an agreement was signed to sell the loans to a third party, alongside the signing of a forward flow agreement for the go forward origination of the product.

The loans were sold with an economic cut-off date of 31 December 2025, for an amount materially aligned with their fair value at the balance sheet date resulting in net invested capital of £26 million being monetised and a post-sale unrestricted cash of £126.9 million.

Of the £126.9 million, there remains up to c.£11 million usage for the ongoing buyback programme and management holds an operational cash buffer of c.£40 million. We are not regulated like a bank with regulatory capital, but we hold a stress buffer for operational purposes. This leaves c.£76 million of future deployable cash.

The below table illustrates the post-balance-sheet impact of the sale as if applied to 31 December 2025 with the loans sold, related borrowings repaid and the net unrestricted cash available for use in the operating business.

|                                 | Proforma<br>balance<br>sheet post sale <sup>1</sup><br>Total<br>£m | 31 December<br>2025<br>Total<br>£m |
|---------------------------------|--------------------------------------------------------------------|------------------------------------|
| SME loans and lines of credit   | 187.3                                                              | 307.7                              |
| Cash and cash equivalents       |                                                                    |                                    |
| Unrestricted                    | 126.9                                                              | 100.9                              |
| Restricted                      | 45.6                                                               | 51.5                               |
| Other assets/(liabilities)      | 10.1                                                               | 8.3                                |
| Borrowings                      | (168.8)                                                            | (267.3)                            |
| <b>Cash and net investments</b> | 201.1                                                              | 201.1                              |
| Other assets                    | 65.7                                                               | 65.7                               |
| Other liabilities               | (38.4)                                                             | (38.4)                             |
| <b>Equity</b>                   | 228.4                                                              | 228.4                              |

1. Proforma balance sheet as at 31 December 2025 post the impact of sale of shorter-term loans post-year-end.

# Delivering sustainable growth in an evolving landscape



**Belkacem Krimi**  
Chief Risk Officer



Funding Circle delivered a strong 2025. By balancing our deep credit expertise with the opportunities presented by AI, we are well positioned to navigate the evolving risk landscape of 2026.”

### **2025: Strong execution amidst a complex recovery**

2025 was a year of delivery. We executed our strategic pivot successfully, establishing Funding Circle as a multi-product platform that covers the full spectrum of UK SME needs: borrowing, paying, and spending.

We managed this transformation during a time of volatile economic recovery where lingering uncertainty dampened business growth. Yet, our credit portfolios showed remarkable resilience. That performance proves two things: the discipline of our underwriting models, and the adaptability of UK SMEs. Despite broader economic caution, demand for lending remains robust.

Although the acute inflation of recent years has subsided, the macro environment is still mixed. Interest rates are stabilising, but we remain watchful of the effect from past policy tightening. Recent fiscal uncertainty has naturally weighed on consumer and business confidence, creating an environment where prudent, data-driven underwriting remains as critical as ever. We monitor our portfolios closely to ensure our credit appetite stays aligned with economic reality.

### **Evolving threats: the dual nature of AI and cybersecurity**

Artificial intelligence is reshaping financial services. For us, AI is a powerful lever for efficiency, distribution, and better customer service. But this shift inevitably alters the risk landscape. New technology brings a new generation of challenges,

from sophisticated fraud to sharper competitive pressure. To address this, we have embedded AI oversight directly into our Enterprise Risk Management Framework and are committed to rigorous governance over these emerging risks.

The intersection of AI and cybersecurity is now a focal point of our risk strategy. We know AI can amplify threat capabilities, especially in social engineering and adaptive malware. Consequently, we are evolving our controls and continuously investing in advanced detection tools. We are committed to developing a rigorous governance. This ensures our defences remain robust against emerging threats, safeguarding the data and financial interests of our stakeholders.

### **Looking ahead**

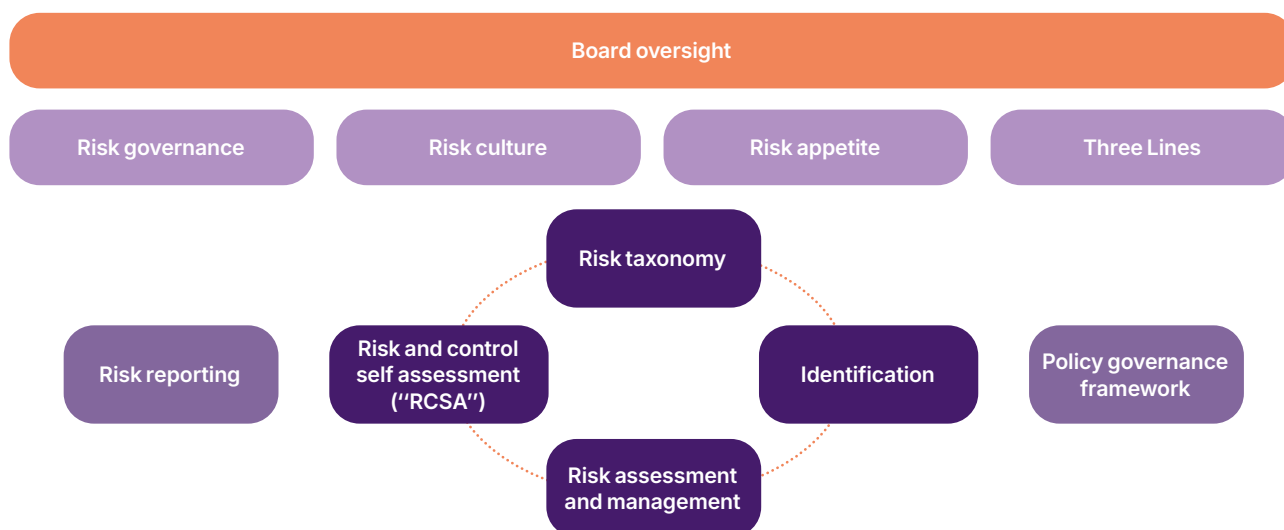
We enter 2026 confident in our ability to perform. While the consensus points to a period of slow growth, we are alert to financial stability risks in the wider market, such as asset price corrections or volatility in private credit.

We are well equipped to navigate this. Our diversified funding, rigorous control frameworks, and deep credit expertise provide a resilient foundation for a stable risk outlook amidst a fast-evolving environment. By maintaining a disciplined approach to risk while responsibly embracing innovation, we will support UK SMEs through the cycle and create sustainable, long-term value.



## Risk management framework

Funding Circle has embedded an Enterprise Risk Management Framework (“ERMF”) that supports the consistent and effective identification, assessment, and management of risks. It outlines the principles for risk management by setting out our risk appetite, systems of governance and risk management processes.



### Board oversight

The Board is responsible for setting the strategy, corporate objectives, and risk appetite. It has delegated responsibility for reviewing the effectiveness of our risk management framework to the Risk Committee. On the advice of the Risk Committee, the Board approves the level of risk acceptable under each principal risk category while providing oversight to ensure an adequate framework for reporting and managing those risks.

### Risk governance

Funding Circle has a robust risk governance framework, as outlined in the Enterprise Risk Management Framework (“ERMF”). The Board is ultimately responsible for defining and approving the ERMF, with delegations of authority granted to the Group Board Risk Committee.

The Risk Committee is supported by the Management Risk Committee (“MRC”), composed of members of the Executive Committee.

### Chief Risk Officer (“CRO”) and the Enterprise Risk Management (“ERM”) function

Our CRO leads the ERM function, which is independent of the business, and has a direct reporting line to the Board. He is responsible for developing, maintaining and implementing the ERMF. He is also responsible for providing assurance to the Board that the principal risks are appropriately managed and that we operate within risk appetite.

### Risk culture

At Funding Circle, we recognise that fostering an open and robust risk culture is integral to promoting ethical behaviour and professional conduct. As part of our ongoing commitment to upholding the Company’s values, we actively promote this risk culture, encouraging Circlers to consistently “Do the Right Thing” in their interactions with customers, colleagues, the environment, the community and other stakeholders.

### Three lines

We operate a Three lines model to ensure robust risk governance. The first line consists of functions that own and manage risks, comprising both the Business team and Support functions.

The second line is formed of functions that provide oversight and challenge to the first line of defence, specifically the Enterprise Risk and Compliance team.

The third line is Internal Audit, which provide independent assurance across our governance, risk management, and control frameworks.

### Policy governance framework

We have established a policy governance framework to ensure policies are aligned to the ERMF risk management principles and to establish accountability for the governance and maintenance of policies. Policies are designed in accordance with our risk taxonomy to ensure a structured framework for identifying, mitigating and controlling our most impactful risk, and are periodically reviewed.

### Risk appetite

We have defined the level of risk that we are prepared to accept whilst pursuing our business strategy, recognising a range of possible outcomes as business plans are implemented. The Board owns and sets the risk appetite for the Company and reviews the risk profile against appetite periodically.

Risk appetite provides a guideline for shaping strategies and defining the level of controls we need to apply in the management of risk. The appetite is expressed in the form of qualitative Risk Appetite Statements and quantitative risk appetite limits and risk indicators. Furthermore, risk appetite establishes a foundation for ongoing dialogue between management and the Board regarding our current and evolving risk profile, enabling strategic and financial decisions to be made with greater insight and confidence.

### Risk taxonomy

As part of its responsibilities under the ERMF, the Board has formally recognised a series of risks that are continuously present in Funding Circle and which can materially impact the achievement of our objectives. These risks have been organised under a consistent and simple taxonomy with a hierarchy of risk categories, which facilitates risk management and oversight.

### Risk assessment and management

A standard risk assessment framework is used to evaluate risks at both the business and product levels, enabling consistent measurement. Risk assessments are carried out by those individuals, teams and departments that are best placed to identify and assess potential risks. They are supported in this process by our Risk and Compliance teams. Assurance on the management of risk is provided by the Three Lines model including the Internal Audit function. We also execute external annual controls assurance reports for Term Loans (e.g. ISAE 3402) certified by auditors.

To ensure risks remain within appetite, we employ four types of risk responses:

- accept the risk as within appetite and continue the activity as is;
- mitigate the risk as it is outside risk appetite and take the necessary mitigation actions such as enhancing controls;
- avoid the existing activity/do not start the proposed activity; or
- transfer risks to another party (e.g. insurance) while continuing the activity. This excludes the outsourcing of activities to a third party as, in such cases, we remain accountable for managing the associated risks.

### Risk and Control Self Assessment ("RCSA")

Risk evaluation is carried out at all levels of the organisation, beginning with the Board-level strategic plan, and must be performed by the individuals, teams, and departments best placed to identify and assess potential risks. The minimum requirement is for the Risk and Control Self Assessment ("RCSA") process to be conducted at least once annually. Risk evaluation at Funding Circle includes measuring risks in terms of impact and probability, and assessing them on both an inherent and residual basis and evaluating the performance of key controls for each risk.

## A rigorous framework for compliance with Provision 29

### Compliance with changes in the UK Corporate Governance Code: Provision 29 Readiness

On 22 January 2024, the Financial Reporting Council updated the UK Corporate Governance Code, which we report against. A significant change, Provision 29, now requires the Board to declare the effectiveness of material controls at year end. This necessitates a formal assurance strategy from management to the Audit Committee and Board, providing comfort for this declaration.

This new requirement becomes effective for our financial reporting year starting 1 January 2026, and will be reflected in the 2026 Annual Report. A robust and well established ERMF will allow us to develop our programme of compliance with the upcoming Provision 29 requirements. Work has been underway to identify the material risks and controls to the Company, working with the Chairs of the Risk and Audit Committees and external advisers, to enable the Board's effective monitoring of our risk management and internal control framework.



#### Risk taxonomy review

Reviewed the inherent risk rating for each risk in the taxonomy to determine materiality of the impacts if the risk were to materialise for the Company.



#### Risk and control review

We created a Steering Committee to review and evaluate material risks and their corresponding controls.



#### Control mapping

Conducted a thorough evaluation of all the material controls identified and managed via the existing RCSA methodology.

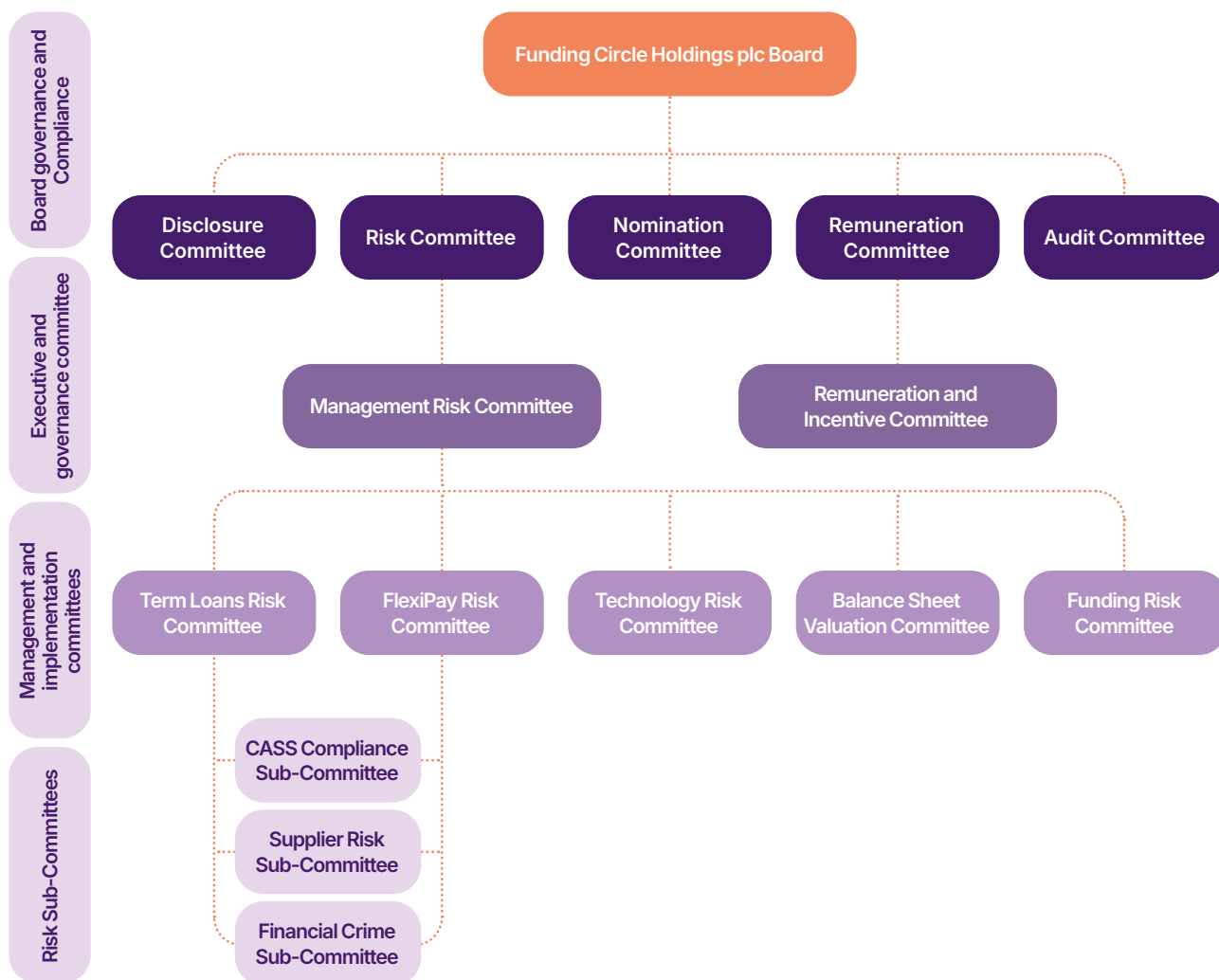


#### Independent assurance

Established an assurance mechanism to provide the Board with an independent validation of controls effectiveness.



## Funding Circle governance structure



### Management Risk Committee

The Management Risk Committee provides oversight in assessing all principal and other emerging risks. It supports and challenges risk mitigation and acceptance. It reviews risk reports, monitors strategic risks, and ensures risk integration in planning and budgeting. It also approves relevant policies, drives ESG risk strategies, and monitors audit and compliance findings for effective remediation.

### Term Loans Risk Committee

The Term Loans Risk Committee facilitates and monitors the implementation of effective risk management practices by the business insofar as they relate to regulatory, reputational and conduct risk, operational risk and credit risk for Term Loan products, Marketplace and retail investor products.

### FlexiPay Risk Committee

The FlexiPay Risk Committee facilitates and monitors the implementation of effective risk management practices by the business insofar as they relate to regulatory, reputational and conduct risk, operational risk and credit risk for FlexiPay and Cashback card products.

### Technology Risk Committee

The focus of the Technology Risk Committee is to ensure effective governance and controls are in place for the ongoing management of risks that could impact the performance, stability, information security and resilience of the technology infrastructure and operations that support our key business and compliance processes. The Committee is also responsible to monitor the compliance with the Technology Risk Management Policy.

### Balance Sheet Valuation Committee

The Balance Sheet Valuation Committee provides oversight of all balance sheet items originated and managed by Funding Circle, in line with the balance sheet management objectives of maximising returns, guarding against risk and embedding and maintaining a framework of guardrails, all whilst ensuring the balance sheet is deployed in support of the operating platform.

### Funding Risk Committee

The Funding Risk Committee facilitates and monitors the implementation of effective management of funding risk across the business. The Committee is also responsible to monitor the compliance with the Funding Risk Policy. The Committee provides strategic oversight and governance for the Capital Markets team's business plan.

## Principal risks and uncertainties

The Board confirms that throughout 2025 a robust assessment of the principal and emerging risks facing Funding Circle was completed.

A comprehensive list of Group-wide risks and emerging risks was reviewed and monitored throughout the year. The most significant risks and uncertainties faced by Funding Circle are listed in the table below, categorised by principal risk:



## Strategic risk

**Strategic risk is defined as the failure to plan or build a sustainable, diversified and profitable business.**

### Risk appetite

We will make efficient use of our available resources to build a sustainable, diversified and profitable business that can successfully adapt to environment and technological changes (in particular artificial intelligence ("AI")), and respond adequately to competition pressures.

| Risk(s) and potential impact                                                                                                                                                                                                                                                                                                                                             | Key risk considerations and mitigation actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strategy execution</b>                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Risk that we are unable to effectively deliver the strategy selected due to inadequate investment, prioritisation, organisational design or execution or fails to monitor the achievements of strategic objectives. This would result in the business not meeting key objectives, impacting our competitive advantage.</p> <p><b>The risk trend over the year</b></p> | <p>Macroeconomic instability persisted throughout the year and we continues to evolve our product mix to ensure sufficient diversification to meet customer demand.</p> <p>The Executive Committee and Senior Leadership team are responsible for the execution of the defined strategy through regular planning, robust performance monitoring, and market research and analysis.</p> <p>Regular review and tracking through the development of Objective and Key Results ("OKRs") enable close assessment of progress against strategic plans. At least annually, the Board has oversight of strategic risk and approves strategic business plans.</p> <p>Rapid advances in Gen AI technology and usage are both a risk and an opportunity. By embedding a Gen AI strategy into our business operations and upskilling all employees in AI fluency, we prepare ourselves for the opportunities and manage the evolving challenges brought by Gen AI.</p> |
| <b>Environmental, social and governance risk</b>                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Environment, social and/or governance events or circumstances could cause an actual or potential material negative impact on our financial performance or reputation.</p> <p><b>The risk trend over the year</b></p>                                                                                                                                                  | <p>We have further integrated climate-related risks into the ERMF, having approved the Climate Risk Management Framework.</p> <p>The Board retains ultimate responsibility for providing the strategic focus, support, and oversight for the implementation of the ESG strategy. The Board has delegated certain matters related to climate-related risks and opportunities to two Committees:</p> <ul style="list-style-type: none"> <li>the ESG Committee is responsible for oversight of the Group's overall ESG strategy, including climate-related opportunities and voluntary commitments; and</li> <li>the Risk Committee is responsible for oversight of risk management related to ESG risks, including climate-related risks.</li> </ul>                                                                                                                                                                                                         |



# Principal risks and uncertainties

continued

## Funding and finance risk

Funding and finance risk relates to the potential for adverse impacts on the Group's ability to source and maintain sufficient capital to support the origination of SME financial products, and also the potential for adverse impacts on the Group's financial position, performance, or reputation arising from various sources, including inadequate liquidity, operational failures affecting financial data, errors in accounting and reporting, deviations from strategic financial goals, and issues related to the balance sheet structure and asset management.

### Risk appetite

We will make efficient use of our balance sheet, optimise and diversify funding and liquidity sources to enable a balanced funding strategy while limiting downside risk and maximising profits.

| Risk(s) and potential impact                                                                                                                                                                                                                                                                                                                                            | Key risk considerations and mitigation actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Funding risk</b>                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>Risk that demand from borrowers for credit cannot be met by institutional investors providing the funding.</p> <p>This risk varies with the economic attractiveness of Funding Circle products as an investment, the level of diversification of funding sources and the level of resilience of these funding sources and their returns through economic cycles.</p> | <p>Our business model is to be a lending platform that efficiently matches the supply of capital to the demand of SME borrowers.</p> <p>Demand continued from institutional investors which demonstrated the trust funding partners place in our risk management and operational processes. Returns to investors remain robust and stable.</p> <p>We continue to manage this risk through:</p> <ul style="list-style-type: none"> <li>● building long-term relationships with investors and developing a forward-looking pipeline of new investors;</li> <li>● actively managing concentration risk and diversifying sources of funding;</li> <li>● managing our lending activities whether through direct lending capacity, securitisation capacity or investment fund lending vehicles;</li> <li>● monitoring a broad range of management information and key performance indicators at relevant risk management forums; and</li> <li>● leveraging an experienced Capital Markets team for sales and transaction structuring.</li> </ul> <p>We are closely monitoring the volatility within the Private Credit markets and are confident in our ability to respond to higher scrutiny from investors. Our processes are well established and annually tested through multiple external audits.</p> |
| <p><b>The risk trend over the year</b></p>                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <b>Corporate liquidity</b>                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>The risk that balance sheet funded investments lose value or cannot be exited at viable prices, and that liabilities cannot be met timely or cost effectively.</p>                                                                                                                                                                                                   | <p>Funding for FlexiPay and Cashback card continued on balance sheet, with senior financing from Citi. Both products continued to perform in line with expectations.</p> <p>We have sufficient disposable cash to cover our liquidity needs and any credit downside risk, including when tested against stressed liquidity scenarios, and to fund our medium-term plan going forwards.</p> <p>We continue to manage this risk through:</p> <ul style="list-style-type: none"> <li>● setting clear guardrails for our balance sheet exposures and following a set of agreed investment principles to guide capital allocation;</li> <li>● maintaining a prudent level of liquidity to cover unexpected outflows to ensure that we are able to meet financial commitments for an extended period, including under stress scenarios;</li> <li>● regularly monitoring investment performance and assessing headroom against the trigger hurdles agreed with senior lenders;</li> <li>● considering a broad range of management information and key performance indicators at the senior management level; and</li> <li>● leveraging a dedicated and experienced Balance Sheet Management team.</li> </ul>                                                                                                |
| <p><b>The risk trend over the year</b></p>                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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## Regulatory, reputation and conduct risk

Regulatory, reputation and conduct risk relates to activities that detract from our goal of being a trusted and reputable company with products, services and processes designed for customer success and delivered in a way that will not cause customer detriment or regulatory censure. Legal Risk is also included within this principal risk, which includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

### Risk appetite

We will not engage in activities that detract from our goal of being a trusted and reputable Company with products, services and processes designed for customer success and delivered in a way that will not cause customer detriment or regulatory censure.

Risk(s) and potential impact

Key risk considerations and mitigation actions

### Conduct risk

Failure to satisfactorily deliver fair customer outcomes leading to regulatory censure, and reputation damage.

#### The risk trend over the year



Enabling our customers to achieve positive outcomes is at the core of our business. We maintain robust product design and governance processes that assess and monitor the expected product outcomes and behaviours, and respond appropriately where indicators of harm are identified.

The Board and Senior Leadership team are focused on the right conduct culture across the organisation, setting expectations for the broader business.

We further manage conduct risk through:

- complying with applicable laws and regulations, and ensuring positive customer outcomes and these continue to be fundamental priorities for Funding Circle;
- embedding conduct rules, including training, across the Group to ensure processes and activities are designed to deliver fair customer outcomes; and
- maintaining a dedicated Business Support team focused on assisting our vulnerable customers.

### Regulatory risk

The risk of changing regulations which impact our operations, or our business practices do not align to regulatory expectation leading to customer detriment, reputation damage and regulatory censure.

#### The risk trend over the year



Our regulatory risk management focus remains highly engaged, monitoring key developments that could influence our operating environment and risk profile:

- we maintain vigilance around policy shifts, and proactively engage with industry bodies and policy makers, highlighting our platform's features, benefits and impact;
- we continue to implement and maintain business practices and controls focused on regulatory risk. These include controls designed to comply with the Senior Managers and Certification Regime and the Consumer Duty;
- we continue to focus on governance and controls and train all employees in such matters relevant to their role; and
- we recognise that the adoption of Gen AI creates potential risks to ethical business practices and compliance with certain legal and regulatory regimes and we established governance structures to oversee the responsible use of such technologies.



# Principal risks and uncertainties



continued

## Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes operational failures resulting from the use of AI systems, such as flawed model outputs leading to poor business decisions, process automation failures, inadequate 'human-in-the-loop' oversight, or fraud losses resulting from AI enabled attacks.

### Risk appetite

Funding Circle will operate well managed processes with reliable performance and effective controls preventing significant and non-anticipated operational risk losses.

| Risk(s) and potential impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Key risk considerations and mitigation actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Process risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>Failure to originate and service loans in line with our internal policies, investor guidelines and third party loan guarantees (e.g. BBB) may result in us repurchasing loans from investors.</p> <p>The risk of an operational incident could impact the ability to originate new loans or the ability to service loans through collections from borrowers and return of money to investors.</p> <p><b>The risk trend over the year</b></p>                                                                                                                                                                | <p>Our process risk profile remained stable over the past year, successfully maintaining a steady risk environment while sustaining the growth and expansion of our multi-product offering.</p> <p>We continue to automate key controls to reduce manual intervention and maintain rigorous assurance testing to ensure control effectiveness.</p> <p>Risk Committees review Key Risk Indicators ("KRIs") as a standing priority. We also ensure that operational errors are reported, reviewed, and resolved expeditiously to minimise impact.</p> <p>To address external dependencies and third party risks, we perform comprehensive supplier due diligence during onboarding and are consistently working towards enhancing ongoing performance monitoring.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Financial crime</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>Risk of regulatory breach, financial loss or reputational damage arising from a failure to adequately manage or prevent money laundering, terrorist financing, bribery and corruption, or to comply with sanctions regulations.</p> <p><b>Fraud risk</b></p> <p>Fraud risk is the threat of external unauthorised activities, including fraud committed by borrowers, investors, or related parties. Fraud risk also includes the risk of internal fraud by employees against the organisation, its customers, or third/fourth parties for personal gain.</p> <p><b>The risk trend over the year</b></p>  | <p>The expansion of the our product suite has introduced a broader range of customer behaviours. These have been proactively embedded into our existing anti-financial crime framework to ensure comprehensive coverage. In response to an evolving external risk landscape, we maintain a continuous cycle of reviewing and monitoring of our control design and effectiveness.</p> <p>We actively manage financial crime risk through a structured approach that integrates regulatory requirements directly into our day-to-day operations:</p> <ul style="list-style-type: none"> <li>● we have adopted Board Level policies to address financial crime, and implemented standards, procedures, and preventative and detective controls to operationalise these requirements;</li> <li>● we conduct ongoing risk assessments to evaluate financial crime risks and ensure our approach is targeted and effective; and</li> <li>● we maintain a dedicated Financial Crime Operations team within the first line of defence that is advised, challenged and monitored by the second line Financial Crime Compliance team.</li> </ul> <p>To combat external threats ranging from identity theft to account takeover, we employ a risk-based, multi-layered defence framework:</p> <ul style="list-style-type: none"> <li>● all applications are rigorously assessed against high risk indicators from a variety of crime prevention tools, including the National Fraud Database;</li> <li>● advanced biometric facial verification employed at application stage and multi-factor authentication ("MFA") for account access;</li> <li>● continuously monitor fraud trends and adjust our controls to address evolving threats, including AI attacks; and</li> <li>● deliver ongoing fraud prevention guidance to borrowers and employees.</li> </ul> <p>Our internal fraud controls are designed around the principles of restricted access, oversight, and the elimination of single-point failures. Role-Based Access Control ("RBAC") access rights are strictly aligned with specific job responsibilities to prevent unauthorised activity.</p> <p>Our People team also serves as the first line of defence against internal threats by conducting exhaustive pre-employment screening. Candidates undergo global education, employment, criminal, ID, and sanction &amp; enforcement checks. We also conduct UK specific verification including UK credit and address checks prior to employee onboarding.</p> |

Risk(s) and potential impact

Key risk considerations and mitigation actions

**Change risk**

The risk arising from the inability to manage business changes in a timely and controlled manner. This includes large and complex change programmes as well as small and incremental enhancements, including product changes.

**The risk trend over the year**



To maintain operational stability during periods of transformation, we utilise a structured change management programme for all major initiatives. This framework is specifically applied to changes that impact multiple teams or require cross-functional effort.

Our approach to managing change risk focuses on rigorous assessment and expert execution. We utilise a team of expert project managers dedicated to overseeing changes. This ensures that transitions are managed in a controlled environment, facilitating effective and timely delivery.

**People risk**

Failure to plan appropriately may lead to loss of subject matter expertise and may have a detrimental impact to business resilience.

Employees do not have the right level of training and skills to match job requirements leading to poor deliverable outcomes. Includes key person reliance.

**The risk trend over the year**



We maintain strong capabilities within our Talent Acquisition team to ensure capability of managing hiring needs.

We conduct ongoing reviews of our employee proposition and reward packages. This includes compensation benchmarking and the evaluation of individual benefits to ensure our offering remains competitive in the market.

We utilise employee engagement surveys to identify both positive trends and areas for improvement. We maintain comprehensive, regularly updated policies and procedures addressing diversity, discrimination, wellbeing and pay. These provide clear guidelines and expectations for all employee, supported by formal and informal channels to manage and resolve concerns.



# Principal risks and uncertainties


continued

## Credit risk

**Credit risk is the risk of financial loss should any borrower fail to fulfil their contractual repayment obligations. Credit risk management is the sum of activities necessary to deliver a risk profile at the portfolio level in line with Funding Circle management's expectations, in terms of net loss rate, risk-adjusted rate of return and volatility through economic cycles. This includes management of potential risks from AI and machine learning ("ML") models integrated in the credit risk assessment.**

### Risk appetite

Whether or not Funding Circle owns any credit risk, credit risk resulting from our lending activities will be managed with the utmost care and attention to deliver credit performance and returns in line with expectations.



| Risk(s) and potential impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Key risk considerations and mitigation actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Credit risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Borrower acquisition</b><br/>Credit performance and returns of new loans can deviate from expectations due to several factors: changes in credit quality of incoming applications, calibration of risk models or strategy parameters, and control gaps in processing loan applications.</p> <p><b>Portfolio management</b><br/>Credit performance and returns of existing portfolio can deviate from expectations due to several factors: deterioration of credit environment, increased competition driving higher prepayment rates, effectiveness of portfolio monitoring, collections and recoveries.</p> <p>Such risks, unmitigated, could impair Funding Circle's capabilities to source funding for new loans at reasonable terms, and be adverse to the financial performance of the Company.</p> <p><b>The risk trend over the year</b></p> <p></p> | <p>Our aim is for well-balanced loan portfolios that generate positive returns for investors through the economic cycle. Our portfolio remained resilient throughout the year and we continue to utilise up-to-date data to adjust the risk appetite and underwriting policies as needed.</p> <p>We are actively managing credit risk by:</p> <ul style="list-style-type: none"> <li>● formulating credit risk policies (covering credit assessment and risk grading, portfolio monitoring and reporting, collections and recoveries) and ensuring adherence to these policies;</li> <li>● recruiting, training and managing expert risk professionals with the adequate skills, objectives and capacity;</li> <li>● establishing the formal mandates and authorisation structure for setting risk parameters and approving loans;</li> <li>● performing independent quality control of credit decisions;</li> <li>● limiting concentration risk to counterparties and industries;</li> <li>● actively monitoring the performance of the loan portfolios and performing credit risk stress tests;</li> <li>● implementing adequate procedures and controls for model risk (including the independent validation and monitoring of credit scoring models);</li> <li>● having adequately staffed and well trained Collections and Recoveries department;</li> <li>● ensuring forbearance tools and policies are fully integrated in customer life cycle management;</li> <li>● constantly monitoring our portfolio for credit insights that feed into the underwriting policies/models and decisioning infrastructure;</li> <li>● regular pricing reviews to ensure adequate risk-adjusted returns for our investors in a more volatile interest rate environment; and</li> <li>● active management of credit limits and unused credit limits in the case of open-ended products.</li> </ul> |

## Technology risk

Technology risk refers to the potential negative consequences that can arise from the use or implementation of technology, including hardware, software, and data management systems. Technology risks can arise from a variety of sources, including hardware failures, software bugs, cyber attacks, data breaches, user errors, and security vulnerabilities specific to AI systems.

### Risk appetite

We will manage our technology, data, and security risks with effective controls preventing significant and non-anticipated loss of confidentiality, integrity and availability of systems and data.

| Risk(s) and potential impact                                                                                                                                                                                                                                                                                                    | Key risk considerations and mitigation actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Technology resilience</b>                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>Failure of the technology platform could have a material adverse impact on our business, results of operations, financial condition or prospects.</p> <p><b>The risk trend over the year</b></p>                                            | <p>Technology is central to our operations and we continue to make significant investments in our technology platform to ensure it is resilient and scalable to support business growth.</p> <p>We continue to demonstrate high levels of operational resilience, maintaining a strong track record of platform availability.</p>                                                                                                                                                                                                                                                                                                                                 |
| <b>Cybersecurity</b>                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>The risk of unauthorised access to IT systems and data, including as a result of a cyber attack, which threatens the confidentiality, integrity, and availability of data and/or systems.</p> <p><b>The risk trend over the year</b></p>  | <p>The external threat landscape is constantly evolving, including several high profile cyber attacks this year, and we continuously monitor potential threats, as well as the potential security implications of the proliferation of AI, to inform our priorities. We continue to invest into our control environment and will conduct an ongoing review of our controls and strategies.</p> <p>We have formalised our response structure to any crisis, including that of a cyber event, and established a clear Crisis Management Team ("CMT"), which defines the governance pathway for critical decisions, including specific escalations to the Board.</p> |

## Emerging risks

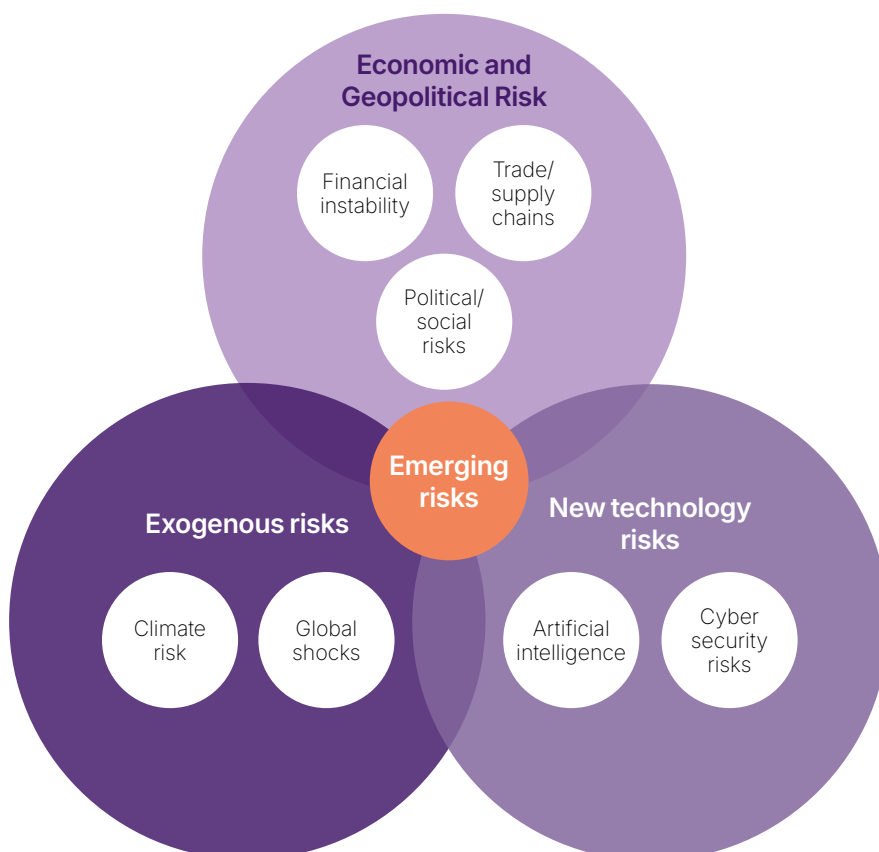
In 2026, the risk landscape is characterised by a rapid acceleration of technological change and heightened global volatility. Our ERMF is designed to proactively identify and mitigate these emerging threats to ensure business resilience and strategic continuity.

### Identifying and managing emerging risks

In an increasingly volatile landscape, we have continued to evolve our methodologies for identifying, assessing, and monitoring emerging risks. A proactive approach is central to our resilience, ensuring that we remain ahead of shifting global trends rather than merely reacting to them.

Horizon scanning remains a foundational pillar of our strategy, providing critical insights into the changing risk environment and allowing us to anticipate disruptions before they materialise. To ensure these risks are managed with consistency and rigour throughout the year, they are reviewed through our core governance structures

Through this structured governance, we ensure that emerging risks are not viewed in isolation but are consistently evaluated and addressed as a vital component of our enterprise-wide risk management framework.





## Principal risks and uncertainties

continued

### Emerging risks continued

#### Identifying and managing emerging risks continued

| Emerging risk                                                                                                                                                                                              | 2026+ Outlook                                                                                                                                                                                                                                                                                                                  | Risk management approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New technology risk</b> <ul style="list-style-type: none"> <li>AI</li> <li>Cybersecurity</li> </ul>                                                                                                     | <p>As 2026 marks a pivotal year for widespread AI integration, we face new strategic and tactical challenges spanning distribution, customer experience, fraud and talent management.</p>                                                                                                                                      | <p>Our Board-led AI strategy and dedicated Gen AI Steering Committee oversee the ethical and operational integration of AI. We have embedded AI risk assessments directly into our ERM framework.</p> <p>We anticipate that AI will supercharge social engineering, malware creation, and impersonation campaigns. In response, technology security remains a top priority, supported by robust crisis management policies and incident preparation and incident management expertise in house.</p> <p>Throughout the year, we also aim to train our employee base to ensure they are equipped with the knowledge and expertise to recognise the opportunities of the risk of the AI and at the same time implementing guardrails to ensure ethical use and mindful dependency on the new technology.</p> |
| <b>Economic and geopolitical risks</b> <ul style="list-style-type: none"> <li>Financial instability</li> <li>Disruptions in trade and supply chains</li> <li>Political and social fragmentation</li> </ul> | <p>The global economic outlook for 2026 suggests modest growth, yet significant volatility persists due to structural shifts in trade and financial stability.</p>                                                                                                                                                             | <p>We recognise the high risk of asset price corrections, particularly in tech and AI sectors and the potential for a private credit meltdown. We maintain resilience through rigorous stress testing, healthy cash buffers, and prudent underwriting.</p> <p>With global trade growth forecast to slow sharply (~0.5%) due to US tariffs and inventory unwinding, we are focusing on portfolio diversification and continuous monitoring of supply chain dependencies.</p> <p>A global trend of public mistrust and geopolitical fragmentation creates an unstable business environment.</p> <p>Our approach focuses on fostering a strong DEI culture and maintaining ongoing regulatory screening to navigate shifting landscapes.</p>                                                                 |
| <b>Exogenous risks</b> <ul style="list-style-type: none"> <li>Climate related risks/ global shocks (pandemics, wars, etc.)</li> </ul>                                                                      | <p>Climate and environmental risks heightened regulatory expectations and the increasing frequency of severe climate events contribute to rising insurance and damage costs.</p> <p>We do recognise the first order risk is highly unpredictable; however, the second order is likely in the form of a hit to the economy.</p> | <p>Our dedicated ESG Committee leads our response through scenario planning and climate-specific stress testing, ensuring our crisis management protocols are equipped for unpredictable environmental shocks.</p> <p>Overall we do maintain an adequately adaptable crisis management programme along with periodic stress testing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## Viability and going concern statements

In accordance with the UK Corporate Governance Code (the “Code”), the Directors have assessed the future prospects and viability of the Group for a period significantly longer than 12 months from the approval of the financial statements.

### Assessment of prospects

The Directors have determined that a three-year period to 31 December 2028 constitutes an appropriate period over which to perform the assessment as:

- it is within the time period that the Group’s medium-term planning process covers (up to five years);
- it represents a period over which there is a reasonable degree of confidence in the reliability and accuracy of forecasts; and
- periods beyond this point in a high growth business like Funding Circle are significantly harder to predict accurately.

The Group’s overall strategy and business model, as set out on pages 12 to 15 are fundamental in driving the growth of the business and therefore its future prospects. The key factors that are likely to affect the future prospects of the Group, aside from macroeconomic factors, include the ability to:

- develop and introduce new lending products;
- grow awareness of the Funding Circle brand in order to attract more businesses to our platforms;
- retain, diversify and increase funding from a variety of investors in order to meet future borrower demand; and
- continue to invest in data analytics and technology leading to innovation, expanded datasets, enhanced credit models, better customer experience and a greater conversion rate of applicants.

Funding Circle’s future prospects are assessed through the Group’s strategic planning process. The strategic planning process involves a detailed review of the medium-term plan by the CEO and CFO. This is done in conjunction with the Executive Committee (“ExCo”), consisting of functional leaders, together with a review and discussion by the Board.

The strategic plan starts with the Group’s 2026 annual budget, which is subject to re-forecasting periodically through the year. The budget is extended into the second and third year of the plan using the Group’s various drivers and expected growth rates experienced across the Group.

Progress against the financial budget and forecasts is then reviewed each month by the ExCo and reported to, and challenged by, the Board.

### Key assumptions

The key assumptions underpinning the strategic plan (before severe but plausible stress scenarios) include:

- there is sufficient investor funding in place to support projected growth in originations;
- levels of marketing spend, the number of applications, conversion rates, average loan sizes and mix of product channels, which drive originations and assets under management (“AuM”);
- levels of repayments, prepayments, defaults and recoveries, which drive movements in AuM;
- expected yields on loans originated and service fee charges, which drive fee income;
- interest income receipts and interest expenses related to our investment vehicles, which drive net investment income;
- costs across Business Units with specific focus on fixed costs and those that fluctuate with income such as marketing costs;
- headcount consideration across functions and departments given it is the Group’s largest cost;
- an assumption of continued investment in the Group’s IT infrastructure and its product set, but with the expectation of no fundamental breakdown in the IT infrastructure or major data loss;
- review in the context of indicative market share;
- there is no improvement or deterioration to the current macro environment conditions over the medium term; and
- we have not assumed further government stimulus packages over the medium term.



## Viability and going concern statements

continued

### Assessment of viability

The output of the medium-term plan reflects the Directors' best assessment of the future prospects of the Group over the next three years.

As part of this assessment, the Directors have considered and carried out a robust assessment of the principal risks as set out on pages 61 to 68. They have also considered the potential impact of the risks on the viability of the Group with specific focus on shorter-term liquidity needs and its availability, including liquidity currently tied up in investment products. The Group currently holds £101 million of unrestricted cash together with £94 million equity invested in loans.

The financial plan was subject to scenario analysis to assess those risks and quantify the financial impact on the Group. The Group also operates liquidity and capital guardrails that it monitors which are of particular importance in the shorter term.

The scenario that represented the most severe but plausible scenario was modelled as described below. This sensitivity took into account the likely mitigating actions to the operations. The scenario is hypothetical and severe but designed to stress the business model and the viability of the Group.

### Severe but plausible scenario

Management prepared a severe but plausible short-term 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 assets 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; and
- other operational events occur, including impact on critical suppliers, buyback of loans and lower corporate cash levels, resulting in lost revenues and cash outlays.

In addition, in the medium term under a severe but plausible downturn it is expected that originations are subdued with AuM and servicing fees consequently negatively affected.

A further subset of risks, including the reduction in trust from both borrowers and investors, has also been considered within this scenario. We considered whether environmental stress would materially impact the Group, but consider the existing stresses above would be more material to the near to medium term.

The mitigating actions that would be taken by management include a reduction in the overall marketing and salary spend through hiring freezes, a tightening of the credit models to improve the levels of return for investors and increased costs of borrowing for SMEs. Our medium-term plan assumes we continue to be the sole equity funder of FlexiPay.

In a stressed scenario, a further management action is that we would curtail the growth of FlexiPay and this would reduce the level of investment required by Funding Circle.

### Link to principal risks and uncertainties

- Strategic risk
- Credit risk
- Liquidity risk

### Going concern

In addition to the broad viability of the Group, the Directors have assessed the Group's going concern presumption over the 15-month period to 30 June 2027.

The shorter-term projections within the Group's strategic plan are also used to assess the Group's ability to operate as a going concern. As at 31 December 2025, the Group had net assets of £228 million, together with unrestricted cash of £101 million and £94 million of invested capital, some of which could be monetised if liquidity needs arise. At all times during the assessment, and after stress scenarios are modelled, the Group retains sufficient financial resources.

The stress testing confirmed that the Group's forecast net cash position remained positive and that none of the scenarios would threaten the going concern presumption over the assessment period or the Group's regulatory capital requirements.

In all cases including the severe but plausible scenario above, with appropriate management actions the scenarios were controllable to mitigate the impact on the Group's liquidity for the broader assessment of the Group's going concern.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities and obligations as they fall due over the period to 30 June 2027. This covers the next 12-month period from the date of this Annual Report. See also page 128 of the financial statements related to going concern.



# Funding Circle

## corporate governance



|     |                                                                                 |
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| 72  | Chair's introduction                                                            |
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# Maintaining resilient oversight during a period of change and growth



**Ken Stannard**  
Chair



2025 was a year of consolidation and growth for the Group. It was also a year of change for the Board."

I am delighted to introduce Funding Circle's Corporate governance report for the financial year ended 31 December 2025, which is my first report as Chair of Funding Circle.

As a Board, we are committed to maintaining a strong and resilient corporate governance foundation that ensures Funding Circle is a successful, sustainable business that benefits all our stakeholders over the long term.

#### Board activities

2025 was a year of consolidation and growth for the Group. It was also a year of change for the Board. Key areas of the Board's focus included agreeing a new Remuneration Policy for shareholder approval in 2025, Board and senior management succession planning, Group strategy, risk management and controls oversight (in particular Provision 29 readiness), and Committee governance enhancements. We cover these updates within the respective delegated Committees' reports later in this report.

#### Board succession

2025 was a year of significant change for the Board, with the appointment of myself as Chair, Tony Nicol as Chief Financial Officer and Executive Director, and Maeve Byrne and Richard Harvey as Non-Executive Directors and Chairs of the Audit Committee and Risk Committee. The Board also said farewell to Andrew Learoyd and Geeta Gopalan, and our existing Non-Executive Director Helen Beck was appointed Senior Independent Director.

We also said goodbye to Lucy Vernal, former Chief Legal Officer and Company Secretary, after 11 years with Funding Circle, succeeded by Sarah Whiteley effective 1 January 2026. Sarah's biography can be found on page 75.

Our new Directors have completed a thorough induction and have quickly integrated into the Board's culture, already contributing a wealth of fresh perspective and robust challenge to our strategic and technical discussions.

Reflecting our commitment to robust governance, we consistently evaluate the Board's composition to ensure that our independence, diversity, and range of experience stay aligned with the Group's strategic direction. Further insights into our Board composition and focus areas for 2026, including our approach to diversity and independence, are set out in the Nomination Committee Report.

#### Governance

Confirmation of how we have complied with the 2024 Code for the year under review is set out on page 80 (excluding Provision 29, which will apply from FY 2026). Funding Circle is finalising the procedures and framework for internal control measures to ensure that we are prepared for these changes.

I hope you find the Corporate governance report informative. The Board will be available at the Annual General Meeting to respond to any questions you may have.

**Ken Stannard**  
Chair  
5 March 2026

# Governance at a glance

## Board changes during 2025

**January 2025**  
Ken Stannard was appointed as Non-Executive Director and Chair Designate and Tony Nicol was appointed as Chief Financial Officer.

**May 2025**  
Andrew Learoyd retired as Board Chair and was succeeded by Ken Stannard at the 2025 AGM.

**June 2025**  
Maeve Byrne was appointed Non-Executive Director and incoming Chair of the Audit Committee.  
Geeta Gopalan (existing Audit Committee Chair and Senior Independent Director) resigned from the Board.

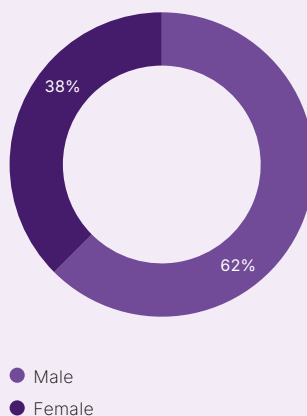
**July 2025**  
Helen Beck was appointed as Senior Independent Director.

**August 2025**  
The Board approved the transitioning of the Audit and Risk Committee into two separate Committees.  
Richard Harvey was appointed as Non-Executive Director and Risk Committee Chair.

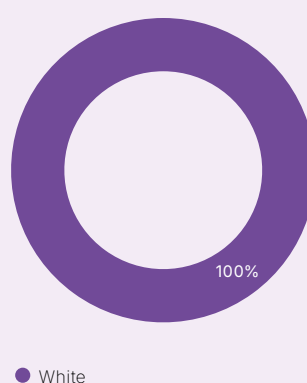
## Rolling three-year female representation on the Board



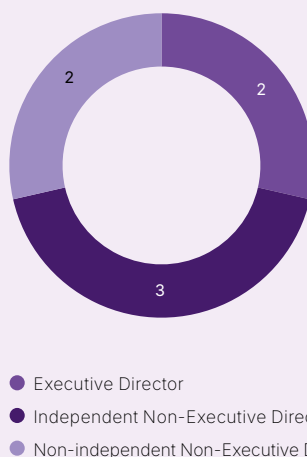
## Board gender balance (as at 31 December 2025)



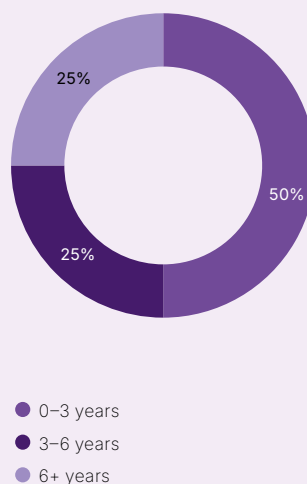
## Board ethnicity (as at 31 December 2025)



## Board independence (excluding Chair, as at 31 December 2025)



## Board tenure (as at 31 December 2025)



## Code principles

Please see below for details regarding the application of the principles of the Code.

| Board leadership and company purpose (A-E) | Pages             |
|--------------------------------------------|-------------------|
| Risk management                            | 57 to 68          |
| Our people and engagement                  | 26 to 29, page 76 |
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| Division of responsibilities (F-I)         | Pages             |
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| Composition, succession and evaluations (J-L) | Pages    |
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| Report of the Nomination Committee            | 84 to 87 |
| Directors' biographies                        | 74 to 75 |
| Board effectiveness review                    | 82       |

| Audit, risk and internal control (M-O)        | Pages     |
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| Corporate governance report                   | 76 to 83  |
| Joint Report of the Audit and Risk Committees | 88 to 93  |
| Risk management                               | 57 to 68  |
| Viability Statement                           | 69 to 70  |
| Remuneration (P-R)                            | Pages     |
| Directors' remuneration report                | 96 to 111 |



## Board of Directors



### Board Committees

- A** Audit Committee
- R** Remuneration Committee
- N** Nomination Committee

- Ri** Risk Committee
- E** ESG Committee
- D** Market Disclosure Committee
- Committee Chair/Interim Chair

**1 Ken Stannard** (N R D)**Chair**

**Term of office:** Ken was appointed to the Board as a Non-Executive Director in January 2025 and as Chair in May 2025.

**Independent:** Yes.

**Skills and experience:** Ken brings 30 years' experience in credit, lending and payments, having held senior executive roles at Lloyds Banking Group, Capital One and American Express, and most recently as CEO of Cabot Credit Management. Prior to his executive roles, he was a partner at Oliver Wyman LLC. Ken has an MBA from INSEAD and an MA in Engineering Science from the University of Oxford.

**External appointments:** Ken is currently Chair of Castle Trust Capital Plc, Castle Trust Holdings Limited and Viewture Limited. He is also a Non-Executive Director of Verastar Ltd. and Chair of its Remuneration Committee, and Lead Director of Cepal Hellas Financial Services S.A.

**2 Lisa Jacobs** (D)**Chief Executive Officer**

**Term of office:** Lisa was appointed to the Board as Chief Executive Officer in January 2022.

**Independent:** No.

**Skills and experience:** Lisa joined Funding Circle in 2012 and was previously UK Managing Director and Chief Strategy Officer. Prior to Funding Circle, Lisa worked as a Management Consultant, both independently and for the Boston Consulting Group, where she had a financial services focus. She has held roles in NGOs in Tanzania and India. Lisa holds a MA in Philosophy, Politics and Economics from the University of Oxford.

**External appointments:** None.

**3 Tony Nicol** (D)**Chief Financial Officer**

**Term of office:** Tony was appointed to the Board as Chief Financial Officer in January 2025.

**Independent:** No.

**Skills and experience:** Tony joined Funding Circle in 2018 as Director of Finance. Prior to Funding Circle, he was Group Financial Controller at IG Group Holdings plc, where he was responsible for all financial reporting including budgeting and forecasting. Before then, Tony worked at PwC as an Assurance Director auditing and advising listed and private businesses in a number of sectors. Tony is an FCA of the ICAEW and holds a BSc in Mathematics from the University of Bristol.

**External appointments:** None.

**4 Helen Beck** (R N A Ri E)**Senior Independent Director**

**Term of office:** Helen was appointed to the Board as a Non-Executive Director in June 2021. Helen is the Workforce Engagement Non-Executive Director. Helen was appointed as Senior Independent Director in July 2025.

**Independent:** Yes.

**Skills and experience:** Helen has over 25 years of experience in financial services, particularly in remuneration design, regulation and human resources. Helen was formerly a

Partner at Deloitte and, among her previous roles in her career, Helen was Global Head of Reward at Standard Bank and Head of McLagan Europe (part of Aon) and held roles in human resources at Fidelity International. Helen was also previously a Non-Executive Director of Irwin Mitchell.

**External appointments:** Helen serves as Non-Executive Director of St James's Place plc (where she is Chair of the Remuneration Committee), as Non-Executive Director of Hampshire Trust Bank plc (where she is Chair of the Remuneration Committee), and as Non-Executive Director of Picton Property Income Limited (where she is Chair of the Remuneration Committee). Helen is an independent adviser for the Wellcome Foundation's Remuneration Sub-Committee, and an independent member of the Remuneration Committee for The British Olympic Association.

**5 Hendrik Nelis****Non-Executive Director**

**Term of office:** Hendrik was appointed to the Board as a Non-Executive Director in September 2013.

**Independent:** No.

**Skills and experience:** Hendrik joined Accel in 2004 and focuses on software, fintech and consumer internet companies. He led Accel's investments in KAYAK (NASDAQ: KYAK, acquired by Priceline), Showroomprive (EPA: SRP), Funding Circle (LON: FCH), Celonis, CHECK24, Instana, Miro and Zepz. Hendrik started his career in Silicon Valley as an engineer at Hewlett-Packard before founding a venture-backed software company. He is from the Netherlands and graduated from Harvard Business School and Delft University of Technology.

**External appointments:** Hendrik serves as Manager, Partner Director and/or Member at a number of Accel entities, as well as a Director or supervisory board member of several other companies.

**6 Neil Rimer** (E)**Non-Executive Director**

**Term of office:** Neil was appointed to the Board as a Non-Executive Director in March 2011.

**Independent:** No.

**Skills and experience:** Neil is a Co-Founder and Partner of Index Ventures. Before starting Index Ventures, he spent four years with Montgomery Securities in San Francisco. Neil was previously a Director of Photobox Holdco Limited, Supercell Oy and The Climate Corporation.

**External appointments:** Neil is currently a Director on various boards of companies based in the UK, Europe, the Cayman Islands and the US, including Raisin GmbH, Nextthink SA, Sofia Holdings Limited, Taxfix GmbH and Typeform S.L. He is also the Co-Chair of Human Rights Watch.

**7 Maeve Byrne** (A N Ri D E)**Non-Executive Director**

**Term of office:** Maeve was appointed to the Board as a Non-Executive Director in June 2025.

**Independent:** Yes.

**Skills and experience:** Maeve has 30 years' experience within financial services, having held senior executive roles at Royal Bank of Scotland Group plc. Most recently, she was seconded as Chief Financial Officer of the Non-Core division of RBS. Prior to her executive roles, she was a partner at KPMG. Maeve is a Chartered Accountant and is a fellow of the Chartered Institute of Accountants in Ireland. Maeve has a BCom from University College Dublin.

**External appointments:** Maeve serves as a Non-Executive Director at M-Kopa Holdings Limited and LendInvest Plc (where she is Chair of the Audit and Risk Committee).

**8 Richard Harvey** (Ri A N R)**Non-Executive Director**

**Term of office:** Richard was appointed to the Board as a Non-Executive Director in August 2025.

**Independent:** Yes.

**Skills and experience:** Richard has over 30 years' experience within financial services, having held senior roles at HSBC, GE Money and Barclays, most recently as Global Head of Retail Banking Products at HSBC Holdings plc and Chief Executive of GE Money (UK Unsecured). Richard previously served as a Director on the boards of GE Capital Bank UK and HSBC Bank of Nevada. Richard has a BA in English Literature from the University of Bristol.

**External appointments:** Richard is currently Non-Executive Director at both the Financial Services Compensation Scheme and the UK Money and Pensions Service, an arm's length body of the DWP. In addition, Richard is a Trustee Director of Citizen Advice (Runnymede and Spelthorne).

**9 Sarah Whiteley** (D)**Chief Legal Officer, Company Secretary**

**Term of office:** Sarah was appointed Company Secretary in January 2026.

**Independent:** Not applicable.

**Skills and experience:** Sarah has over 20 years' experience advising listed and private equity-backed financial services firms across Europe and the US. Prior to joining Funding Circle, Sarah was Group General Counsel and Company Secretary of Cabot Credit Management, Non-Executive Director of the Credit Services Association and previously in private practice at Clyde & Co. Sarah has a Master of Laws from King's College, London.

**External appointments:** Sarah is currently Non-Executive Director of the Dame Vera Lynn Children's Charity.



# Board leadership and Company purpose

Funding Circle's mission is to build the place where small businesses get the funding they need to win. When small businesses succeed, they create jobs, support local communities and drive the economy forward.

This mission is underpinned by Funding Circle's values and the founding entrepreneurial spirit with which Funding Circle was established. The Board embraces the Company's values as part of its decision-making process, which is always in the long-term sustainable interests of the Company to generate value for shareholders and the wider society. More information on the Company's mission, values and strategy is set out in the Strategic Report on pages 2 to 70.

### Measuring performance against strategic objectives

A review of performance against the Company's strategy, objectives, business plans and budget is considered at Board meetings. Maintaining oversight of the Company's operations, and ensuring competent and prudent management, sound planning, an adequate system of control, and adequate accounting, in addition to reviewing any significant risks faced by the Company and establishing and maintaining risk management systems in co-ordination with the Risk Committee, ensures the Company fulfils its business objectives.

The Board is comfortable that sufficient resources are in place for the Company to meet its objectives and measure performance against them. As the Company grows and seeks to achieve its medium-term plan, the Board continues to support the ExCo with the implementation of objectives and key results across the whole business.

### Our culture and employee engagement

We consider our employees and culture fundamental to the success of our business. The Board monitors the Group's culture to ensure it is aligned with the Company's purpose, values and strategy. Helen Beck is our dedicated Workforce Engagement Non-Executive Director, providing a vital connection between the Board and our Circlers. In 2025, Helen held two employee focus groups with various Circlers to gain diverse views across various departments, and she fed these views back to the Board for discussion. In addition, the Board receives regular updates from the Chief People Officer on Circler initiatives and culture updates, including results from the annual employee survey. Two 'Meet the Board' sessions were held during the year, providing employees opportunities to engage with, and ask questions to, the Non-Executive Directors. Further information on how we engage with our employees can be found on pages 26 to 29 and page 46.

As part of the Board's responsibility to monitor and oversee the Company's culture, the Board discussed and agreed that Helen Beck and the Chief People Officer would set out a proposed schedule of further opportunities for direct engagement between the Board and employees during 2026.

Our workforce policies and practices are regularly reviewed by the Board and its Committees and the Board is satisfied that they are consistent with the Company's values and support its long-term sustainable success.

In addition, as part of our 'Be Open' value, we want to ensure we foster an environment where Circlers are encouraged and feel safe to freely raise issues of concern. We have a dedicated whistleblowing process, which provides various channels for Circlers to communicate and report issues of concern, including anonymously. Our Audit Committee receives regular whistleblowing updates. Further information can be found in the Joint Report of the Audit and Risk Committees on pages 88 to 93.

### Shareholder engagement

The Board is responsible for ensuring effective engagement with, and encouraging participation from, various stakeholders, including shareholders. Information on how the Company has engaged with shareholders and other stakeholders can be found in the 'Engaging our stakeholders' section on pages 45 to 48.

Our Investor Relations team supports the Board with continuous engagement with shareholders. In addition, the Board receives copies of analysts' and brokers' reports on the Company along with a monthly Investor Analytics Report, which details key shareholders, shareholder history, top buyers and sellers, market analysis and share price performance to aid familiarity with details of shareholdings.

The Company Secretarial function engages with shareholders, providing support and information on governance matters as required, whilst the Company's registrar also provides a range of shareholder services. Details on our engagement with shareholders who had significantly voted against certain resolutions in the 2025 AGM can be found on page 114.

### Board activities

The Board meets formally at least five times during the year, with meetings planned around key events in the corporate calendar, including the half-year and full-year results and the AGM, and an annual dedicated Strategy Day. The Board also receives monthly management financial reports and CEO updates in between meetings. The Chair and Non-Executive Directors have regular discussions without Executive Directors present. Ad hoc meetings may be called as and when appropriate, as was the case in 2025.

Standing items provide an anchor to the strategy and provide the Board with a consistent view of progress during the year, whilst sessions on priority topics allow for deeper insight. A summary of the Board's key activities during 2025 is set out below. In addition, some examples of key decisions taken by the Board in 2025, in the context of its section 172(1) duties, are set out on page 78. Agendas and accompanying papers are distributed to the Board and Committee members well in advance of each Board or Committee meeting. These include reports from Executive Directors, other members of senior management and external advisers, as appropriate. All Directors have direct access to senior management should they require additional information on any of the items to be discussed.

The table below sets out attendance at the eight Board meetings held in 2025. The attendance for the Committee meetings is detailed in each of the Committee reports.

| Director                                    | No. of meetings | Attendance |
|---------------------------------------------|-----------------|------------|
| Ken Stannard                                | 8/8             | 100%       |
| Lisa Jacobs                                 | 8/8             | 100%       |
| Tony Nicol                                  | 8/8             | 100%       |
| Helen Beck                                  | 8/8             | 100%       |
| Hendrik Nelis <sup>1</sup>                  | 7/8             | 87.5%      |
| Neil Rimer                                  | 8/8             | 100%       |
| Andrew Learoyd<br>(Resigned 15 May 2025)    | 3/3             | 100%       |
| Maeve Byrne<br>(Appointed 2 June 2025)      | 4/4             | 100%       |
| Geeta Gopalan<br>(Resigned 18 June 2025)    | 4/4             | 100%       |
| Richard Harvey<br>(Appointed 1 August 2025) | 3/3             | 100%       |

1. Hendrik Nelis was unable to attend one Board meeting during the year due to a pre-existing commitment. Prior to the meeting, he was fully briefed on all agenda items and provided his views and comments to the Chair to ensure they were incorporated into the Board's discussions. He was also updated on the meeting's outcomes immediately thereafter.

## Key topics discussed by the Board

### Financial performance



- Group's Half-year and Full-Year financial results
- KPIs and milestones review
- Annual budget approval and quarterly forecasts review
- Capital allocation framework review and approval of third share buyback
- Funding model review

### Strategy



- Customers and market deep dive
- Approval of strategy for FY 2026 and medium-term plan
- Review and approval of product propositions including launch of Short Term Loans
- Technology deep dive (including Gen AI)

### Governance, risk and compliance



- Risk updates and macro and credit deep dives
- Committee updates and approval of separation of the Audit and Risk Committees
- Internal evaluations of the Board and Committees
- Cybersecurity deep dive
- Review compliance with the Economic Crime and Corporate Transparency Act 2023
- Review and approval of key Group policies
- Appointment of new Company Secretary

### Culture and engagement



- People and culture deep dive
- Shareholder engagement updates
- Workforce Engagement Non-Executive Director's updates on employee focus group feedback
- Board engagement with employees
- Borrower engagement updates

### Key stakeholders





# Corporate governance report

continued

## Board leadership and Company purpose continued

### Board decision making and section 172(1) duties

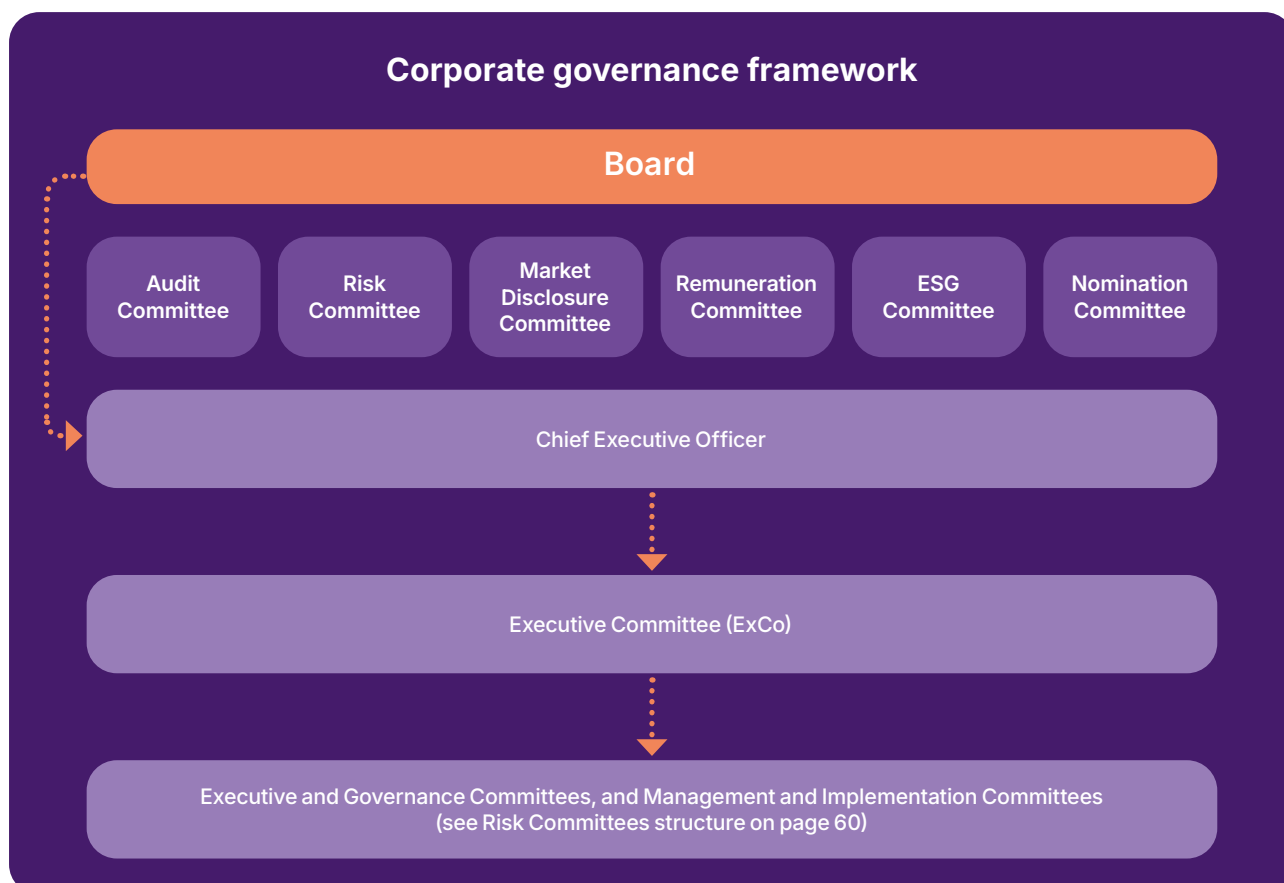
Funding Circle has a wide and varied group of internal and external stakeholders, which the Board keeps in mind during all discussions. In addition, our Investor Relations team supports the Board with continuous engagement with shareholders. Further information on how we have engaged with all our stakeholders can be found on page 45 to 48.

The Directors have full regard to their duties set out under section 172 of the Companies Act 2006 when making decisions. Our section 172 Statement can be found in the Strategic Report on page 45. The following table summarises how the Board and the wider Group have had regard to the duties under section 172(1) when considering specific matters during the year.

| Principal decision                                                                                                       | Stakeholders considered                                                           | Board's decision-making process                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Approval of Short Term Loan product and funding strategy</b>                                                          | Borrowers<br>Institutional investors<br>Circlers<br>Shareholders<br>Communities   | <p>During the year, the Board approved the launch of a new Short Term Loan ("STL") product. This decision was made to address a market gap for further flexible, short-term loan products for UK small businesses that require more agile financing as they navigate shifting economic cycles. Small businesses are the backbone of the UK economy. The Board recognised that providing new finance opens up new customer segments and helps support the preservation of local employment and reinforces the economic stability of the communities in which our borrowers operate.</p> <p>The Board specifically considered and approved the decision to fund these initial originations via the Group's balance sheet through to the end of 2025. The Board recognised that to secure long-term, sustainable institutional funding, it is essential to demonstrate the performance and credit resilience of the STL product with 'real-world' data. By temporarily utilising our own capital, we were able to provide data for attracting a high-quality institutional investor at scale, which happened in early 2026.</p>                                                                                                                                                                                           |
| <b>Initiation of third share buyback programme and holding of treasury shares</b>                                        | Shareholders<br>Circlers<br>Government and regulators                             | <p>As part of the Group's overall objective to provide sustainable long-term stakeholder value, the Board regularly considers its capital allocation strategy along with its budget and financial planning strategy. During 2024 and early 2025, a second share buyback programme had been ongoing. At the time of the full-year results in March 2025, the Company held significant distributable reserves of c.£291 million. In May 2025, upon completion of the second buyback programme, the Board announced a third share buyback programme up to £25 million, with the option for repurchased shares to be cancelled or held in treasury to satisfy awards under the Company's employee share schemes. The Board concluded that the buyback represented the most disciplined use of capital, balancing immediate shareholder returns with the long-term stability of the Group. Additionally, a key factor in the decision to hold repurchased shares in treasury was to have flexibility to satisfy future obligations under our employee share schemes. The Board considers this vital for aligning employee interests with Group performance and aiding long-term retention.</p>                                                                                                                              |
| <b>Appointment of new Audit Committee and Risk Committee Chairs and approval of change to Board governance framework</b> | Borrowers<br>Institutional investors<br>Shareholders<br>Government and regulators | <p>The decision to separate the former Audit and Risk Committee into two designated Committees was driven by the growing complexity of our financial and risk environment (including credit and cyber risk). Additionally, the appointment process proved challenging to find a single Non-Executive Director with the appropriate depth of expertise to simultaneously oversee both complex audit matters and the evolving risk landscape. Consequently, the Board decided to appoint two highly specialised Non-Executive Directors and formally separate the Committees.</p> <p>While the Risk function focuses on the technical resilience of the loan book, alongside broader business risk, the Audit function provides independent assurance that our lending practices remain transparent and compliant with the evolving regulatory landscape, alongside broader audit matters. This dual-layered approach ensures that as we scale new products, we do so without compromising the ethical standards that our stakeholders expect of Funding Circle.</p> <p>Additionally, this enhanced oversight provides institutional investors with the confidence that our credit risk appetite is monitored with granular precision, ensuring the long-term stability and reliability of our funding partnerships.</p> |

## Division of responsibilities

The Board has adopted a formal schedule of matters reserved for its approval and delegated other specific responsibilities to the following six Board Committees: Audit, Risk, Remuneration, Nomination, ESG and Market Disclosure. Each Board Committee has written Terms of Reference which define the role and responsibilities of the respective Committee and these are reviewed annually, along with the schedule of matters reserved for the Board. More information about the role and activities of each of the Board Committees, with the exception of the Market Disclosure Committee, can also be found in the Committee Reports.



The responsibilities for the Market Disclosure Committee, which is chaired by the Company Secretary and comprises the Chair of the Board, the Chair of the Audit Committee, the CEO, the CFO and the CRO, include overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation, the FCA's UK Listing Rules ("UKLR") and the Disclosure and Transparency Rules ("DTR").

The ExCo provides leadership in the day-to-day management of the business and implements the strategy approved by the Board. The ExCo is supported by a number of Management Committees, which provide consistent reporting on key areas of the business. There is a flow of information both ways between the Management Committees and the ExCo and the Board of Directors and its Committees. Further details on the Management Risk Committees are available in the Risk management section on page 60.

### Board roles and responsibilities

There is a clear division of responsibilities between the leadership of the Board and that of the Executive Directors and the responsibilities of the Chair, CEO and Senior Independent Director are set out in writing, reviewed and approved by the Board annually.



The responsibilities of these roles can be found on our website



## Composition, succession and evaluations

### Board composition and succession

The Nomination Committee reviews the structure, size and composition of the Board to maintain and develop a robust succession plan for the Board and ExCo.

As noted under Governance at a glance on page 73, there have been a number of changes to the Board during 2025 and up to the date of this report. One of the Board's 2025 priorities was to refresh its composition to ensure it had the appropriate skills, experience and knowledge to support the Company's continued execution of its simplified business strategy. The Board's Nomination Committee has delegated responsibility for reviewing the leadership needs of the business, including Board composition, considering succession plans for both the Board and ExCo, selecting and recommending the appointment of new Directors, having oversight of Board induction processes and considering the results of the Board effectiveness review.

At the 2025 AGM, Andrew Learoyd retired from the Board after a nine-year term as Chair. Geeta Gopalan also retired from the Board in June 2025 after a seven-year term as Non-Executive Director, Chair of the Audit Committee and Senior Independent Director. Ken Stannard and Tony Nicol joined the Board as Chair Designate and CFO respectively on 1 January 2025. There were two further independent Non-Executive Director appointments during the year. Maeve Byrne joined on 2 June 2025 and was subsequently appointed as Chair of the newly reconstituted Audit Committee and Richard Harvey joined on 1 August 2025 and was appointed as Chair of the newly reconstituted Risk Committee. More details on how the Nomination Committee led these appointment processes are noted in its Committee Report on pages 84 to 87.

### Board skills

The Nomination Committee uses a skills and experience matrix to regularly review the expertise of the Board and its Committees, as well as considering each Director's skills and experience, length of service and time commitment. The Board's skills matrix can be found below.

### UK Corporate Governance Code (the "Code") compliance

As a listed company, the Company applies the principles and provisions of the Code which, can be found, in full, at [www.frc.org.uk](http://www.frc.org.uk). We are reporting against the 2024 Code, except for Provision 29, which we will report on in 2026.

As part of this Corporate governance report, we have laid out how the Board applies each of the principles of the Code at Funding Circle. The Board takes seriously the need for high standards of governance and aims to implement a robust corporate governance framework that works for the Company, enabling it to achieve long-term sustainable success and its wider objectives. The Company was compliant with all the provisions of the Code, except for Provision 11.

During 2025, the Board did not comply with Provision 11 regarding Board independence. Following the various Board changes during the year (as noted on page 73), our composition (excluding the Chair) consisted of five Non-Executive Directors, two of whom were non-independent, shareholder-representative Directors. The Board considers that these non-independent Directors provide vital alignment with our long-term investors and contribute deep sector expertise that supports our strategic goals. Despite the current lack of a formal majority of independent Directors, the Board maintains a culture of open challenge, ensuring that no single individual or small group dominates the Board's decision making.

### Board skills

(as at 1 January 2026)

|                                               |            |
|-----------------------------------------------|------------|
| FS/fintech                                    | ●●●●●●●●●● |
| Technology (future oriented)                  | ●●●●●●●●●● |
| Product innovation (digital focus)            | ●●●●●●●●●● |
| Risk management (including regulation, cyber) | ●●●●●●●●●● |
| Unsecured credit/lending (data intensive)     | ●●●●●●●●●● |
| Customer focus (experience & marketing)       | ●●●●●●●●●● |
| Commercial/strategic                          | ●●●●●●●●●● |
| Transformational change management            | ●●●●●●●●●● |
| Remuneration/people                           | ●●●●●●●●●● |

- Core skill: Represents a primary area of professional expertise where the Director possesses a deep, expert-level capability.
- Supplemental skill: Represents a strong functional proficiency gained through regular Board-level exposure and practical experience, though it is not the Director's primary specialisation.

## Onboarding our new Committee Chairs

During 2025, we welcomed Maeve Byrne and Richard Harvey as Non-Executive Directors and Chairs of the Audit and Risk Committees respectively. Given the specialised nature of these roles within a regulated environment, their inductions were bespoke, focusing on the intersection of data-led credit analytics, financial resilience and culture.



### Board induction process

An effective induction programme is integral to a director's ability to quickly thrive in their role and provide the 'constructive challenge' necessary for a high-growth fintech. Upon appointment, each Director receives a comprehensive, formal induction tailored to their individual experience and the specific requirements of their Committee leadership.

The induction is designed to enable new Directors to familiarise themselves with our business operations, risk and governance arrangements. It includes briefings on industry and regulatory matters, our strategy and business model, risk management and risk appetite, and meetings with senior management in key areas of the business.

These are supplemented by induction materials such as recent Board papers and minutes, organisational structure charts, governance matters and relevant policies.

New Directors also meet our external auditors, brokers and advisers, and attend a presentation from the Company Secretarial team and, when applicable, external legal counsel on the roles and responsibilities of a UK-listed company director.

Details of the Chair's induction are published in the 2024 Annual Report.

In addition to the above, bespoke features of their induction programme included:

**Strategic and operational:** Beyond briefings on our 2025 strategy, Maeve and Richard spent time with our Chief Technology Officer and Credit Risk team. This ensured a 'bottom-up' understanding of the Group's proprietary underwriting model and how its statistical approach to risk underpins its risk appetite.

**Culture and engagement:** To ensure a well-rounded induction, Maeve and Richard prioritised getting to know the people behind the platform. Through an informal 'Meet the Board' All-Hands Q&A and a Senior Leadership breakfast, they engaged directly with employees in an open, unscripted environment.

To ensure a seamless transition of Committee leadership, Maeve and Richard also held one-on-one deep dives with:

**Audit focus:** Lead External Audit Partner, Head of Internal Audit and the CFO and wider members of the Finance team to review accounting judgements, the control environment, and to better understand FlexiPay's ECL methodology.

**Risk focus:** CRO and Head of Compliance to analyse the Group's Risk Appetite Statement and ERMF; Chief Credit Officer to better understand the Group's underwriting model and data lineage; and Chief Financial Officer to review the Group's funding strategy and risk.

### New Director perspectives: The first six months



Reflecting on my first six months, the induction process has confirmed that our strategy is built on a culture of high-integrity behaviour, robust internal controls, and a data-led approach that never loses sight of our role as a responsible SME lender. It is the transparency in our financial reporting and the discipline of our proprietary systems that ensure we remain accountable to our stakeholders while delivering the agility small businesses need to thrive."

**Maeve Byrne**  
Audit Chair



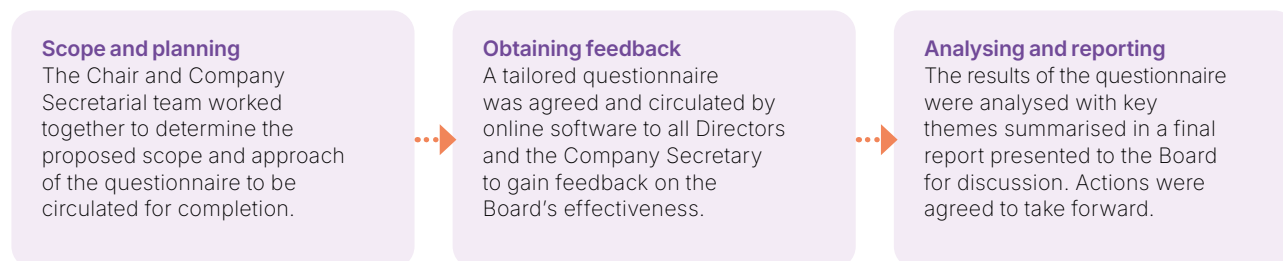
Six months in, I have developed confidence in the ability of the team to balance growth with appropriate oversight. Dialogue with the teams has demonstrated to me how practical through the credit cycle experience coupled with disciplined data-led underwriting underpins our strategic resilience. I have also been pleased to note, in my early interactions, both an open culture of risk-awareness and a clear mission to support the growth of UK SMEs."

**Richard Harvey**  
Risk Chair



## Board effectiveness review

The Board takes its continuous improvement and development very seriously and, at the end of 2025, conducted a detailed internal effectiveness review of the performance of the Board, Chair and individual Directors. Topics included leadership and purpose, composition and division of responsibility, independence, Board meeting progress, Board development and support, risks and controls oversight, and culture and stakeholder engagement oversight. The evaluation process is outlined below:



### Scope and planning

The Chair and Company Secretarial team worked together to determine the proposed scope and approach of the questionnaire to be circulated for completion.

### Obtaining feedback

A tailored questionnaire was agreed and circulated by online software to all Directors and the Company Secretary to gain feedback on the Board's effectiveness.

### Analysing and reporting

The results of the questionnaire were analysed with key themes summarised in a final report presented to the Board for discussion. Actions were agreed to take forward.

### 2025 effectiveness review outcomes

The evaluation concluded that the Board, Chair and Directors continue to be effective. Some areas noted for improvement, which the Board is committed to addressing in 2026, included:

- expanding the Board's annual strategy review cycle to bi-annual sessions, providing the Board with greater opportunity to evaluate near-term performance trends alongside long-term strategic evolution;
- scheduling regular updates on Gen AI/technology and cyber risk; and
- ensuring regular review of the Group's capital allocation framework.

### Progress against actions identified in 2024 effectiveness review

Set out below is the progress during 2025 against actions identified through the 2024 Board effectiveness review:

| Action for 2025                                                                                                                                                                                                    | Progress                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuing to review Board succession plans and performance, including appointing new Non-Executive Directors with the appropriate skills required for the reduced Board size, particularly audit and risk skills. | Maeve Byrne and Richard Harvey were appointed during 2025 which has addressed audit and risk succession planning requirements, with further succession plans to continue during 2026.                                                                                                                                                                                                                                                                 |
| Reviewing and enhancing processes for Board oversight of people and culture.                                                                                                                                       | Consistent with prior years, a 'People deep dive' was scheduled at the July 2025 Board meeting, which reviewed the People strategy, capability assessment, and people/DEI metrics. The Workforce Engagement Non-Executive Director scheduled, and provided various updates to the Board on, employee engagement sessions during the year. The Chief People Officer also provided an update to the Board on the results of the annual employee survey. |
| Increase Board's employee engagement.                                                                                                                                                                              | The Board significantly increased its employee engagement throughout the year by participating in various panel events held at the Company's All-Hands meetings and in celebration of International Women's Day, attending two designated sessions with the Senior Leadership Team, and attending two employee focus groups led by the Workforce Engagement Non-Executive Director.                                                                   |

### External evaluation

The Board discussed the value of an externally facilitated evaluation at length including the recommendation in Provision 21 of the 2024 Code and the value of an external evaluation from the perspective of stakeholders. The Board decided that it was not appropriate at this time due to the significant change to the Board's composition during the year and as the internal evaluation was rigorous with full engagement and candid responses from Board members. Areas of improvement were identified, which the Board was fully committed to working on in 2026. An external evaluation is planned to take place during 2026.

## Audit, risk and internal control

The Board has delegated to the Audit Committee responsibility for overseeing the financial and corporate reporting and internal financial controls of the Company and its subsidiaries. This includes reviewing the content of the Annual Report and Accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable. Details of this process and the focus of the review and of the Audit Committee's role, activities and relationship with the external auditors are on pages 88 to 93 of the Joint Report of the Audit and Risk Committees.

### Audit

The Board has formal and transparent procedures in place to ensure the independence and effectiveness of the Internal and External Audit functions, as required by the Code. An effectiveness review of both the Internal and External Audit functions was completed during the year, which included an evaluation of professional integrity and independence. Further details of the evaluations can be found in the Joint Report of the Audit and Risk Committees on pages 92 to 93.

The Board delegates responsibility for ensuring the integrity of the financial and narrative statements to the Audit Committee. Further detail can be found on pages 88 to 93.

### Responsibility for preparing the Annual Report and Accounts

The Board is responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations. An explanation from the Directors about their responsibility for preparing the financial statements is on page 115 in the Statement of Directors' Responsibilities. The Company's external auditors explain their responsibilities on pages 117 to 123.

### Enhancing governance oversight

With effect from 1 August 2025, the Board approved transitioning the Audit and Risk Committee back out into two separate Committees, exhibiting how the Board continuously considers the efficacy of its Committees and its overall governance framework.

### Risk management and internal control systems

In accordance with the Code, the Board is required to monitor the Group's risk management and internal control systems on an ongoing basis and carry out a review of their effectiveness. To discharge this responsibility, the Board has established frameworks for risk management and internal control using a 'Three Lines of Defence' model as outlined in the Group's ERMF and reserves for itself the setting of the Group's risk appetite.

Whilst the Board retains ultimate responsibility for the Group's systems of internal control and risk management, it has delegated in-depth monitoring of the establishment and operation of prudent and effective controls in order to assess and manage risks associated with the Group's operations to the Risk Committee. The Risk Committee also monitors compliance with the ERMF. Members of the ExCo are responsible for the application of the ERMF, for implementing and monitoring the operation of the systems of internal control and for providing assurances on this to the Board and its relevant Committees.

The Internal Audit function provides an independent and objective assessment to the Risk Committee on the robustness of the ERMF and the appropriateness and effectiveness of internal controls. The Risk Committee and Audit Committee provide regular updates to the Board on their review of the Group's risk management and internal control systems as discussed in their Committee meetings.

During the year, the Board, supported by the Risk Committee, carried out a robust assessment of the emerging and principal risks and uncertainties facing the Group, including any that would threaten our business model, future performance, solvency or liquidity. There is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company as described in more detail in the Risk management section and in the Joint Report Audit and Risk Committees. These systems have been in place for the year under review and up to the date of approval of this report and they are regularly reviewed by the Risk Committee.

Further details on the above are outlined in the Risk management section on pages 57 to 60 and the Joint Report of the Audit and Risk Committees on pages 88 to 93.

### Provision 29 readiness and material controls

In preparation for Provision 29 of the Code coming into effect in 2026, the Company initiated a robust review of its material risks and associated controls, leveraging our existing ERMF and risk taxonomy as the foundation. This ensured that the identification of material financial, operational, technological, compliance and reporting controls remained deeply integrated and consistent with the Group's established approach to risk management.

This initiative was led by the Management SteerCo. The framework underwent a formal review and challenge by the Risk Committee to assess its integrity and design effectiveness before being recommended to the Audit Committee and subsequently approved by the Board in December 2025.

Throughout 2026, the Group will continue its scheduled programme of testing and monitoring of these material controls, ensuring their ongoing operational effectiveness in support of the Board's inaugural declaration at the 2026 year-end.

### Board training and risk oversight

Continuous professional development for the Board is facilitated through a combination of technical regulatory updates, facilitated workshops on specialised topics, and individualised induction and training plans tailored to each Director's specific Committee responsibilities. During the year, the Board participated in several dedicated sessions to deepen its oversight of the Group's key risk areas, including:

- credit risk;
- cyber and data security;
- Provision 29 material controls review; and
- climate risk and reporting.

# Report of the Nomination Committee



**Ken Stannard**  
Chair



This has been a period of significant evolution for our Board.”

**On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 December 2025.**

This has been a period of significant evolution for our Board. Following the retirement of our long-standing Chair, Andrew Learoyd, and our Senior Independent Director and Audit Committee Chair, Geeta Gopalan, the Committee has been focused on a structured Board refresh. We would like to thank both Andrew and Geeta for their exceptional service and leadership.

The Committee met five times during 2025, with a primary focus on Board succession. While we remain committed to enhancing Board diversity and independence, we must balance these objectives with the need for specialised expertise essential to a fast-growing fintech environment. Following our previous announcement last year regarding Neil Rimer’s planned transition to retirement towards the end of 2025, the Board has recommended extending his tenure to allow for a deliberate and thorough search for his successor. This ensures the right skills match for the Group’s next phase of growth while maintaining continuity. Where our current composition departs from the 2024 UK Corporate Governance Code, we have provided a clear explanation to demonstrate why our approach is in the best interests of Funding Circle and its stakeholders at this time.

**Skills and experience**

The Committee maintains a skills and experience matrix, which helps us review the current skills and experience of the Board and identify any gaps that may need filling. The skills and experience of the Directors on the Board were evaluated as part of the annual effectiveness review and our succession plan for the Board will consider the appropriate skills and expertise to match the Company’s strategic direction. Details of the Board’s skills are outlined on page 80.

**Board appointments**

In addition to my appointment as Non-Executive Director on 1 January 2025, Tony Nicol also joined the Board as CFO and Executive Director. On 15 May 2025, I was appointed as Chair after the resignation of Andrew Learoyd. Subsequently, Geeta Gopalan resigned on 18 June 2025 as Chair of the Audit and Risk Committee and Senior Independent Director. Maeve Byrne was appointed as Non-Executive Director on 2 June 2025 and subsequently became Chair of the Audit and Risk Committee (later reconstituted as the Audit Committee) on 18 June 2025. Helen Beck was appointed as Senior Independent Director on 3 July 2025. Richard Harvey was appointed as Non-Executive Director and Chair of the newly constituted Risk Committee on 1 August 2025.

**2025 Committee activity**

- An overwhelming majority of the Committee’s work during the year related to the extensive search and recruitment processes for the new Audit Committee and Risk Committee Chairs.
- Recommended refresh to Board Committees’ composition and the separation of the Risk and Audit Committees.
- Recommended new Senior Independent Director appointment.
- Reviewed Board and senior management succession plans, including the Board’s skills matrix.
- Reviewed Director conflicts and NED time commitment and recommended Directors to stand for re-election at the AGM.

**The Committee’s focus for 2026**

- Drive forward the process of continued succession planning for the Board and increase the Board’s independence and diversity.

**Members and attendance**

| Member                                         | Meetings | Attendance |
|------------------------------------------------|----------|------------|
| Ken Stannard                                   | 5/5      | 100%       |
| Helen Beck                                     | 5/5      | 100%       |
| Maeve Byrne<br>(Appointed on 2 June 2025)      | 1/1      | 100%       |
| Richard Harvey<br>(Appointed on 1 August 2025) | 1/1      | 100%       |
| Andrew Learoyd<br>(Resigned 15 May 2025)       | 3/3      | 100%       |
| Geeta Gopalan<br>(Resigned 18 June 2025)       | 2/3      | 66%        |



The Committee’s role and key responsibilities are defined in its Terms of Reference which can be found on our website

### Board diversity

The Committee recognises that diversity, in its broadest sense, is a strategic imperative for a high-performing Board. Our approach is guided by the recommendations of the Parker Review on ethnic diversity and the FTSE Women Leaders Review on gender representation, alongside the core principles of the UK Corporate Governance Code. These frameworks are integrated into our Board Diversity Policy (available on our website), which governs our approach to inclusion across the Board, its Committees, the Executive Committee, and their direct reports.

### Leadership diversity

DEI is a priority at Funding Circle, which extends across the Company at all levels. DEI is a key component of our ESG Framework, overseen by our ESG Committee, which works closely with the Committee to support and oversee the implementation of diversity goals across the Group, including at Board level.

Group diversity statistics can be found in the Strategic Report on page 29. We are pleased to have maintained representation of women at the ExCo and direct report level at 43% under the FTSE Women Leaders Review (2024: 43%) and to have also achieved the Women in Finance Charter's target for senior leadership (defined as ExCo and the two layers below).

The Committee considers this a stable platform as the Group continues to evolve its initiatives, some of which include our female empowerment and senior leader development programmes and reverse mentoring, to drive towards even greater representation in the future. The Company also regularly reviews and is proud to offer a range of family friendly and flexible working policies and practices (such as adoption leave, care leave, and for parents returning to work).

The following comprises our reporting against the FCA's UK Listing Rules targets and requirements on diversity and inclusion on company boards and executive management. Whilst we recognise it does not currently meet the minimum 40% female representation on the Board, this is offset by two female Directors in senior positions, being CEO and SID roles, which is above the FCA's requirement.

Following a recent change in our Board composition, we do not currently meet the target of having at least one Director from an ethnic minority background. As a fintech-focused organisation with a lean Board structure, we recognise that individual departures can have a disproportionate impact on our diversity percentages. We operate in a highly competitive market for Non-Executive Directors with specific digital and financial services expertise; however, we remain steadfast in our commitment to the Parker Review's and FCA's targets. The Committee has mandated our search partners to prioritise a diverse longlist for current vacancies, ensuring that ethnic representation is a core pillar of our long-term succession planning.

### Gender representation in the Board and senior management – 31 December 2025

|       | Number of Board members | Percentage of the Board | Progress from 2024 | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Progress from 2024 | Number in Executive management | Percentage of Executive management | Progress from 2024 |
|-------|-------------------------|-------------------------|--------------------|-------------------------------------------------------------------|--------------------|--------------------------------|------------------------------------|--------------------|
| Men   | 5                       | 62%                     |                    | 2                                                                 |                    | 5                              | 71%                                |                    |
| Women | 3                       | 38%                     |                    | 2                                                                 |                    | 2                              | 29%                                |                    |

### Ethnicity representation in the Board and senior management – 31 December 2025

|                                                                | Number of Board members | Percentage of the Board | Progress from 2024 <sup>1</sup> | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Progress from 2024 | Number in Executive management | Percentage of Executive management | Progress from 2024 |
|----------------------------------------------------------------|-------------------------|-------------------------|---------------------------------|-------------------------------------------------------------------|--------------------|--------------------------------|------------------------------------|--------------------|
| White British or other White (including minority-White groups) | 8                       | 100%                    |                                 | 4                                                                 |                    | 6                              | 86%                                |                    |
| Asian/Asian British                                            | —                       | —                       |                                 | —                                                                 |                    | —                              | —                                  |                    |
| Other ethnic group                                             | —                       | —                       |                                 | —                                                                 |                    | 1                              | 14%                                |                    |

1. The reduction in ethnic representation on the Board is due to the change in our Board composition during the year.

2. The reduction in ethnic representation within Executive management is due to the resignation of one role during 2025, which has not yet been replaced.

### Key

Improving



No change



Deteriorating





### Process for the appointments of new Chairs of the Audit and Risk Committees

#### Stage 1: Strategic review and composition analysis

The Committee conducted a comprehensive review of the Board's skills matrix and succession plans to replace the existing Audit and Risk Committee Chair. With the decision to separate the Audit and Risk Committees, the Committee identified a specific requirement for a new Non-Executive Director with a specialised risk background to lead the standalone Risk Committee, while ensuring the Audit Committee remained under the leadership of a seasoned financial expert.

#### Stage 2: Search firm engagement and candidate identification

The Committee approved detailed role specifications for the two roles and appointed Teneo<sup>1</sup> to identify suitable candidates from a diverse candidate pool in line with the Board Diversity Policy, focusing on individuals with deep expertise in financial services risk management and regulatory compliance.

#### Stage 3: Shortlisting and preliminary interviews

Teneo identified a long list of high-calibre individuals, which the Committee narrowed down to a short list based on objective criteria, including technical risk expertise and cultural alignment with Funding Circle's mission. These candidates underwent initial interviews with members of the Nomination Committee and the CEO to assess their strategic fit and capability to lead the dedicated Committees.

#### Stage 4: Stakeholder engagement and final evaluation

Preferred candidates met with the remaining members of the Board and key Executive stakeholders, including the Chief Risk Officer ("CRO") and Chief Financial Officer ("CFO"). The Committee agreed the preferred candidates based on the range of skills, experience and knowledge that complemented those of the existing Board members and unanimously recommended the same to the Board.

#### Stage 5: Board approval and appointment

The Board considered the candidates on their merits and approved the appointment of Maeve Byrne as Non-Executive Director effective 2 June 2025 (and Chair of the Audit Committee effective 18 June 2025) and Richard Harvey as a Non-Executive Director and Chair of the Risk Committee effective 1 August 2025.

1. **Teneo** is an independent global advisory firm. Teneo's People Advisory business (formerly Ridgeway Partners) has no other connection to the Company or any individual Director. Teneo is a signatory to the Standard Voluntary Code of Conduct for Executive Search Firms and is fully accredited by the FTSE Women Leaders Review for its commitment to gender diversity. In 2024, 50% of Teneo's Non-Executive Director appointments were female, and it continues to partner with the Board to ensure our recruitment processes remain inclusive and representative.

### Director conflicts and independence

The Committee conducted its annual review of individual Director conflict authorisation as recorded in the Conflicts of Interest Register. Additionally, the Board considers conflicts of interest at every meeting.

The Conflicts of Interest Register sets out any actual or potential conflict of interest situations that a Director has disclosed to the Board in line with their statutory duties. When reviewing conflict authorisations, the Committee will consider any other appointments held by the Director as well as the findings of the Board effectiveness review. Following the review, the Committee will recommend to the Board whether any conflict authorisations remain appropriate. In the current year, there were no conflict authorisations to be approved by the Board.

The independence of the Non-Executive Directors is formally reviewed annually by the Committee. Two of the Non-Executive Directors are not independent due to their position as shareholder representative Directors. The Committee and Board consider that there are no circumstances that are likely to affect the independence of the remaining Non-Executive Directors and that they continue to demonstrate independence.

### Time commitment

The expected time commitment of the Chair and Non-Executive Directors is assessed, together with any existing external appointments, during the recruitment process. Time commitment is reviewed by the Committee on an annual basis and both the Committee and Board continue to consider that all Directors have sufficient time to undertake their roles effectively.

### Board and Committee effectiveness

The Committee reviewed the 2025 Board effectiveness review results and discussed feedback that related to the Committee's remit. More detail on the Board's effectiveness review is on page 82.

### Progress on actions from 2024 Committee effectiveness review

Feedback from the 2024 effectiveness review noted that the Committee needed to focus more on the Board's succession planning, and particularly the Chair succession planning, which was actioned by the end of 2024. Five Committee meetings took place during 2025, which focused on the selection process and ultimate appointment of two additional Non-Executive Directors.

### 2025 Committee effectiveness review

The Company Secretarial team facilitated an effectiveness review of the Committee at the end of 2025. A comprehensive questionnaire was distributed to all the Committee members and the Chief People Officer, all of whom responded and engaged well during the evaluation process.

Overall, scores were positive across all elements of the questionnaire of the Committee's effectiveness. There was consistent commentary amongst all members that Board and senior management succession planning should remain a key priority for 2026 particularly in relation to increasing diversity.

### Re-election

The Committee has recommended to the Board that all Directors stand for election or re-election at the forthcoming AGM.

### Senior management succession

The Committee's responsibilities include keeping the Executive leadership needs of the Group under review, with a view to ensuring it continues to compete effectively in the market. During the year, some members of the Committee participated in the appointment process for a new Group Chief Legal Officer and Company Secretary by meeting with candidates and providing the CEO with feedback prior to the appointment of Sarah Whiteley as Group Chief Legal Officer and Company Secretary effective 1 January 2026.

### Board succession, composition and the year ahead

As noted earlier in this report, there have been several changes to our Board since the Annual General Meeting in 2025. Whilst the Board is not currently majority independent, the Committee has discussed in depth the composition of the Board in respect of independence and tenure and in respect of aligning the Board's composition with the Company's, needs which will remain a key focus for the Committee during 2026.

### Ken Stannard

Chair of the Nomination Committee  
5 March 2026



# Joint Report of the Audit and Risk Committees



**Maeve Byrne,**  
Chair of the Audit Committee

On behalf of the Board, we are pleased to present the Joint Report of the Audit and Risk Committees for the year ended 31 December 2025. To enhance our governance framework, we have transitioned back to separate Audit and Risk Committees following former Audit and Risk Committee Chair, Geeta Gopalan's departure in June 2025, which aligns with our Board succession strategy. On behalf of the Committees, we extend our thanks to Geeta for her exceptional leadership and technical expertise as former Audit and Risk Committee Chair.

The Committees have navigated a period of transition well. We continue to be impressed by the depth of management's reporting and its proactive approach to risk. We remain satisfied that our internal control frameworks are not only robust, but are evolving appropriately alongside the business.

### 2025 key activities

#### Risk

- Appointing the Chair of the newly separated Risk Committee.
- Overseeing our approach to loan originations and agreeing to changes in credit strategy to enable fast and effective change in an increasingly volatile environment. Portfolios have been generally resilient and within target despite the challenging environment.
- Receiving regular updates and closely monitoring the external environment to look ahead at indicators of major change and assessing risk in relation to inflation and rising interest rates, and their impacts on SME credit standing.
- Receiving updates on emerging risks (including current regulatory-related matters) and principal risks including strategic, funding and finance, credit, operational (including people), regulatory and reputational, and technology risks (including cyber and Gen AI), including applying scrutiny to information security and technology risk and receiving updates on their mitigation plans.

- Reviewing risk assessments associated with FlexiPay, Cashback card and Term Loans, including the launch of Short Term Loans as a new product.
- Reviewed and approved the Group's risk appetite and amendments to the Enterprise Risk Management Framework, including the review of, and update to, a number of key risk policies to ensure our approach keeps pace with the changing risk landscape.
- Attending workshops on Provision 29 material controls preparedness and credit risk and recommending approach to the Audit Committee.

### 2025 key activities

#### Audit

- Appointing the new Chair of the newly separated Audit Committee.
- Reviewing the integrity of the Group's half-year and full-year financial statements and considering key disclosure matters, including the going concern and viability statements at year end.
- Evaluated the quality, effectiveness and independence of our internal and external auditors.
- Attended deep-dive sessions with management on updates to the proposed modelling methodology for expected credit loss impairment for FlexiPay.
- Challenging, monitoring and evaluating the effectiveness of both financial and non-financial controls in the Group, including working in collaboration with the Risk Committee on overseeing Provision 29 materials controls preparedness, and recommending approach to the Board.
- Reviewing Internal Audit reports and approving 2026 Internal Audit Plan.
- Reviewed approach to deferred tax recognition (further detail on page 90).
- Reviewed letter from FRC and management's response (further detail on page 90).



**Richard Harvey**  
Chair of the Risk Committee

### Members and attendance

| Member                                                      | Combined Audit and Risk Committee meetings (Pre-1 August 2025) | Audit Committee meetings | Risk Committee meetings | Attendance |
|-------------------------------------------------------------|----------------------------------------------------------------|--------------------------|-------------------------|------------|
| Maeve Byrne (Audit Chair)<br>(Appointed on 2 June 2025)     | 1/1                                                            | 2/2                      | 1/1                     | 100%       |
| Richard Harvey (Risk Chair)<br>(Appointed on 1 August 2025) | —                                                              | 2/2                      | 1/1                     | 100%       |
| Helen Beck                                                  | 3/3                                                            | 2/2                      | 1/1                     | 100%       |
| Geeta Gopalan<br>(Resigned on 18 June 2025)                 | 3/3                                                            | —                        | —                       | 100%       |

Both Committees' roles and key responsibilities are defined in their Terms of Reference which can be found on our website



## 2026 key priorities

### Risk

- Continue to review the Group's key and emerging risks, paying close attention to the macro environment, fraud risk and maintaining oversight of the business's approach to responsible lending to mitigate reputational risk.
- Increased focus on cyber risk and business resilience.
- As the Group continues to embrace new products and increase automation, particularly with new technology initiatives (including Gen AI), the Committee will monitor the associated risks, both prior to and post-implementation, as they scale as well as the execution risk as the business moves from a focus on one product to a number of different products.
- Continue to review the management of balance sheet exposures and the credit risk position in relation to our financial objectives under different outlook scenarios.
- Support the Audit Committee and Board with continued oversight of the implementation of the Provision 29 material controls attestation requirements.

## 2026 key priorities

### Audit

- Continue to assess accounting judgements and estimates, particularly in relation to a provision for expected credit losses on FlexiPay lines of credit, the evolution and improvement of the Group's credit provision models, and new product launches as they mature and grow in volume.

- Continue to review the Group's internal financial controls and internal control systems to ensure they continue to develop in line with the Group's business with a particular focus on the end-to-end processes and the ongoing development of the controls over new products and new features.
- In collaboration with the Risk Committee, support the Board with continued oversight of the implementation of the Provision 29 material controls attestation requirements.

### Committee composition, skills and experience

The membership of the Audit Committee complies with Provision 24 of the Code, requiring a minimum membership of two Independent Non-Executive Directors not including the Chair of the Board. All members of the Audit Committee have relevant financial experience across banking and financial services, demonstrating competency relevant to the sector in which Funding Circle operates, including the Committee Chair, who is a Chartered Accountant. Members of the Risk Committee have relevant risk management experience, including Richard Harvey, who is a risk specialist.

The Audit Committee meets privately to discuss matters with the external and internal auditors, which regularly attend all meetings, without management present.

The Risk Committee Chair meets the CRO regularly to discuss risk oversight matters.

## Significant matters considered in relation to the financial statements

The Audit Committee assessed the quality and appropriateness of, and adherence to, the Group's accounting policies and principles. It reviewed whether the accounting estimates and judgements made by management were appropriate. The significant matters and accounting judgements considered by the Audit Committee during the year are set out below.

| Reporting issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Audit Committee action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Going concern and viability</b></p> <p>The period over which the Directors have determined the viability assessment is three years.</p> <p>Going concern is assessed annually based on detailed cash flow forecasts for the next 15 months including a severe but plausible downside scenario.</p> <p>The impact of the UK government budget and ongoing global instability has continued to weigh on SMEs. These factors have been considered in the above assessments.</p> | <p>The Audit Committee reviewed reports from management that set out its view on both the shorter-term going concern and longer-term viability of the Group. These included:</p> <ul style="list-style-type: none"> <li>● reviewing the Group's principal risks as set out on pages 61 to 68;</li> <li>● assessing and reviewing the adherence to the risk appetite set by the Audit Committee to track the Group's capital, liquidity and exposures of its funding products;</li> <li>● reviewing the Group's short- and medium-term plan, cash, capital and liquidity;</li> <li>● reviewing the outcomes of stress testing after applying a severe but plausible scenario aligned to the principal risks; and</li> <li>● reviewing the risk, going concern and viability disclosures for clarity on scenarios, uncertainties, sensitivities and management actions considering macro economic risks in particular.</li> </ul> <p>Having challenged and considered the outcomes of management's assessment, the Audit Committee recommended the Viability Statement to the Board for approval, concluded the Group remains a going concern and considered that related disclosures were sufficiently clear and transparent.</p> |



# Joint Report of the Audit and Risk Committees continued

## Significant matters considered in relation to the financial statements continued

| Reporting issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Audit Committee action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Expansion of shorter-term lending product</b><br/>The Group holds SME loans at fair value through profit and loss of £120.8 million, the majority of which are related to the shorter-term lending product.</p> <p>The majority of the assets were sold in January 2026 after the balance sheet date.</p>                                                                                                                                                                                                                                                                                                        | <p>The Audit Committee received papers from management covering the accounting treatment and financial statement disclosures related to the shorter-term lending product and the subsequent sale after the balance sheet date and concluded:</p> <ul style="list-style-type: none"> <li>● the measurement of the product was at fair value through profit and loss due to the intention to sell following a period of on-balance-sheet funding as proof of concept;</li> <li>● the valuation of the assets was appropriate using market-driven inputs into the discount rate applied in a discounted cash flow methodology;</li> <li>● the disclosures in relation to the sensitivity to estimation uncertainty from discount rate and loss rate assumptions was clear and appropriate; and</li> <li>● the subsequent events note detailing the sale of the assets after the balance sheet date was clear and appropriate.</li> </ul> <p>Having reviewed the disclosures and treatment, the Audit Committee concluded that the application was correct and the disclosure was clear and transparent in the accounts.</p>         |
| <p><b>Expected credit loss impairment of FlexiPay</b><br/>The Group holds FlexiPay lines of credit on its balance sheet. These lines of credit are held at amortised cost net of IFRS 9 expected credit loss impairment allowance. As the business has grown and the product features have developed, there is more historic data available and more complexity for use in estimating the allowance. The allowance is sensitive to assumptions related to the probability of default derived from macro economic assumptions.</p>                                                                                      | <p>The Audit Committee received and reviewed the assumptions and methodologies used to determine the expected credit loss together with the level of sensitivity to those assumptions and considered whether these appropriately reflected risks in the portfolio and development of the product in the year.</p> <p>Members of the Audit Committee attended deep-dive sessions with management on updates to the proposed modelling methodology and enhancements to the monitoring and governance processes as the balances become more material.</p> <p>The Audit Committee considered the disclosures within the Annual Report and after due challenge concluded that the estimates were reasonable and the disclosures were appropriate.</p>                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Deferred tax recognition</b><br/>The UK business is in an underlying taxable profit position for the year ended 31 December 2025, and expected to be in subsequent years and consideration was given as to whether a deferred tax asset should be recognised as at 31 December 2025 in relation to carried forward losses, having not recognised this in previous years.</p> <p>It was concluded that a deferred tax asset should now be recognised as there is sufficient certainty regarding the probability of sustained future taxable profits and a deferred tax asset of £26.1 million was recognised.</p> | <p>The Audit Committee reviewed a paper from management, which set out evidence related to the decision to recognise a deferred tax asset along with the assumptions taken from the Board approved medium-term plan forecasts and probability weightings related to the probability of generating those taxable profits. The Audit Committee:</p> <ul style="list-style-type: none"> <li>● considered the Group's position in the context of ESMA guidance on whether there is sufficient compelling evidence to consider whether it is probable there will be future taxable profits and concluded there was; and</li> <li>● considered the number of forecast years taken into the deferred tax asset calculation and the probability of generating the taxable profits in each year from which losses would be applied.</li> </ul> <p>It was determined that the decision to recognise a deferred tax asset at 31 December 2025 was appropriate, and the estimate of the deferred tax asset recognised was reasonable.</p> <p>The disclosures related to the deferred tax recognition were reviewed and considered clear.</p> |
| <p><b>Financial Reporting Council ("FRC") letter</b><br/>The Group received a letter from the FRC requesting clarifications related to the 2024 Annual Report and Accounts along with certain other observations in the appendices to the letter.</p>                                                                                                                                                                                                                                                                                                                                                                  | <p>The Audit Committee reviewed the letter from the FRC and management's proposed responses and:</p> <ul style="list-style-type: none"> <li>● concurred with management's response and promptly replied to the FRC providing the requested clarification; and</li> <li>● reviewed the observations in the appendices and are satisfied these have been implemented in the 2025 Annual Report and Accounts.</li> <li>● The FRC were satisfied with the response provided.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

### Fair, balanced and understandable reporting and alternative performance measures ("APMs")

The Board is required to report as to whether the contents of the 2025 Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable. The Group uses APMs in its reporting such as profit before tax (before exceptional items) and unrestricted free cash flow for the Group. These measures are used to provide insight into the underlying performance of the business. They also provide a close approximation to cash generation, which is key to the business. These measures are defined with the KPIs, financial review and glossary on pages 17, 50 and 187.

At the request of the Board, the Audit Committee has assessed the information contained within the Annual Report, including discussions with management on the underlying financial processes, and confirmation from the management team of its review of the Annual Report being fair, balanced and understandable. The Audit Committee also discussed the contents of the Annual Report with the external auditors.

In addition, the Audit Committee also considered the use of various APMs and other measures used by the Group and agreed that these supported the understanding of the financial performance of the Group and facilitated a better understanding of the business. The Audit Committee was satisfied that there were sufficient disclosures of the same with the appropriate balance and reconciliation between these and statutory measures in the accounts.

Having considered all of the available information, including previously published information about the business and press releases through the year, the Audit Committee has concluded that, in its judgement, the 2025 Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

## Risk management and internal controls

### Principal and emerging risks

On 1 August 2025, we transitioned to separate Audit and Risk Committees to ensure more focused risk governance. This split enabled the Risk Committee to refine its annual agenda, providing the dedicated time needed to monitor the Group's risk profile. A key priority for the Risk Committee remains overseeing the Group's adherence to the ERMF (detailed on page 58) and ensuring our internal controls evolve alongside our business.

The Risk Committee is responsible for supporting the Board in its robust assessment of the principal and emerging risks of the Group. The CRO reports at each risk meeting on the top of mind principal and emerging risks. In addition, ExCo members liaise swiftly with the Risk Committee when identifying an emerging risk requiring immediate attention. During the year, the Risk Committee also received updates regarding the following:

- reviewing the Group's position against the deterioration in private credit markets; and
- the CRO's assessment of the 2026 and beyond emerging risk landscape and setting the business risk management priorities for those risks; specifically, mapping the Group's exposure against the global trends identified in the World Economic Forum's latest Global Risks Report.

The Risk Committee considers these and other risks that may impact the Group's strategy and operations and assesses its aggregated risk profile, more details of which are in the Principal risks and uncertainties section on pages 61 to 68.

Throughout 2026, the Risk Committee will also expand its oversight of technology risk, with a particular focus on the migration to scalable, growth-enabling infrastructure and overseeing the development of a comprehensive policy framework that aligns AI adoption to the Group's risk appetite.

### Review of effectiveness of internal controls and risk management systems

During the year, to bring greater transparency to the assurance the Audit Committee and Risk Committee receives and to gain greater comfort over the Group's management of risks, monitoring of internal controls and the accuracy of reporting, the following was reviewed by either the Audit Committee or Risk Committee:

- the risk taxonomy and the cartography of risk owners;
- an annual risk and controls assessment prepared by the Enterprise Risk Management team;
- business line risk assessments directly from senior management, ensuring leadership-led accountability and a strong risk management culture within the first line;

- the assessment of the internal controls system, and monitoring of management actions arising from the assessment, and focus on residual risks requiring further mitigation;
- Internal Audit's Plan and recommendations across strategic, operational and compliance risk areas;
- annually, the financial crime risk assessments, including fraud risk and AML/CTF risk;
- oversight of climate-related risks to ensure continued alignment with the Group's risk appetite, and reporting the same to the ESG Committee;
- specific risk mitigation actions in relation to information security risk and data risk;
- the UK credit environment and adequacy of our approach to credit assessment in all its dimensions (credit validation, pricing, ongoing loan management); and
- the performance of all our credit portfolios including analysis of historical trends and forecast of expected future performance.

During the year, the Risk Committee conducted a focused deep dive with the CRO and Chief Credit Officer into credit risk, specifically examining portfolio performance and expected credit losses ("ECL"). This formal oversight is complemented by a continuous information flow, with monthly credit performance briefings provided by the CRO.

The Risk Committee also reviewed an update on the evolving financial crime landscape, including industry-wide enforcement trends, and management's proactive benchmarking self-assessment of the Group's financial crime controls. We are pleased to report that this cycle of active monitoring and internal validation continues to support the Group's robust defence against financial crime.

Based on these activities, the Risk Committee confirmed to the Audit Committee and to the Board its assessment that the Group's internal controls and risk management systems were sufficiently robust and operating effectively.

### Provision 29 preparedness

During the year, the Risk Committee engaged in a dedicated workshop with the Material Controls Management Steering Committee. This session was designed to review and challenge management's approach to the design and testing of the Group's material controls, ensuring the Group's preparedness for the inaugural Provision 29 attestation in 2026. Both the Risk and Audit Committees reported back to the Board on this progress.



## Joint Report of the Audit and Risk Committees continued

### External audit

#### Auditor independence and external audit fees

|                                                   |                              |
|---------------------------------------------------|------------------------------|
| External auditors:                                | PwC                          |
| Length of tenure:                                 | 11 years (appointed in 2015) |
| Lead audit partner:                               | Heather Varley               |
| Lead audit partner tenure:                        | 2 years                      |
| Total audit fees payable to auditors in the year: | £1.0m                        |

The Audit Committee monitors the objectivity, independence and effectiveness of the external auditors. The Company is mindful of the provisions of the Code, best practice, the Competition and Market Authority Audit Order 2014 and audit legislation in particular with regard to audit firm rotation and the provision of non-audit services.

The Audit Committee operates a policy for the tender of external audit services. This policy provides that, in accordance with applicable law and regulation, the Company will re-tender the external audit at least every ten years since IPO and will change the external auditors at least every 20 years. PwC was first appointed in 2015, and was successful in a competitive tender of external audit services for FY 2024 conducted by the Committee.

The Committee regularly reviews the objectivity and independence of the external auditors and has concluded this is safeguarded by:

- obtaining assurances from the external auditors that adequate policies and procedures exist within their firm to ensure that the firm and employees are independent of the Group by reason of family, finance, employment, investment and business relationship (other than in the normal course of business);
- enforcing a policy of reviewing all cases where it is proposed that a former employee of the external auditors be employed by the Group in a senior management position or at Board level;
- monitoring the external auditors' compliance with applicable UK ethical guidance on the rotation of audit partners; and
- approving non-audit services prior to being undertaken by the external auditors.

### Non-audit fees

The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment and the Company has, therefore, adopted a policy that requires Committee approval for non-audit services. This policy is in line with the FRC's Revised Ethical Standard 2024 and gives the Chair of the Committee delegated authority from the Committee to approve individual non-audit services items of up to £50,000 per service.

In 2025, £0.4 million was paid to PwC for non-audit and audit-related services related to CASS reporting, ISAE 3402 controls assurance and half-year reporting. All non-audit fees have been approved in accordance with the Non-Audit Services Policy, with a summary of all new services being provided at each Committee meeting.

The Audit Committee concluded that it was in the best interests of the Group to purchase these services from PwC on the basis that it was independent and was considered to be the right provider for the services required (or, in some cases, they were required to be performed by the external auditors).

PwC are prohibited from providing certain non-audit services to safeguard auditor objectivity and independence, including, but not limited to, internal audit work, valuations work and tax-related work.

PwC has confirmed to the Committee that it remained independent during the year.

### Audit performance and effectiveness

The quality, performance and effectiveness of the external auditors is reviewed annually by the Audit Committee through an effectiveness questionnaire distributed to management and Audit Committee members for completion. This covers: the quality of robust challenge provided by the Audit team; an evaluation of the knowledge and skills of the external audit team; the accessibility of the lead audit partner; independence and objectivity; openness, integrity and professionalism; the quality of reporting; the audit plan; communication between external auditors and the Committee; and the Audit team's robustness and constructive challenge during its engagement with management. In FY 2025, PwC continued to receive positive feedback.

The external auditors challenged management over the various scenarios that they had modelled, the level of stress testing in the models and the impact that this would have on the ability of the Group to continue as a going concern. There was also robust challenge around the methodology and assumptions utilised in the FlexiPay lines of credit expected credit loss impairment allowance, the fair value of loans on balance sheet, and the forecasts and probability weightings applied in the recognition of the deferred tax asset in the year and the assessment of indicators of impairment and consideration of impairment risk related to the Parent Company investment in subsidiaries.

### Internal Audit

Through the year, the Audit Committee, challenged, approved and monitored the FY 2025 Internal Audit Plan. The plan was regularly assessed to ensure it remained focused on the Group's key risks, priorities and assurance requirements. All proposed audit plan adjustments were considered, challenged and approved by the Committee. Areas assessed by the Internal Audit team during 2025 included:

- FlexiPay and Cashback business credit card billing process;
- Marketplace;
- financial crime and external fraud;
- third party risk management;
- underwriting;
- new product launch – Short Term Loan (STL); and
- product management process.

Three additional reviews from the FY 2025 plan: technology performance, credit exposure management, Risk Management Framework, will be executed in Q1 2026.

The Internal Audit Plan for 2026 was approved by the Committee in December 2025 and aligns to areas of high inherent risk and strategic, operational and regulatory priority, including:

- cybersecurity;
- data;
- new product launch – STL product enhancements;
- FlexiPay and Card Platform;
- Gen AI; and
- Provision 29.

The team also continued to validate and close open audit issues raised in the previous years.

### Internal Audit effectiveness review

An effectiveness review was conducted by the Audit Committee to evaluate the performance of the Internal Audit team. The outcomes of the evaluation overall were good with high scores demonstrating that the Internal Audit team remained independent, objective and effective, with sufficient resources available to provide the necessary assurance across the Group.

There were a small number of areas suggested for further enhancements per the refreshed Audit and Risk Committees. These will be appropriately progressed during 2026.

### Whistleblowing

The Company takes whistleblowing very seriously and wants all employees to feel able to raise concerns when they arise. This is emphasised in the Group's Code of Conduct. During the year, the Audit Committee reviewed the adequacy and security of the Group's whistleblowing arrangements, which included regular whistleblowing updates. The Committee also provides whistleblowing updates to the Board where appropriate.

As an enhanced control to our whistleblowing processes, the Group maintains an independent third party anonymous reporting option for employees, which is regularly tested for effectiveness. During 2025, there were no incidents reported through any of the Group's reporting channels.

### Committee effectiveness

During the year, a review was undertaken of the effectiveness of the Audit and Risk Committees. Overall, the results of the effectiveness review were positive. Feedback on the meeting cycles of the newly separated Committees was positive and members generally felt that the oversight of the effectiveness of the Group's risk and internal controls was more aligned and that a framework of prudent and effective controls was in place, which enabled risk to be assessed and managed appropriately. Both Committees agreed that Provision 29 readiness would be a key area of focus during 2026.

### Maeve Byrne

Chair of the Audit Committee  
5 March 2026

### Richard Harvey

Chair of the Risk Committee  
5 March 2026



## Report of the ESG Committee



**Helen Beck**  
Interim Chair of the ESG Committee



In 2025, the Company made good progress in delivering against its ESG objectives.”

On behalf of the Board, I am pleased to present the ESG Committee’s Report for the year ended 31 December 2025.

The Committee would like to thank its former Chair, Andrew Learoyd, for his leadership in chairing the ESG Committee since its establishment in 2020.

The Committee met twice this year, in accordance with its Terms of Reference. In addition to formal meetings, the Committee also received quarterly reports on progress of ESG activities. The Committee was pleased that the majority of the 2025 ESG Framework goals were completed to its satisfaction, and is comfortable with the level of ambition set for 2026.

In 2025, the Company made good progress in delivering against its ESG objectives, taking into consideration how the business is evolving, and ensuring our ambition statements for each of our key pillars – environmental, social impact, DEI and governance – remain in line with our vision and broader sustainability developments.

For more detailed information on the Group’s ESG activities and goals, and TCFD and climate disclosures, please see the Environmental, social and governance section of our Strategic Report from page 30 and the Climate and environment section from page 32.

### Diversity, equity and inclusion

On DEI and social impact, the Committee continued to be impressed with the sustained level of engagement of the various employee “Circler groups”. This was brought to life in particular at the Circle In event in October, spotlighting the vibrant culture and values at Funding Circle.

In 2025, we were pleased to see relatively stable engagement and continued strong inclusion and belonging results across our key DEI metrics. While we were disappointed to see a drop in our “recommend” score, we recognise it has been a significant year of organisational change for Circlers, who throughout have demonstrated their continued resilience and commitment to our business. In particular, we were delighted and proud to see Circlers recognised externally for their contributions to the DEI agenda.

We are proud to have achieved our HM Treasury’s Women in Finance Charter pledge as of December 2025 (40% female senior leadership), reflecting our multi-year commitment to unbiased hiring and promotion. While our reported gender pay gap ratio in 2026, based on the April 2025 “snapshot date”, compared to 2025 (April 2024 “snapshot date”) has increased, we assess our progress based on the long-term downward trend of the metric rather than a single year in isolation. To ensure our underlying trajectory remains positive, we continue to invest in strengthening our recruitment practices and initiatives like our Female Empowerment Programme, which drives retention and succession planning to ensure our leadership remains representative of our wider workforce.

The Committee continues to focus on diversity at senior levels of the Company, and continues to challenge senior management to identify where improvements can be made to demonstrate progress at these levels.

### Social impact

Funding Circle’s 2025 Oxford Economics impact report demonstrates the vitally important economic and job-sustaining value delivered through the Company’s lending activity, as it continues to serve UK SMEs’ finance needs.

### Members and attendance

| Member                                   | Meetings | Attendance |
|------------------------------------------|----------|------------|
| Helen Beck (Interim Chair)               | 2/2      | 100%       |
| Neil Rimer                               | 1/2      | 50%        |
| Maeve Byrne<br>(Appointed 2 June 2025)   | 1/1      | 100%       |
| Andrew Learoyd<br>(Resigned 15 May 2025) | 1/1      | 100%       |



The Committee’s role and key responsibilities are defined in its Terms of Reference, which can be found on the Company’s website

We were pleased to renew our partnerships with Hatch Enterprise for a fourth year, to support underrepresented social entrepreneurs, and with Thrive Mental Wellbeing to support the mental health of SME owners and their employees in the UK. It was encouraging to see that Circler volunteering continues, with 99 impact days used in 2025 across a number of great social and environmental causes.

#### **Climate and the environment**

The Company successfully completed independent third party verification (ISO 14064-1:2018) of its 2024 GHG emissions data for all activities under its operational control (excluding Scope 3 category 3.15). We achieved our interim operational climate target and continue to evolve our understanding of our wider Scope 3 emissions, including financed emissions data.

We were particularly pleased to support a new investment commitment of £100k across 2026 and 2027, for the Greenlee Peatland Restoration Northumberland National Park project.

We appreciate the potential challenges and opportunities that a transition to a lower-carbon future brings for the Company, its customers and other stakeholders. In 2025, the Committee approved a set of internal Transition Principles, the first step towards developing a transition plan to support Funding Circle's ambition to reach net zero by 2050, in line with the UK Government's target.

#### **Governance and risk management**

The Committee is pleased with the progress made against our roadmap this year. We continued to integrate climate risk into our Enterprise Risk Management Framework processes. Our disclosures are consistent with the TCFD recommendations, and we carried out an initial gap analysis against draft UK Sustainability Reporting Standards ("SRS").

In 2025, training was provided to the Committee and Executive management members by our external sustainability advisers. This provided an overview of the changing external and regulatory landscape, benchmarking analysis, and views on priority focus areas for 2026.

I have been pleased to act as the Interim Chair whilst we are still considering ways of maintaining Board-level expertise on ESG topics and look for a permanent Chair.

Additionally, I have continued with my role as Workforce Engagement Non-Executive Director and engaged with Circlers across the Group during the year through an employee focus group. This provided an open forum to gain Circler insight on the Group's culture, recent changes to the Group's strategic direction and other issues of importance to Circlers, which I then fed back to the Board.

#### **Key activities in 2026**

In 2026 we will continue to make progress against our DEI goals to support a diverse and inclusive organisational culture. We will focus on progressing our net zero targets, while investing in BVCM activities that contribute to environmental and societal benefits. As sustainability regulation evolves, we will continue to engage transparently with our stakeholders, and work towards preparing for UK SRS. Our goals and roadmap for 2026 are outlined in the ESG section on page 30.

#### **Helen Beck**

Interim Chair of the ESG Committee

5 March 2026



## Directors' remuneration report



**Helen Beck**  
Chair of the Remuneration Committee



2025 has been another year of strong delivery for Funding Circle.”

### Annual Statement from the Chair

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2025.

2025 has been another year of strong delivery for Funding Circle. Following the strategic reshaping of the business in 2024, the Group has successfully executed against its medium-term plan, delivering robust growth and profitability.

### Performance and reward in 2025

The Group has outperformed expectations for the year with revenue of £204.3 million and profit before tax of £20.3 million, which was ahead of market expectations. These strong results reflect the outcome of the Group's strategic transformation and the strength of Funding Circle's platform, brand and underlying technology and data capabilities. The outperformance was driven by two factors: continued strong demand despite macroeconomic conditions, and product innovation opening up new customer segments and use cases.

Reflecting performance, the 2025 annual bonus outcomes for the Executive Directors are 90% of the maximum opportunity. The Committee believes this payout fairly reflects the progress made in both financial delivery and strategic execution during the year, and therefore determined that no discretion was required. For Tony Nicol, 40% of the bonus will be deferred into shares as he is building up to his shareholding requirement. With a shareholding of c.300% of salary at year end (exceeding the 250% of salary requirement), the Committee exercised its discretion to reduce deferral to 30% for Lisa Jacobs, reflecting her strong shareholder alignment and in line with our Remuneration Policy.

The 2023 Restricted Share Awards, granted to Lisa Jacobs and Oliver White (the former CFO) in March 2023, were subject to performance underpins and a three-year vesting period ending in March 2026. The financial underpin required average total income of at least £130 million over the three-year period (2023–2025). This target was exceeded, with an actual outcome of £182.1 million. The Committee also confirmed that all qualitative underpins were met, ensuring no material risk or reputational issues occurred. Consequently, the Committee determined that no discretion was required, and the awards will vest in full.

### Implementation of the new Remuneration Policy

At the AGM in May 2025, shareholders approved our new Directors' Remuneration Policy with c.98% of votes cast in favour. I would like to thank our shareholders for their strong support and engagement during the consultation process.

This new Policy introduced the Funding Circle Performance Share Plan ("FC PSP"), replacing the previous Restricted Share Plan. In May 2025, following the approval of the Policy, we made the first PSP grants under this new Policy to Lisa Jacobs and Tony Nicol, which were 350% and 250% of salary respectively. These awards are subject to stretching performance conditions based on Relative TSR and Adjusted PBT, measured over three years. Further details on the performance conditions are set out in the Annual Report on Remuneration on page 105.

### Members and attendance

| Committees members                          | Number of meetings attended |
|---------------------------------------------|-----------------------------|
| Helen Beck (Chair)                          | 5/5                         |
| Ken Stannard                                | 5/5                         |
| Richard Harvey<br>(Appointed 1 August 2025) | 2/2                         |
| Andrew Learoyd<br>(Resigned 15 May 2025)    | 3/3                         |



The Committee's role and key responsibilities are defined in its Terms of Reference which can be found on our website

### Executive Director remuneration arrangements for 2026

For the coming year, the Committee intends to implement the Remuneration Policy as follows.

#### CEO salary:

In last year's report, we communicated our intention to apply a phased increase to the CEO's salary, increasing her salary from £424,350 to £450,000 in March 2025 (an increase of 6.0%) with a view to moving to £475,000 effective March 2026. In our discussions with major shareholders, it was suggested that this phasing was supported. Since the disclosure, the Committee has undertaken a fresh detailed review of the remuneration package, taking into account the exceptional performance delivered and growth of Funding Circle under Lisa's leadership, in addition to relevant market data as disclosed on page 110.

The Committee strongly believes that a salary of £500,000 is more appropriate for her tenure and calibre, and this increase would remove the deficit that resulted from Lisa waiving higher increases during a period of cost control at Funding Circle. While this represents an 11.1% increase – higher than the 5.5% originally proposed and exceeding the 3.5% average awarded to the wider workforce – the Committee considers this a necessary structural "re-basing" to align her remuneration with the market and reflects her significant contribution to the Group.

#### CFO salary:

Tony Nicol was appointed as Chief Financial Officer on 1 January 2025 with a starting salary of £350,000. Consistent with our policy on recruitment, this salary was set at a prudent level for a newly promoted Executive Director, with the intention of reviewing it as he developed into the role.

Over the past year, Tony has proven himself to be highly effective in the role, navigating a year of significant transition and contributing to our strong financial discipline. To reflect his development and successful performance in the post, the Committee has approved a salary increase of 7.1% to £375,000. While this is above the average increase awarded to the wider workforce, it is broadly consistent with the increase for those being promoted. The Committee considers this increase essential to align his remuneration more closely with the market rate for the role now that he has established himself as CFO.

#### Annual bonus:

For 2026, the maximum bonus opportunity remains at 150% of salary for the CEO and 100% for the CFO. These awards are tied to performance measures weighted towards the strategic priorities of growth and profitability. Specifically, 70% of the bonus is determined by financial measures – split equally between Group revenue and Group profit before tax "PBT" – while the remaining 30% is based on strategic and non-financial measures.

Consistent with our policy to ensure long-term alignment with shareholders, up to 40% of any bonus earned will be deferred into shares for three years. The specific level of deferral applied will depend on the Executive Director's shareholding at the time of payment.

#### FC PSP:

In line with our policy, we intend to grant awards under the FC PSP at 350% of salary for the CEO and 250% for the CFO. Performance measures are expected to be the same as the 2025 award (Relative TSR and PBT).

#### Remuneration arrangements for Circlers

In another significant year for the business, I wish to thank all our Circlers for their dedication and commitment over the course of 2025. The Group annual bonus for 2025 is being awarded at 138% of target in aggregate, with payment being based on similar financial measures as used for the Executive Directors.

In 2025, we continued our Share Incentive Plan, where Circlers buying "partnership" shares in Funding Circle receive two "matching" shares for every "partnership" share purchased. We also paid an increased bonus of up to £1,500 (up from £1,000) for junior Circlers in December to reflect the performance of the business.

The most significant change in 2025, was to also include the Executive Committee members in the FC PSP on a similar basis as the Executive Directors. This ensures that the most senior Circlers are aligned on driving the performance of the business over the long term.

The Committee receives regular updates on overall pay and conditions in the Group, and these are taken into account when setting Executive Directors' remuneration. As Workforce Engagement Director, I also hold engagement sessions with Circlers to understand their views on remuneration, reward and recognition and feed these back into Committee discussions.

On behalf of the Remuneration Committee, I would like to thank the other Committee members and the Circlers who have supported the Committee this year. I would also like to thank our shareholders for their continued support. We were delighted with the support received from shareholders at the 2025 AGM and we hope to continue to receive your support at our 2026 AGM, where I will be available to respond to any questions on this report or in relation to any of the Committee's activities.

#### Helen Beck

Chair of the Remuneration Committee  
5 March 2026



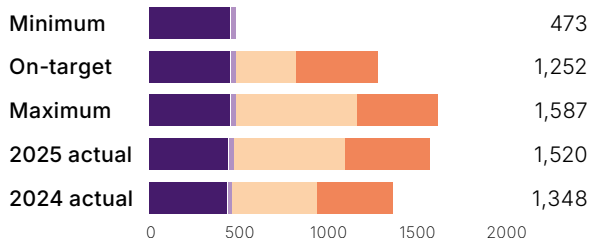
# Directors' remuneration report

continued

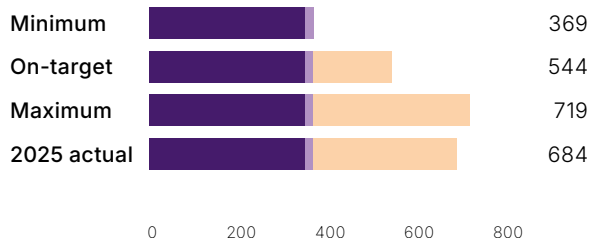
## At a glance: Remuneration outcome for 2025

The charts below show the potential 2025 remuneration opportunity and actual achievement.

### Lisa Jacobs, CEO



### Tony Nicol, CFO



● Salary ● Benefits ● Pension ● Bonus ● Restricted shares

### 2025 annual bonus outcome

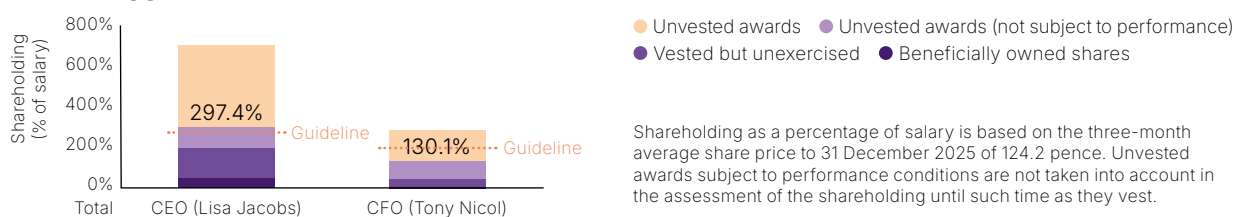
The chart below shows the outcome of the 2025 annual bonus. A summary of overall business performance is on pages 49 to 56.

| Performance measure                          | Weighting | Threshold 0% payout                                                                                                                                                | Target 50% payout | Maximum 100% payout     | Outcome (% of maximum) |
|----------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|------------------------|
| Group revenue                                | 35%       | £160m                                                                                                                                                              | £180m             | Actual £204.3m<br>£200m | 100%                   |
| Group PBT                                    | 35%       | £5m                                                                                                                                                                | £15m              | Actual £20.3m<br>£25m   | 77%                    |
| Strategic/non-financial (including FlexiPay) | 30%       | Performance of strategic/non-financial objectives exceeded expectations, and with significant strategic value delivered in 2025. See page 104 for further details. |                   |                         | 94%                    |
|                                              |           |                                                                                                                                                                    |                   | <b>Total (CEO)</b>      | <b>90%</b> <b>135%</b> |
|                                              |           |                                                                                                                                                                    |                   | <b>Total (CFO)</b>      | <b>90%</b> <b>90%</b>  |

### Payments for 2025 cover a time period of five years

| Element                      | Maximum opportunity for 2025               | Awarded for 2025                           | 2025                                                                                                             | 2026                                                                                 | 2027 | 2028                                     | 2029 |
|------------------------------|--------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------|------------------------------------------|------|
| Salary                       | n/a                                        | CEO: £450k<br>CFO: £350k                   | Salary, benefits and pension paid in cash or contributions                                                       |                                                                                      |      |                                          |      |
| Pension                      | 5% of salary                               | 5% of salary                               |                                                                                                                  |                                                                                      |      |                                          |      |
| Benefits                     | In line with other Circlers                | In line with other Circlers                |                                                                                                                  |                                                                                      |      |                                          |      |
| Annual bonus                 | CEO: 150% of salary<br>CFO: 100% of salary | 135% of salary<br>90% of salary            | 70% paid in cash<br>60% paid in cash                                                                             | 30% deferred into shares for three years<br>40% deferred into shares for three years |      |                                          |      |
| FC PSP (granted 20 May 2025) | 350% of salary                             | CEO: 350% of salary<br>CFO: 250% of salary | Three-year performance/vesting period (performance conditions tested following completion of performance period) |                                                                                      |      | Post-vesting holding period of two years |      |

### Shareholding guidelines for Executive Directors as at 31 December 2025

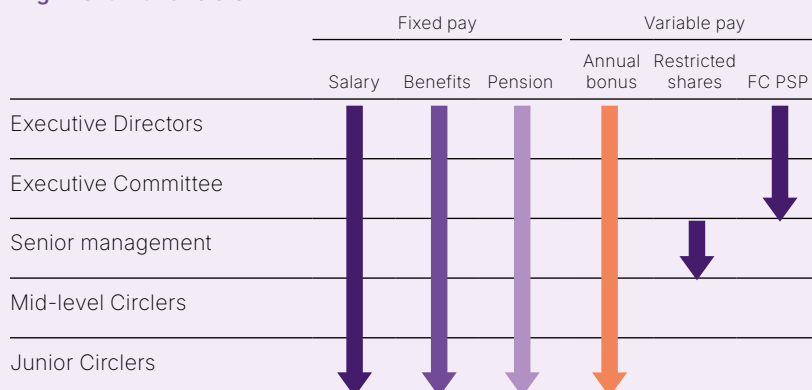


Shareholding as a percentage of salary is based on the three-month average share price to 31 December 2025 of 124.2 pence. Unvested awards subject to performance conditions are not taken into account in the assessment of the shareholding until such time as they vest.

## At a glance: Policy overview and implementation for 2026

| Element of Remuneration Policy | Current Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation in 2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Salary</b>                  | <ul style="list-style-type: none"> <li>Reviewed annually in March.</li> <li>Salaries take account of the external market and the overall employee context.</li> <li>No prescribed maximum salary level or salary increases.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                       | <p>As of 1 March 2026, Executive Director salaries are as follows:</p> <ul style="list-style-type: none"> <li>CEO: £500,000.</li> <li>CFO: £375,000.</li> </ul>                                                                                                                                                                                                                                                                                                                               |
| <b>Benefits and pension</b>    | <ul style="list-style-type: none"> <li>Executive Directors receive the same benefits as other UK Circlers, which currently include, but are not limited to, life assurance and private medical insurance.</li> <li>Maximum pension contribution is in line with contribution to other Circlers in the Group, which is currently 5% of salary. Individuals are entitled to receive some or all of their pension allowance as cash in lieu of pension contribution.</li> </ul>                                                                                                                                 | <p>Benefits offered to Executive Directors will be in line with those available to other employees in the Group.</p> <p>Executive Directors will receive 5% of salary in a combination of contributions into their pension and cash in lieu of pension contributions.</p>                                                                                                                                                                                                                     |
| <b>Annual bonus</b>            | <ul style="list-style-type: none"> <li>A maximum opportunity in respect of any financial year of: <ul style="list-style-type: none"> <li>CEO: 150% of salary.</li> <li>Other Executive Directors: 100% of salary.</li> </ul> </li> <li>Normally, at least 60% of the annual bonus will be based on financial measures.</li> <li>Up to 40% of any bonus earned will be deferred into Funding Circle shares and will cliff vest after three years. The deferral level is dependent on the shareholding of individual Executive Directors. A minimum level of deferral will always apply (e.g. 20%).</li> </ul> | <p>Maximum opportunities of:</p> <ul style="list-style-type: none"> <li>CEO: 150% of salary.</li> <li>CFO: 100% of salary.</li> </ul> <p>70% of bonus based on financial measures, 30% strategic/ non-financial.</p> <p>Up to 40% of any bonus earned will be deferred into Funding Circle shares and will cliff vest after three years. The deferral level is dependent on the shareholding of individual Executive Directors. A minimum level of deferral will always apply (e.g. 20%).</p> |
| <b>FC PSP</b>                  | <ul style="list-style-type: none"> <li>PSP. Grants of up to 350% of salary, with typical award sizes of 350% for the CEO and 250% for the CFO.</li> <li>Awards will vest after three years subject to the achievement of performance metrics. A post-vesting holding period of two years will apply.</li> </ul>                                                                                                                                                                                                                                                                                              | <p>Maximum opportunities of:</p> <ul style="list-style-type: none"> <li>CEO: 350% of salary.</li> <li>CFO: 250% of salary.</li> </ul> <p>Performance conditions:</p> <ul style="list-style-type: none"> <li>Relative TSR: 60%.</li> <li>PBT: 40%.</li> </ul> <p>Awards will vest after three years subject to the achievement of performance metrics. A post-vesting holding period of two years will apply.</p>                                                                              |

### Alignment with Circlers





## Directors' remuneration report

continued

### Summary of Directors' Remuneration Policy

The table below summarises the operation and performance metrics for each of the elements of remuneration set out in the Directors' Remuneration Policy approved by shareholders at the 2025 AGM. The full Policy can be found on pages 94 to 100 of the 2024 Annual Report.

| Element of remuneration                   | Operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Executive Directors</b>                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Salary</b>                             | Salaries are reviewed annually in March, with no prescribed maximum increase. Reviews take into account the external market, individual role and experience, and the wider employee context. Increases are generally aligned with the workforce, though higher increases may be awarded in specific circumstances such as a change in scope, development in role, or significant change in Company size/complexity.                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Benefits and pensions</b>              | Executive Directors receive benefits in line with other UK employees, including private medical insurance and life assurance. Pension contributions are capped at the level available to the wider workforce, currently 5% of salary, payable as a contribution to the Company plan or as a cash allowance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>All-employee plans</b>                 | Executive Directors are eligible to participate in HMRC tax-efficient plans that are available to all employees. Funding Circle currently operates a Share Incentive Plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Annual bonus</b>                       | The maximum opportunity is 150% of salary for the CEO and 100% for the CFO. Performance is assessed annually against financial (typically at least 60% weighting) and strategic/non-financial measures. 40% of any bonus earned is deferred into shares for three years, although this deferral may be reduced if the Director has already met their shareholding requirement. The Committee has the discretion to pay the annual bonus wholly in cash for the year of departure and, if relevant, for the prior year in the event of loss of office. In the event a Director loses their office, the Committee reserves the right to exercise its discretion to pay the annual bonus entirely in cash for both the year of departure and, if applicable, the preceding year. Malus and clawback provisions apply. |
| <b>FC Performance Share Plan "PSP"</b>    | Awards are granted annually with a maximum opportunity of 350% of salary (typical grants are 350% for CEO and 250% for CFO). Vesting occurs after three years subject to the achievement of stretching performance conditions (e.g., Relative TSR and Adjusted PBT) and continued employment. Vested shares are subject to a further two-year holding period. Malus and clawback provisions apply.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>In-post shareholding requirement</b>   | Executive Directors are required to build and maintain a shareholding equivalent to 250% of salary for the CEO and 200% for other Executive Directors. This requirement should be met within five years of appointment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Post-exit shareholding requirement</b> | Executive Directors must normally retain shares equivalent to the lower of their in-post shareholding requirement (250% of salary for CEO, 200% for others) or their actual holding on departure for a period of two years after ceasing employment. This applies to shares vesting from incentive plans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Non- Executive Directors</b>           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Fees</b>                               | The Chair receives an all-inclusive fee determined by the Committee. Non-Executive Directors receive a basic fee determined by the Board, with additional fees payable for additional duties such as acting as Senior Independent Director or chairing Board Committees. Fees are reviewed periodically against market practice and time commitment.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

Full details on the malus and clawback provisions, including the circumstances in which they can be used and the time period over which they apply, can be found on page 96 of the 2024 Annual Report. The provisions were not used in the year under review.

# Annual Report on Remuneration

This part of the report sets out how the Remuneration Policy has been applied in 2025 and how the Committee intends to apply the Policy in 2026. This part of the report will be subject to an advisory shareholder vote at the 2026 AGM.

## Role of the Committee

The Committee's primary role is to determine the remuneration of the Executive Directors and Executive Committee, and the Remuneration Policy for the Executive Directors, as well as monitoring and reviewing its ongoing appropriateness and relevance. In doing so, the Committee ensures that the Remuneration Policy is aligned with the Company's key remuneration principles as well as taking into account external guidance, such as the UK Corporate Governance Code.

For information regarding the Committee's role and key responsibilities, please see the Terms of Reference on the website at [corporate.fundingcircle.com/who-we-are/corporate-governance/board-committees](https://corporate.fundingcircle.com/who-we-are/corporate-governance/board-committees).

## Committee composition

None of the members who have served on the Committee during the year had any personal interest in the matters decided by the Committee and they are all considered to be independent by the Company. During the year, for the period between Andrew Learoyd stepping down and Richard Harvey being appointed the committee had two members, although no Committee meetings took place and no decisions were taken. The Company Secretary acted as Secretary to the Committee.

| Committee members           | Number of meetings attended |
|-----------------------------|-----------------------------|
| Helen Beck, Chair           | 5/5                         |
| Ken Stannard                | 5/5                         |
| Richard Harvey <sup>1</sup> | 2/2                         |
| Andrew Learoyd <sup>2</sup> | 3/3                         |

1. Richard Harvey joined the Committee on 1 August 2025.

2. Andrew Learoyd stepped down from the Board at the Annual General Meeting in May 2025.

The Executive Directors, Chief People Officer, other members of the Senior Management team and our external remuneration consultants, Alvarez & Marsal, were invited to Committee meetings where it was deemed appropriate. No individuals were involved in decisions relating to their own remuneration.

## 2025 Committee workstreams

- Consulted with shareholders on the proposed Remuneration Policy ahead of its renewal at the 2025 AGM.
- Determined the payout of the Executive Directors' 2024 annual bonus.
- Approved the payout of the 2024 annual bonus for Circlers.
- Approved the design of the 2025 annual bonus for Circlers and the equity plans.
- Set the 2025 annual bonus targets for Executive Directors.
- Set the 2025 FC PSP performance conditions and approved the grants for Executive Directors and Executive Committee members.
- Reviewed other variable pay plans in the Group.
- Approved reward decisions relating to members of the Executive Committee and reviewed Circler compensation.

## 2026 Committee priorities

- Approve the remuneration arrangements for the Executive Directors and Executive Committee members, including their equity grants and 2025 bonus outcomes.
- Approve the design of the 2026 annual bonus for Circlers and the equity plans, and review other non-Group incentives such as sales bonuses.
- Set the 2026 annual bonus targets, ensuring they align with Funding Circle's strategy as well as its ESG priorities.
- Set the 2026 FC PSP performance conditions and approve the grants for Executive Directors and Executive Committee members.
- Continue to monitor remuneration practices across the Company as a whole, keeping abreast of current and evolving market practice.



## Directors' remuneration report

continued

### Annual Report on Remuneration continued

#### Committee effectiveness

The Committee undertook an effectiveness review at the end of 2025, whereby each Committee member and, by invitation, the Chief People Officer and the Head of Reward, completed a tailored questionnaire. The questionnaire covered topics such as the quality of the remuneration support provided to the Committee and the appropriateness of the remuneration policies and practices implemented in 2025. The positive scores and comments demonstrated that the Committee is working well.

#### External advisers

The Committee is satisfied that the advice it has received from its appointed adviser Alvarez & Marsal as remuneration consultants is independent, and that the engagement partner and team that have provided remuneration advice do not have connections with the Company that might impair their independence. Alvarez & Marsal was appointed by the Committee in 2023 and is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct.

The fee paid to Alvarez & Marsal in 2025 in relation to advice provided to the Committee was £25,000 (excluding VAT), which was based on time spent. Alvarez & Marsal provided no other services to the Group.

#### Letters of appointment and service contracts

| Director                       | Commencement date of current term | Expiry of current term | Notice period |               |
|--------------------------------|-----------------------------------|------------------------|---------------|---------------|
|                                |                                   |                        | From Company  | From Director |
| <b>Executive Directors</b>     |                                   |                        |               |               |
| Lisa Jacobs                    | 1 January 2022                    | n/a                    | Twelve months | Twelve months |
| Tony Nicol                     | 1 January 2025                    | n/a                    | Six months    | Six months    |
| <b>Non-Executive Directors</b> |                                   |                        |               |               |
| Ken Stannard                   | 1 January 2025                    | 1 January 2028         | One month     | One month     |
| Helen Beck                     | 3 July 2024                       | 3 July 2027            | One month     | One month     |
| Hendrik Nelis                  | 5 September 2024                  | 5 September 2027       | One month     | One month     |
| Neil Rimer                     | 5 September 2024                  | 5 September 2027       | One month     | One month     |
| Richard Harvey                 | 1 August 2025                     | 1 August 2028          | One month     | One month     |
| Maeve Byrne                    | 2 June 2025                       | 2 June 2028            | One month     | One month     |

The Executive Directors' service contracts are on a rolling basis. All Non-Executive Directors have letters of appointment with the Company. The appointments of each of the Non-Executive Directors are for an initial term of three years, and have been extended for those Non-Executive Directors whose original term has since expired. The appointment of each Non-Executive Director is subject to annual re-election at the AGM.

#### Shareholder voting

The Committee's resolutions in respect of the Remuneration Policy and Annual Report on Remuneration at the 2025 AGM received the following votes from shareholders:

| Number of votes                              | Remuneration Policy (2025 AGM) |               | Annual Report on Remuneration (2025 AGM) |               |
|----------------------------------------------|--------------------------------|---------------|------------------------------------------|---------------|
| Votes cast in favour                         | 233,970,779                    | 98.2%         | 238,136,993                              | 100.0%        |
| Votes cast against                           | 4,181,355                      | 1.8%          | 14,637                                   | 0.0%          |
| Votes withheld                               | 18,134                         | n/a           | 18,638                                   | n/a           |
| <b>Total votes cast (excluding withheld)</b> | <b>238,152,134</b>             | <b>100.0%</b> | <b>238,151,630</b>                       | <b>100.0%</b> |

### Single total figure of remuneration (audited)

The following tables set out the aggregate emoluments earned by the Directors in the year ended 31 December 2025 and 2024 respectively.

|                                | Salary and fees<br>£000 |      | Taxable benefits <sup>1</sup><br>£000 |      | Pensions <sup>2</sup><br>£000 |      | Bonus<br>£000 |      | Long-term incentives<br>£000 |                  | Total<br>£000 |       | Total fixed<br>£000 |      | Total variable<br>£000 |      |
|--------------------------------|-------------------------|------|---------------------------------------|------|-------------------------------|------|---------------|------|------------------------------|------------------|---------------|-------|---------------------|------|------------------------|------|
|                                | 2025                    | 2024 | 2025                                  | 2024 | 2025                          | 2024 | 2025          | 2024 | 2025                         | 2024             | 2025          | 2024  | 2025                | 2024 | 2025                   | 2024 |
| <b>Executive Directors</b>     |                         |      |                                       |      |                               |      |               |      |                              |                  |               |       |                     |      |                        |      |
| Lisa Jacobs                    | 446                     | 423  | 5                                     | 5    | 22                            | 21   | 602           | 480  | 445 <sup>3</sup>             | 419 <sup>4</sup> | 1,520         | 1,348 | 473                 | 449  | 1,047                  | 899  |
| Tony Nicol                     | 350                     | n/a  | 2                                     | n/a  | 17                            | n/a  | 315           | n/a  | — <sup>5</sup>               | n/a              | 684           | n/a   | 369                 | n/a  | 315                    | n/a  |
| <b>Non-Executive Directors</b> |                         |      |                                       |      |                               |      |               |      |                              |                  |               |       |                     |      |                        |      |
| Andrew Learoyd <sup>6</sup>    | 78                      | 207  | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 78            | 207   | 78                  | 207  | —                      | —    |
| Ken Stannard <sup>7</sup>      | 161                     | n/a  | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 161           | n/a   | 161                 | n/a  | —                      | —    |
| Geeta Gopalan <sup>8</sup>     | 44                      | 80   | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 44            | 80    | 44                  | 80   | —                      | —    |
| Helen Beck <sup>9</sup>        | 80                      | 70   | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 80            | 70    | 80                  | 70   | —                      | —    |
| Maeve Byrne <sup>10</sup>      | 44                      | n/a  | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 44            | n/a   | 44                  | n/a  | —                      | —    |
| Richard Harvey <sup>11</sup>   | 31                      | n/a  | —                                     | —    | —                             | —    | —             | —    | —                            | —                | 31            | n/a   | 31                  | n/a  | —                      | —    |
| Hendrik Nelis <sup>12</sup>    | —                       | —    | —                                     | —    | —                             | —    | —             | —    | —                            | —                | —             | —     | —                   | —    | —                      | —    |
| Neil Rimer <sup>12</sup>       | —                       | —    | —                                     | —    | —                             | —    | —             | —    | —                            | —                | —             | —     | —                   | —    | —                      | —    |

1. Taxable benefits for Executive Directors principally include private medical cover and life assurance cover and awards made under the Share Incentive Plan (including matching shares). In each year, 2025 and 2024, Lisa Jacobs purchased £1,800 of Partnership Shares under the Share Incentive Plan and received £3,600 on a 2:1 matching basis.
2. Executive Directors were eligible for a 5% of base salary pension contribution; £10,000 was paid into each of Lisa Jacobs and Tony Nicol's Company pension with the remainder paid as cash in lieu.
3. Shows the value of the vesting of the 2023 Restricted Share Award based on a three-month average share price to 31 December 2025 of 124.2 pence. This award was granted on 30 March 2023, was based on a fixed number of shares and was worth 46.7% of salary for the CEO using a share price of 54.0 pence at date of grant. The fixed number of shares meant that the value of the award was far less than the initial policy maximums of 133% of salary for the CEO. The proportion of the vested value that is attributable to share price growth is 56.5% of the value, or £251k for the CEO. The Remuneration Committee reviewed the vesting outcome and is satisfied that the increase in share price reflects the underlying performance of the business over the period. Accordingly, the Committee concluded that the vesting does not result in any "windfall gains" and did not exercise its discretion to reduce the award.
4. The value vesting of the 2022 Restricted Share Award has been updated to reflect the actual share price on the vesting date of 117.0 pence.
5. Tony Nicol was appointed to the Board on 1 January 2025. Consequently, he did not hold any long-term incentive awards granted as an Executive Director that were eligible to vest in respect of the year ended 31 December 2025.
6. Andrew Learoyd stepped down from the Board at the Annual General Meeting in May 2025. The fees shown reflect the period from 1 January 2025 to the date he stepped down.
7. Ken Stannard was appointed as Non-Executive Director and Chair Designate on 1 January 2025 and succeeded Andrew Learoyd as Chair of the Board following the 2025 AGM. His fees include a pro-rated Non-Executive Director base fee until the AGM and the Chair fee thereafter.
8. Geeta Gopalan stepped down from the Board in June 2025. The fees shown reflect the period from 1 January 2025 to the date she stepped down.
9. Helen Beck was appointed as Senior Independent Director on 3 July 2025, succeeding Geeta Gopalan. The fees shown reflect her role as Remuneration Committee Chair for the full year and the pro-rated Senior Independent Director fee from the date of her appointment.
10. Maeve Byrne was appointed to the Board on 2 June 2025. The fees shown reflect the period from her appointment date to 31 December 2025.
11. Richard Harvey was appointed to the Board on 1 August 2025. The fees shown reflect the period from his appointment date to 31 December 2025.
12. Hendrik Nelis and Neil Rimer are non-independent Non-Executive Directors and have waived their entitlement to a fee.



## Directors' remuneration report

continued

### Annual Report on Remuneration continued

#### 2025 annual bonus (audited)

The maximum opportunities for 2025 were 150% of salary for the CEO and 100% of salary for the CFO. As announced in last year's Directors' Remuneration Report, the weighting on financial measures was 70%, split equally between Group revenue and Group PBT (pre-exceptionals). The remaining 30% on strategic/non-financial was based on delivering key 2025 strategic, stewardship, and sustainability objectives. The measures were set by the Committee and were in line with Funding Circle's strategy. Stretching financial targets were set by the Committee at the start of the year, taking into consideration a number of factors including Company 2025 guidance.

#### Structure of the 2025 bonus

| Element (weighting %)         | Threshold<br>(0% payout)           | Target<br>(50% payout) | Maximum<br>(100% payout) | Outcome | Implied payout<br>of element |          |
|-------------------------------|------------------------------------|------------------------|--------------------------|---------|------------------------------|----------|
|                               |                                    |                        |                          |         | CEO                          | CFO      |
| Financial<br>measures (70%)   | Group revenue (35%)                | £160m                  | £180m                    | £200m   | £204.3m                      | 100%     |
|                               | Group PBT (pre-exceptionals) (35%) | £5m                    | £15m                     | £25m    | £20.3m                       | 77%      |
| Strategic/non-financial (30%) |                                    | See below              |                          |         | 94%                          |          |
|                               |                                    |                        |                          |         | Total (% of maximum)         | 90%      |
|                               |                                    |                        |                          |         | Total (% of salary)          | 135% 90% |
|                               |                                    |                        |                          |         | Final outcome (£k)           | 602 315  |

In this overall performance context, the outcome of the bonus assessment against the agreed targets was 90% of maximum. The Committee considers this an appropriate reflection of the overall performance delivered for stakeholders, and therefore no discretion was applied. Lisa Jacobs' shareholding is currently 297% of salary, significantly above her shareholding guideline of 250% of salary, therefore, in line with our Remuneration Policy, the Remuneration Committee has determined that 30% will be deferred in shares with the remainder being paid in cash. 40% of Tony Nicol's bonus payout will be deferred into shares for three years as his current shareholding of 130% of salary is below our guideline given his recent appointment to the Board.

#### Strategic/non-financial measures

| Category                                                                            | Details on objectives and performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strategy</b><br>Delivery of key 2025 strategic objectives                        | <ul style="list-style-type: none"> <li>Expansion of product suite: Successfully launched the Short Term Loan "STL" product in Q2 2025, surpassing growth targets and transitioning the product to a scalable platform funding model. Additionally, launched Company cards capability and progressed digital wallet enablement.</li> <li>Customer experience and scaling: Scaled FlexiPay end of month balances above £200 million and launched "Dual Product" capabilities. Maintained a sector-leading Net Promoter Score "NPS" of 79, exceeding the goal of &gt;75%.</li> <li>Profitability and growth: Delivered strong revenue growth of c.28% against cost growth of c.11%, driven by efficiency improvements. Initiated strategic investments in technology, AI, and go-to-market strategy.</li> <li>Shareholder engagement: Hosted inaugural Capital Markets Day in June and successfully onboarded five new major institutional investors.</li> </ul>  |
| <b>Stewardship and sustainability</b><br>Delivering business goals in the right way | <ul style="list-style-type: none"> <li>Risk management: All credit, technology, and data risk metrics remained within appetite, with technology security maturity improving year on year. The Board approved a robust plan for Provision 29 reporting preparedness.</li> <li>Culture and engagement: Achieved an all-time high employee engagement score of 74% (exceeding the expectation of 65%) and an eNPS of 69%. Voluntary attrition remained low at c.19%.</li> <li>Diversity and inclusion: Successfully ran the third year of the Female Empowerment Programme and increased Women in Senior Leadership to 39%. Launched new partnerships to support employee wellbeing.</li> <li>ESG progress: Continued to evolve the climate strategy in line with emerging standards, focusing on emissions targets and climate risk management. Continued to build on existing social partnerships, including offering mental health support to SMEs.</li> </ul> |

The Remuneration Committee determined that as performance against strategic/non-financial objectives exceeded expectations, and with significant strategic value delivered in 2025, that 94% of the strategic/non-financial element should pay out. This has been a year of considerable progress for Funding Circle.

#### Restricted shares awarded in 2023 vesting in respect of 2025 (audited)

The 2023 Restricted Share Awards granted to Lisa Jacobs and Oliver White (former CFO) were based on a number of shares that were fixed at the beginning of the 2021 Remuneration Policy. Awards of 358,177 and 269,306 shares were made to the CEO

and former CFO on 30 March 2023. This represented c.47% and c.24% of salary respectively, a reduction of approximately 65% on the Policy levels at that time (being 133% of salary for the CEO and 100% for the former CFO). The awards were subject to financial and qualitative underpins to safeguard against payment for failure.

- **Financial underpin:** The awards were subject to a financial underpin requiring average total income for the Group to be at least £130 million over the three-year performance period (1 January 2023 to 31 December 2025). The actual average total income achieved over the period was £182.1 million, significantly exceeding the threshold.
- **Qualitative underpins:** The Committee assessed whether there had been any serious breach of regulation, material reputational damage, or gross misconduct during the period. The Committee confirmed that no such events occurred and that the qualitative underpins were fully met.

Based on this assessment, the Committee determined that the vesting outcome is a fair reflection of the underlying performance of the business and the value created for shareholders since the date of grant. In reaching this conclusion, the Committee was satisfied that no windfall gains had arisen. Accordingly, the Committee determined that the awards should vest in full on 30 March 2026 without the exercise of any downward discretion. The awards remain subject to a two-year post-vesting holding period.

Pro-ration was applied to Oliver White's award upon his departure on 31 December 2024, as disclosed in the 2024 Annual Report. Therefore, the number of shares to vest for Oliver White will be 179,537 (approximately two thirds of the original grant amount).

#### FC PSP Awards granted during 2025 (audited)

FC PSP Awards were granted to the Executive Directors on 20 May 2025 under our new Policy. The CEO was granted 350% of salary and the CFO 250% of salary. Details of the awards are set out below:

|             | Type of award   | Number of shares | Face value at grant <sup>1</sup> |             | Grant date  | Vesting date | Holding period |
|-------------|-----------------|------------------|----------------------------------|-------------|-------------|--------------|----------------|
|             |                 |                  | £k                               | % of salary |             |              |                |
| Lisa Jacobs | Nil-cost option | 1,451,212        | 1,575                            | 350%        | 20 May 2025 | 20 May 2028  | 20 May 2030    |
| Tony Nicol  | Nil-cost option | 806,229          | 875                              | 250%        | 20 May 2025 | 20 May 2028  | 20 May 2030    |

1. In line with Funding Circle's established approach, based on a three-month average share price to the grant date of 108.53 pence and salaries of £450,000 for Lisa Jacobs and £350,000 for Tony Nicol.

The vesting of the FC PSP Awards is subject to performance targets, measured over three financial years to 31 December 2027. These measures are Relative Total Shareholder Returns (rTSR), which is weighted 60%, and Adjusted PBT, which is weighted 40%. The Relative Total Shareholder Returns is measured against the FTSE 250 excluding Investment Trusts, which reflects our ambition to enter, and progress through, the FTSE 250. We subsequently entered this index in January 2026. The Adjusted PBT targets for 2027 were set to reflect the Board's ambitions for growth as the business delivers on the strategy. The target range represents an appropriate level of stretch, with maximum vesting requiring significant outperformance. The threshold and maximum performance targets are summarised below:

| Measure                                           | Threshold (25% vesting) | Maximum (100% vesting)     |
|---------------------------------------------------|-------------------------|----------------------------|
| rTSR vs. the FTSE 250 excluding Investment Trusts | Median TSR ranking      | Upper quartile TSR ranking |
| Adjusted PBT in 2027                              | £20m                    | £60m                       |

There is straight-line vesting in between threshold and maximum performance. As always, the Committee will consider overall performance in determining any vesting of awards (including share price appreciation).

Any vested awards will remain subject to a two-year post-vesting holding period.



## Directors' remuneration report

continued

### Annual Report on Remuneration continued

#### Directors' shareholding and share interests (audited)

Table of Directors' share interests as at 31 December 2025

|                                | Beneficially owned shares | Vested but unexercised awards | Unvested awards (not subject to performance conditions) | Unvested awards (subject to performance conditions) | Total            | Total that counts towards shareholding guidelines (including unexercised awards net of tax) |
|--------------------------------|---------------------------|-------------------------------|---------------------------------------------------------|-----------------------------------------------------|------------------|---------------------------------------------------------------------------------------------|
| <b>Executive Directors</b>     |                           |                               |                                                         |                                                     |                  |                                                                                             |
| Lisa Jacobs                    | 154,132                   | 1,094,319                     | 642,762                                                 | 2,815,580                                           | <b>4,706,793</b> | 1,074,785                                                                                   |
| Tony Nicol                     | 11,801                    | 206,349                       | 461,400                                                 | 806,229                                             | <b>1,485,779</b> | 365,708                                                                                     |
| <b>Non-Executive Directors</b> |                           |                               |                                                         |                                                     |                  |                                                                                             |
| Andrew Learoyd <sup>1</sup>    | 1,789,991                 | —                             | —                                                       | —                                                   | <b>1,789,991</b> | n/a                                                                                         |
| Ken Stannard                   | 202,589                   | —                             | —                                                       | —                                                   | <b>202,589</b>   | n/a                                                                                         |
| Geeta Gopalan <sup>2</sup>     | 13,216                    | —                             | —                                                       | —                                                   | <b>13,216</b>    | n/a                                                                                         |
| Helen Beck                     | 9,235                     | —                             | —                                                       | —                                                   | <b>9,235</b>     | n/a                                                                                         |
| Maeve Byrne                    | —                         | —                             | —                                                       | —                                                   | —                | n/a                                                                                         |
| Richard Harvey                 | —                         | —                             | —                                                       | —                                                   | —                | n/a                                                                                         |
| Hendrik Nelis <sup>3</sup>     | —                         | —                             | —                                                       | —                                                   | —                | n/a                                                                                         |
| Neil Rimer <sup>3</sup>        | —                         | —                             | —                                                       | —                                                   | —                | n/a                                                                                         |

1. Andrew Learoyd stepped down from the Board in May 2025.

2. Geeta Gopalan stepped down from the Board in June 2025.

3. Hendrik Nelis and Neil Rimer are representatives of major shareholders and do not hold personal share interests in the Company.

Note: Between the year end and the date of this Annual Report and Accounts, there has been no movement in current Directors' shareholdings from that shown above. Executive Directors are expected to build and maintain a shareholding equivalent to at least 250% of salary for the CEO and 200% of salary for other Executive Directors. This requirement should be met within five years of appointment, subject to personal circumstances. As at the end of the FY 2025, the CEO (appointed 1 January 2022) held 1,074,785 share interests that count towards the shareholding guidelines including unexercised awards net of tax, equivalent to 297% of salary. The CFO (appointed 1 January 2025) held 365,708 share interests that count towards the shareholding guidelines including unexercised awards net of tax, equivalent to 130% of salary. These shareholdings are calculated based on a three-month average share price to 31 December 2025 of 124.2 pence. The calculation includes unexercised awards (on a net-of-tax basis), but excludes unvested awards subject to performance conditions.

### Table of Directors' vested and unvested share awards (audited)

| Award type <sup>1</sup>    | No. of awards at 1 January 2025   | Awards granted in the year | Awards lapsed in the year | Awards vested in the year | Awards exercised in the year | No. of awards at 31 December 2025 | Exercise price | Market price on exercise |
|----------------------------|-----------------------------------|----------------------------|---------------------------|---------------------------|------------------------------|-----------------------------------|----------------|--------------------------|
| <b>Executive Directors</b> |                                   |                            |                           |                           |                              |                                   |                |                          |
| <b>Lisa Jacobs</b>         | Unapproved                        | 150,000                    | —                         | —                         | —                            | 150,000                           | £0.44          | n/a                      |
|                            | 2018 LTIP                         | 586,142                    | —                         | —                         | —                            | 586,142                           | £0.00          | n/a                      |
|                            | Share Incentive Plan <sup>2</sup> | 19,176                     | 3,080 <sup>3</sup>        | —                         | —                            | 22,256                            | n/a            | n/a                      |
|                            | Restricted shares                 | 1,722,545                  | —                         | —                         | 358,177 <sup>4</sup>         | 1,722,545                         | £0.00          | n/a                      |
|                            | 2021 Deferred Bonus Plan          | 469,126                    | 166,186 <sup>5</sup>      | —                         | —                            | 635,312                           | £0.00          | n/a                      |
| FC PSP                     | —                                 | 1,451,212 <sup>6</sup>     | —                         | —                         | 1,451,212                    | £0.00                             | n/a            |                          |
| <b>Tony Nicol</b>          | 2018 LTIP                         | 667,749                    | —                         | —                         | 206,349 <sup>7</sup>         | 667,749                           | £0.00          | n/a                      |
|                            | Share Incentive Plan <sup>3</sup> | 11,801                     | —                         | —                         | —                            | 11,801                            | n/a            | n/a                      |
|                            | FC PSP                            | —                          | 806,229 <sup>6</sup>      | —                         | —                            | 806,229                           | £0.00          | n/a                      |

- Other than in certain circumstances as set out in the Remuneration Policy on page 98 of the 2024 Annual Report (e.g. on termination of employment or change of control), vested unapproved options can be exercised during a period of ten years from the date of grant.
- Executive Directors have participated in the all-employee Share Incentive Plan on the same basis as other employees since its introduction. From 2020 to 2022, annual grants of up to £3,600 free shares to all eligible Circlers were made, with the opportunity for employees to purchase up to £1,800 partnership shares and receive up to £1,800 matching shares on a 1:1 basis. In 2023, the grants of free shares were discontinued, however the matching ratio was increased to 2:1 which meant that a purchased of up to £1,800 partnership shares was matched by up to £3,600 matching shares.
- Lisa Jacobs purchased £1,800 of partnership shares (1,540 shares) and was granted £3,600 of matching shares (3,080 shares) based on the 2:1 matching ratio offered to all Circlers on 16 May 2025. Her matching shares will vest on 16 May 2027.
- See page 105 for details in the "Restricted shares awarded in 2023 vesting in respect of 2025" section.
- 40% of Lisa Jacobs' 2024 bonus (£192.1k) was deferred into nil-cost options for three years on 27 March 2025, using a three-month average share price.
- See page 105 for details in the "FC PSP Awards granted during 2025" section.
- Relates to nil-cost options granted to Tony Nicol prior to his appointment to the Board. This award was granted on 30 March 2023 and vested on 30 March 2025 and were not subject to performance conditions.

### Payments for loss of office (audited)

There were no payments made to any Directors for loss of office during the year.



## Directors' remuneration report

continued

### Annual Report on Remuneration continued

#### Payments to former Directors (audited)

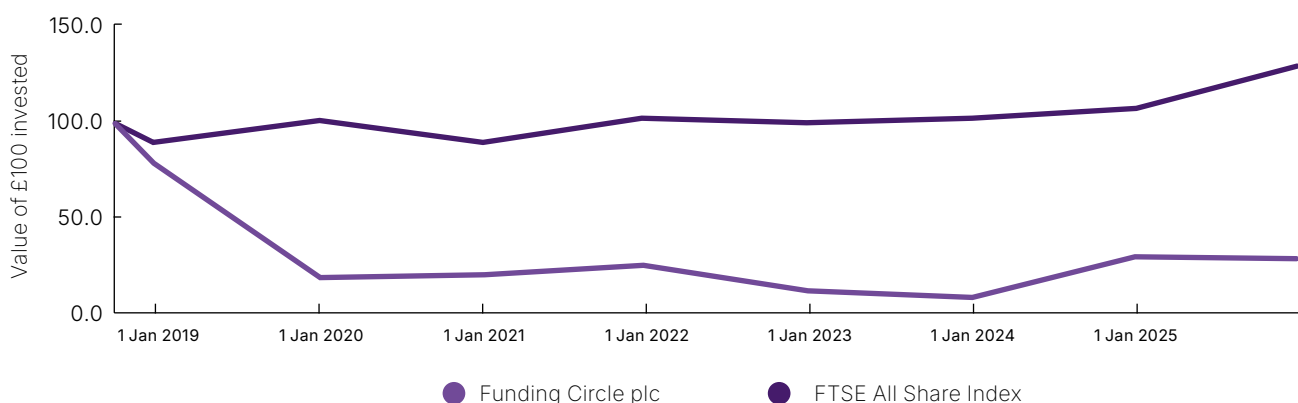
As set out in the "Restricted shares awarded in 2023 vesting in respect of 2025" section above, the performance period for the 2023 Restricted Share Award ended on 31 December 2025. The Committee assessed the performance conditions and determined that the award will vest in full.

Accordingly, Oliver White will receive 179,537 shares, which will vest on 30 March 2026. The estimated value of this award is £223k (based on the three-month average share price to 31 December 2025 of 124.2 pence). This award was pro-rated to reflect his time in role.

No other payments were made to former Directors during the year.

#### Performance graph

The chart below illustrates the Company's TSR performance compared with that of the FTSE All Share Index. This Index has been chosen as the Company is a constituent and it is considered the most appropriate benchmark against which to assess the relative performance of the Company. The chart shows the value of £100 invested in Funding Circle at the IPO offer price of £4.40 per share on 28 September 2018 compared with the value of £100 invested in the FTSE All Share Index on that date to the end of each subsequent financial year.



#### CEO remuneration table

The table below sets out the CEO's single figure of total remuneration.

| £000                                          | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025               |
|-----------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| CEO                                           | Samir Desai | Samir Desai | Samir Desai | Samir Desai | Samir Desai | Lisa Jacobs | Lisa Jacobs | Lisa Jacobs | <b>Lisa Jacobs</b> |
| CEO total remuneration <sup>1</sup> (£000)    | 204         | 4,081       | 211         | 201         | 629         | 661         | 701         | 1,348       | <b>1,520</b>       |
| Annual bonus payout (% maximum) <sup>2</sup>  | n/a         | n/a         | n/a         | n/a         | 78.4%       | 45.0%       | 48.9%       | 85.4%       | <b>90.0%</b>       |
| Long-term incentives (% maximum) <sup>3</sup> | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         | 100%        | <b>100%</b>        |

1. The 2018 figure includes share options that were granted prior to IPO, that were subject to continued employment only. In 2021 Samir Desai waived his salary increase from £210,000 to £400,000.

2. Samir Desai CBE did not participate in any bonus from 2016 to 2020.

3. Samir Desai CBE did not participate in any long-term incentive. Lisa Jacobs' first long-term incentive opportunity as CEO was the Restricted Share Award made in March 2022 with the first vesting in March 2025.

#### Relative importance of spend on pay

The table below sets out our relative importance of spend on pay. There have been no dividends paid to date.

Group revenue and Group PBT have been presented as these are two key performance measures used by the Directors in assessing Funding Circle's performance.

|                             | 2025           | 2024    | % change |
|-----------------------------|----------------|---------|----------|
| Group revenue               | <b>£204.3m</b> | £160.1m | +27.6%   |
| Group PBT                   | <b>£20.3m</b>  | £3.4m   | +497.1%  |
| People costs                | <b>£68.4m</b>  | £68.1m  | +0.4%    |
| Average number of employees | <b>685</b>     | 721     | -5.0%    |

### Percentage change in Directors' remuneration compared with employees'

The table below sets out the annual percentage change in remuneration from 2020 to 2025 for each individual who was a Director during 2025, compared to that for an average employee. Data for former Directors during this timeframe can be found in the relevant Directors' Remuneration Reports spanning their tenure.

|                                     | Salary/fees  |              |              |              |              | Benefits     |              |              |              |              | Annual bonus |              |              |              |              |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                     | 2024 to 2025 | 2023 to 2024 | 2022 to 2023 | 2021 to 2022 | 2020 to 2021 | 2024 to 2025 | 2023 to 2024 | 2022 to 2023 | 2021 to 2022 | 2020 to 2021 | 2024 to 2025 | 2023 to 2024 | 2022 to 2023 | 2021 to 2022 | 2020 to 2021 |
| <b>Executive Directors</b>          |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Lisa Jacobs <sup>1</sup>            | +5.5%        | +2.7%        | +2.9%        | n/a          | n/a          | +3.8%        | +3.4%        | +2.7%        | n/a          | n/a          | +25.3%       | +79.3%       | +12.0%       | n/a          | n/a          |
| Tony Nicol <sup>2</sup>             | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| <b>Non-Executive Directors</b>      |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Ken Stannard                        | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Andrew Learoyd                      | -62.4%       | —            | +0.6%        | +2.9%        | +5%          | -100%        | -100%        | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Geeta Gopalan                       | -44.6        | —            | +1.1%        | +11%         | +15%         | —            | —            | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Helen Beck <sup>3</sup>             | +14.2        | —            | +1.2%        | +6.4%        | n/a          | —            | —            | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Maeve Byrne                         | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Richard Harvey                      | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Hendrik Nelis <sup>4</sup>          | n/a          | n/a          | n/a          | n/a          | n/a          | —            | —            | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| Neil Rimer <sup>4</sup>             | n/a          | n/a          | n/a          | n/a          | n/a          | —            | —            | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| <b>Average employee<sup>5</sup></b> | -5%          | +0.9%        | +3.4%        | 8.7%         | -13.3%       | -33%         | -17.3%       | +7.3%        | -4.0%        | +1.8%        | -10%         | -9.1%        | 7.0%         | +3.3%        | +61.2%       |

1. Lisa Jacobs was appointed to the Board on 1 January 2022.

2. Tony Nicol was appointed to the Board on 1 January 2025.

3. Helen Beck was appointed to the Board on 1 June 2021. For the comparison of 2021 to 2022, Helen's 2021 fee has been annualised to permit meaningful comparison. The increase reported in the table above reflects the increase in 2022 in the additional fee payable for chairing the Remuneration Committee.

4. Hendrik Nelis and Neil Rimer, who are non-independent Non-Executive Directors, have waived their entitlement to a fee.

5. The annual percentage change of the average remuneration of the Company's employees, calculated on a full-time equivalent basis.

### CEO pay ratio

Funding Circle is committed to remunerating its employees fairly and competitively. It calculates its CEO pay ratio using the prescribed Methodology A, as shown in the table below. Methodology A was selected as this is considered the most accurate approach and is generally the preferred approach by shareholders and proxy agencies.

| Year | Method   | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|------|----------|---------------------------|------------------|---------------------------|
| 2025 | Option A | 35.4                      | 22.3             | 13.8                      |
| 2024 | Option A | 34.9                      | 21.9             | 13.6                      |
| 2023 | Option A | 18.1                      | 11.8             | 7.4                       |
| 2022 | Option A | 17.6                      | 11.3             | 7.0                       |
| 2021 | Option A | 18.4                      | 11.6             | 6.9                       |
| 2020 | Option A | 5.8                       | 3.8              | 2.3                       |
| 2019 | Option A | 6.8                       | 3.9              | 2.5                       |

The CEO pay ratio for 2025 is broadly the same as 2024. This reflects the variable pay alignment between Executive Directors and Circlers. The Board has confirmed that the median ratio is consistent with the Company's wider policies on employee pay, reward and progression.

### Total pay and benefits used to calculate the ratios

The table below sets out the UK employee percentile pay and benefits used to determine the above pay ratios and the salary component for each figure.

| 2025                   | 25th percentile | Median  | 75th percentile |
|------------------------|-----------------|---------|-----------------|
| Salary component       | £34,850         | £51,193 | £85,090         |
| Total pay and benefits | £42,955         | £68,165 | £110,422        |

The CEO remuneration is the total single-figure remuneration for the relevant years and for 2024 and 2025 are disclosed on page 103. The employee total remuneration has been calculated based on the amount paid or receivable for the relevant years. The calculations for the UK employees were performed as at the final day of the relevant financial year.



## Directors' remuneration report

continued

### Annual Report on Remuneration continued

#### Implementation of the Remuneration Policy for the year ended 31 December 2026

##### Salary

As set out in the Chair's letter on page 97, the following salaries will apply to the Executive Directors effective 1 March 2026:

|             | 1 March<br>2025 | 1 March<br>2026 | % change |
|-------------|-----------------|-----------------|----------|
| Lisa Jacobs | £450,000        | £500,000        | 11.1%    |
| Tony Nicol  | £350,000        | £375,000        | 7.1%     |

##### Market positioning: Executive Director remuneration

The Committee reviews the Executive Directors' total remuneration against a comparator group of listed companies of similar size and complexity.

At the end of 2025, Funding Circle's market capitalisation ranking was positioned towards the top of the FTSE Small Cap and just below the entry level of the FTSE 250. Accordingly, the Committee considers a blended average of the bottom half of the FTSE 250 and the top half of the FTSE Small Cap to be the most appropriate benchmark for assessing remuneration competitiveness. As of January 2026, Funding Circle entered the FTSE 250.

The benchmarking analysis (summarised in the table below) illustrates that Funding Circle's remuneration structure is distinct from the typical market practice for this group:

- The CEO's 2026 salary is positioned below the lower quartile, and the CFO's salary is positioned below the median of the comparator group.
- Total remuneration is highly leveraged towards performance. The target total remuneration for both roles sits below the upper quartile.
- Pay mix: Both the CEO's and CFO's pay mix is more variable than typical market practice, with the CEO's being significantly so (Funding Circle's CEO pay mix is 70% variable vs. the upper quartile of 61%. Funding Circle's CFO pay mix is 63% variable vs. the upper quartile of 59%).

The Committee believes this structure, combining prudent fixed pay with a highly incentivised, performance-linked upside, is fully aligned with Funding Circle's remuneration philosophy. It ensures that superior rewards are delivered only if the Executive Directors deliver the exceptional growth and shareholder returns required by our strategy.

**Note: The comparator data below is based on 2025 salaries and remuneration policies. We would expect the market data to increase in line with typical Executive Director increases for 2026.**

##### Remuneration benchmarking

|                                                             |                | CEO    |                            | CFO    |                            |
|-------------------------------------------------------------|----------------|--------|----------------------------|--------|----------------------------|
|                                                             |                | Salary | Target total remuneration* | Salary | Target total remuneration* |
| Average of FTSE 250 bottom half and FTSE Small Cap top half | Upper quartile | £640k  | £1,827k                    | £425k  | £1,153k                    |
|                                                             | Median         | £562k  | £1,561k                    | £383k  | £1,021k                    |
|                                                             | Lower quartile | £513k  | £1,343k                    | £346k  | £870k                      |
| Funding Circle                                              | 2026 package   | £500k  | £1,775k                    | £375k  | £1,050k                    |
|                                                             | 2025 package   | £450k  | £1,598k                    | £350k  | £980k                      |

\* Target total remuneration includes salary, target bonus, the expected value of any long-term incentives, and pension contributions.

##### Pay mix

|                                                             |                | CEO                                             |                                                    | CFO                                             |                                                    |
|-------------------------------------------------------------|----------------|-------------------------------------------------|----------------------------------------------------|-------------------------------------------------|----------------------------------------------------|
|                                                             |                | Fixed remuneration as a % of total remuneration | Variable remuneration as a % of total remuneration | Fixed remuneration as a % of total remuneration | Variable remuneration as a % of total remuneration |
| Average of FTSE 250 bottom half and FTSE Small Cap top half | Upper quartile | 39%                                             | 61%                                                | 41%                                             | 59%                                                |
|                                                             | Median         | 40%                                             | 60%                                                | 41%                                             | 59%                                                |
|                                                             | Lower quartile | 42%                                             | 58%                                                | 44%                                             | 56%                                                |
| Funding Circle (2026 & 2025 package)                        |                | 30%                                             | 70%                                                | 38%                                             | 63%                                                |

## Benefits and pension

In line with our Policy, the benefits offered to Executive Directors are consistent with those available to other employees in the Group. Executive Directors will receive a pension contribution (and/or cash in lieu) of 5% of salary, which is in line with the contribution level available to the wider workforce

## Annual bonus

For 2026, the maximum bonus opportunity will be 150% of salary for the CEO and 100% of salary for the CFO. The performance measures will continue to be weighted to align with our strategic priorities of growth and profitability:

- Financial measures (70%)
  - Group revenue (35%)
  - Group PBT (35%)
- Strategic/non-financial measures (30%)

Consistent with our Policy, up to 40% of any bonus earned will be deferred into Funding Circle shares and will cliff vest after three years. The level is dependent on the shareholding of individual Executive Directors. A level of deferral will always apply (e.g. 20%). The specific level of deferral will depend on the Executive Director's shareholding at the time of payment.

The Board considers the actual targets for 2026 to be commercially sensitive at this time; however, we will provide retrospective disclosure of these targets in next year's Directors' Remuneration Report.

## FC PSP

In line with the typical opportunities set out in the Policy, the Committee intends to grant awards under the FC PSP in 2026 at the following levels: 350% of salary for the CEO and 250% of salary for the CFO. The Committee retains discretion to ensure the actual grant reflects the latest available information prior to the grant date.

The performance measures will continue to be Relative TSR and PBT, ensuring alignment with our long-term growth strategy. The relative TSR measure will continue to require median to upper quartile performance against the constituents of the FTSE 250 Index, excluding Investment Trusts, over the three-year performance period. The vesting schedule for the PBT measure is to be determined and approved by the Committee. The schedule will be disclosed in the RNS relating to the LTIP award grant.

Any shares that vest will remain subject to a further two-year post-vesting holding period. In determining the final vesting level, the Committee will consider the wider performance of the Group, including share price appreciation, to ensure the outcome is fair and appropriate. Malus and clawback provisions apply in line with the Policy.

## Non-Executive Director and Chair fees

The Chair and Non-Executive Director fees were reviewed in accordance with the Policy. To ensure fee levels remain competitive, the Board (excluding those impacted by the relevant fees) agreed to increase the NED base fee by 4.2% for 2026. The Senior Independent Director fee and Committee Chair fees will increase by 5% and 3.3% respectively. The Remuneration Committee agreed to increase the Chair fee by 4.5%, from £220k to £230k, to help ensure a competitive position in the market.

| Fee                                                                       | 2025     | 2026     |
|---------------------------------------------------------------------------|----------|----------|
| Chair fee                                                                 | £220,000 | £230,000 |
| Non-Executive Director base fee                                           | £60,000  | £62,500  |
| Senior Independent Director fee                                           | £10,000  | £10,500  |
| Remuneration Committee Chair fee                                          | £15,000  | £15,500  |
| Audit Committee Chair fee                                                 | £15,000  | £15,500  |
| Risk Committee Chair fee                                                  | £15,000  | £15,500  |
| ESG Committee Chair fee (or any similar Committee appointed by the Board) | £5,000   | £5,175   |

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the 2024 UK Corporate Governance Code and the FCA's UK Listing Rules.



# Report of the Directors

for the year ended 31 December 2025

The Directors present their report (the "Directors' Report") and the Annual Report and Accounts for the year ended 31 December 2025.

Information required to be part of the Directors' Report either by statute, by UK Listing Rule 6.6 or by the DTRs can be found either in this section or elsewhere in this document, as indicated in the table below. All information located elsewhere in this document is incorporated into this Directors' Report by reference:

| Section of Annual Report                                                  | Page reference                                                                                                                                                                                      |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Information required by UKLR6.6/DTRs</b>                               |                                                                                                                                                                                                     |
| The Code compliance                                                       | Corporate governance report (page 80)                                                                                                                                                               |
| Going Concern and Viability Statement                                     | Viability Statement (pages 69 to 70)                                                                                                                                                                |
| Directors' interests                                                      | Remuneration Report (page 106) and Directors' Report (page 112)                                                                                                                                     |
| Long-term incentive schemes                                               | Remuneration Report (page 100)                                                                                                                                                                      |
| Waiver of emoluments                                                      | Remuneration Report (pages 96 to 111)                                                                                                                                                               |
| Powers for the Company to buyback its shares                              | Directors' Report (page 113)                                                                                                                                                                        |
| Allotment of shares during the year                                       | Note 17 to the consolidated financial statements (page 165)                                                                                                                                         |
| Significant shareholders                                                  | Directors' Report (page 114)                                                                                                                                                                        |
| Related party agreements                                                  | Note 25 to the consolidated financial statements (page 172)                                                                                                                                         |
| Diversity Policy                                                          | Strategic Report (page 29)                                                                                                                                                                          |
| Climate-related financial disclosures                                     | Environment, social and governance ("ESG") (pages 30 to 44)                                                                                                                                         |
| <b>Statutory information</b>                                              |                                                                                                                                                                                                     |
| Stakeholder engagement                                                    | Strategic Report – Engaging our stakeholders (pages 45 to 48). See also Board decision making and section 172 duties on page 78 of the Corporate governance report.                                 |
| Employee engagement                                                       | Strategic Report – Engaging our stakeholders (pages 45 to 48) and Our people (pages 26 to 29). See also Board decision making and section 172 duties on page 78 of the Corporate governance report. |
| Policy concerning the employment of disabled Persons                      | Strategic Report – Our people (page 29)                                                                                                                                                             |
| Financial instruments                                                     | Note 16 to the financial statements (pages 153 to 165)                                                                                                                                              |
| Future developments of the business                                       | Strategic Report (pages 2 to 70)                                                                                                                                                                    |
| Greenhouse gas emissions, energy consumption and energy efficiency action | Strategic Report – Environment, social and governance (pages 30 to 55)                                                                                                                              |
| Significant agreements                                                    | Directors' Report (page 112)                                                                                                                                                                        |
| Non-financial reporting                                                   | Strategic Report – see below                                                                                                                                                                        |

## Management Report

This Directors' Report, together with the Strategic Report on pages 2 to 70, forms the Management Report for the purposes of DTR 4.1.5R.

## Strategic Report

Section 414A of the Companies Act 2006 (the "Act") requires the Directors to present a Strategic Report in the Annual Report and Accounts. The information can be found on pages 2 to 70.

The Company has chosen, in accordance with section 414C (11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report.

Section 414C of the Act requires the Company to include within its Strategic Report a non-financial sustainability information statement setting out such information as is required by section 414CB of the Act. Such information is set out in the ESG section on pages 30 to 44, the Our business model section on pages 12 to 13, Our strategy section on pages 14 to 15, our KPIs on page 16 to 17, and the Risk management and Going concern and Viability Statement sections on pages 69 to 70.

## Directors and their interests

Biographies of the Directors currently serving on the Board are set out on page 74 to 75. Our Articles of Association provide that all our Directors must stand for re-election by shareholders at each AGM.

Details of Directors' service contracts are set out in the Directors' Remuneration Report on page 102. The interests of the Directors in the shares of the Company are also shown on page 106 of that report. In the period between 1 January 2026 and the date of this report, there were no additional ordinary shares allotted to Lisa Jacobs or Tony Nicol under the Company's Share Incentive Plan.

In line with the requirements of the Act, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). The Board has formal procedures to deal with Directors' conflicts of interest.

None of the Directors has a material interest in any significant contract with the Company or any member of its Group.

## Corporate Governance Statement

The disclosures required under DTR 7.2.1 are set out in this Directors' Report and in the Corporate governance report on pages 72 to 115.

### Insurance and indemnities

The Company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. In addition, the Company indemnifies each Director under a separate deed of indemnity. The Company also indemnifies each Director under its Articles of Association. Such indemnities are qualifying indemnities for the purposes of, and permitted under, section 234 of the Act.

### Results and dividends

The Group's and the Company's audited financial statements for the year are set out on pages 124 to 186.

The Directors do not recommend payment of a final dividend for 2026 (2025: £nil).

### Authority to allot or purchase the Company's shares

The Directors have authority to issue and allot ordinary shares pursuant to the Articles of Association and shareholder authority is requested at each AGM. The Directors have authority to make market purchases for ordinary shares and this authority is also renewed annually at the AGM. At the Company's AGM on 15 May 2025, the Company was authorised to make market purchases of up to 47,803,082 ordinary shares, representing approximately 15% of its issued share capital.

In the year ended 31 December 2025, the Company purchased 25,384,605 ordinary shares of nominal value of £0.001 in the Company, representing 7.74% of the issued share capital repurchased in 2025, at a cost of £30.3 million (excluding stamp duty and broker fees), with the weighted average purchase price of each share being £1.23. During the year, 23,194,203 ordinary shares were cancelled (including 181,370 ordinary shares that were pending cancellation from FY 2024) and 2,371,772 ordinary shares were held in treasury (including 83,440 ordinary shares that were pending transfer into treasury as at 31 December 2025).

During the year, the Trustee of the Company's Employee Benefit Trust made market purchases of 7,745,274 ordinary shares. As at the date of this report, the Trustee holds 7,412,136 ordinary shares representing 2.47% of the Company's issued share capital excluding treasury shares are held in the Employee Benefit Trust.

### Share capital

Details of the Company's share capital are shown in note 17 to the financial statements.

The Company's issued share capital comprises ordinary shares of £0.001, each of which is listed on the London Stock Exchange. The total issued share capital of the Company as at 31 December 2025 comprised 304,741,576 ordinary shares of £0.001, of which 2,371,772 ordinary shares were held in treasury (including 83,440 ordinary shares that were pending transfer into treasury as at 31 December 2025). Further information regarding the Company's issued share capital can be found on page 165 of the financial statements.

### Rights attaching to shares

All issued shares excluding treasury shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles of Association, described below. Except in relation to dividends and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Act and the requirements of the UK Listing Rules.

### Voting rights

All members who hold ordinary shares are entitled to attend and vote at the AGM. On a show of hands at a general meeting, every member present in person shall have one vote and on a poll, every member present in person or by proxy shall have one vote for every share of which he or she is the holder. No shareholder holds ordinary shares carrying special rights relating to the control of the Company and the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights.

Votes attaching to shares held by the Group's Employee Benefit Trust are not exercised at general meetings of the Company.

### Restrictions on transfer of securities

The Articles of Association do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. All issued share capital of the Company at the date of this report is fully paid. Certain restrictions are also imposed by laws and regulations (such as insider dealing and market requirements relating to closed periods) and requirements of the Disclosure Guidance and Transparency Rules, as well as the Company's own dealing codes, whereby Directors, persons connected to the Directors and certain employees of the Company require approval to deal in the Company's securities.

### Change of control

Certain LTIP Awards held by members of the ExCo (excluding the Executive Directors) contain additional protections in the event of termination of employment due to a takeover bid where such termination is deemed to be connected with the change of control. Save in respect of these awards, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

The Group is party to a limited number of funding and servicing agreements that include change of control provisions which, in the event of a change of control undertaken not in compliance with the procedural requirements of the relevant arrangement, could result in the termination of further loan origination and termination of servicing by the Group under the affected arrangement. In addition, the Group participates in one or more lending schemes that benefit from a form of government-backed guarantee and it is expected that, in the event of a change of control of the Company, the consent of the relevant loan guarantor would be required to enable the Group's continued participation in those schemes.

The Group is also party to significant agreements for the supply of services which contain provisions that may require counterparty consent or trigger termination rights upon a change of control of the Group.



## Report of the Directors continued

for the year ended 31 December 2025

### Significant shareholdings

As at 31 December 2025 and at 4 March 2026, the latest practicable date for inclusion in this report, the Company has been notified pursuant to DTR5.1, or is otherwise aware via our registrar, of the following significant interests in the issued ordinary share capital of the Company:

| Name of shareholder                   | Number of ordinary shares as at 31 December 2025 | Percentage issued share capital as at 31 December 2025 | Number of ordinary shares as at 4 March 2026 | Percentage issued capital as at 4 March 2026 |
|---------------------------------------|--------------------------------------------------|--------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Index Ventures                        | 58,618,351                                       | 19.38                                                  | 58,618,351                                   | 19.51                                        |
| Aktieselskabet af 2.7.2018            | 47,067,936                                       | 15.56                                                  | 47,067,936                                   | 15.67                                        |
| Accel London Management               | 26,906,743                                       | 8.90                                                   | 26,906,743                                   | 8.96                                         |
| Schroder Investment Management        | 20,967,314                                       | 6.93                                                   | 20,683,657                                   | 6.88                                         |
| DST Managers                          | 16,505,378                                       | 5.46                                                   | 16,505,378                                   | 5.49                                         |
| Capital Group                         | 14,713,073                                       | 4.87                                                   | 14,713,073                                   | 4.90                                         |
| JO Hambro Capital Management          | 12,740,415                                       | 4.21                                                   | 12,704,652                                   | 4.23                                         |
| Funding Circle Employee Benefit Trust | 9,648,854                                        | 3.19                                                   | 7,412,136                                    | 2.47                                         |

### Research and development

The Group invests in the research and development of technology and software products that enable the Group to achieve its key performance objective of growing lending to SMEs whilst delivering resilient returns to investors.

### Political donations

There were no political donations made during the year or the previous year.

### External branches

The Company has subsidiaries in the United Kingdom, Germany, and the Netherlands and has one UK branch of the Dutch entity and four UK branches of the German entities.

### External auditors

PwC have confirmed their willingness to continue as external auditors and a resolution to reappoint them as the Company's external auditors, and to authorise the Directors to fix the auditors' remuneration, will be proposed at the 2026 AGM.

### Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's external auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

### Voting results final update – 2025 AGM

At the Company's AGM, held on 15 May 2025, 20% or more votes were cast against Resolutions 14 (Directors' authority to allot shares), 15 (general disapplication of pre-emption rights) and 16 (disapplication of pre-emption rights in connection with an acquisition or specified capital investment). Resolution 14, being an ordinary resolution requiring 50% and Resolutions 15 and 16 being special resolutions requiring a 75% majority, all of which did receive sufficient support to be passed, receiving votes in favour of 78.23% respectively. However, a significant number of votes (21.77%) were against the resolutions.

As per Provision 4 of the Code, on 13 November 2025, the Company provided an update on its engagement with shareholders to better understand the reasons why the above resolutions were voted against. The Company understands that these votes reflected, among other things, the voting policy of certain shareholders and the potential for dilution especially in the absence of a specific transaction for which the authority would be used.

### 2026 AGM

The Company's AGM will take place in person at 12:00 pm on 21 May 2026 at the Company's offices at 71 Queen Victoria Street, London EC4V 4AY.

A separate circular, comprising a letter from the Chair of the Board, Notice of Meeting and explanatory notes on the resolutions being proposed, has been circulated to shareholders and is available on our website, <https://corporate.fundingcircle.com/investors/shareholder-meetings>.

## Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted International Accounting Standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board and signed on its behalf.

**Lisa Jacobs**  
Chief Executive Officer  
5 March 2026



# financial statements

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## Independent auditors' report

to the members of Funding Circle Holdings plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, Funding Circle Holdings plc's Group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the group's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2025 (the "Annual Report"), which comprise:

- the Consolidated balance sheet as at 31 December 2025;
- the Company balance sheet as at 31 December 2025;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

#### Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment.
- We identified the Term Loans business and FlexiPay business as significant components and as a result they were subject to a full scope audit. We identified one non-significant component (Parent entity) and applied judgement in determining the extent of audit testing to be performed. A full scope audit was performed over the Parent entity given the Company accounts are included within the Annual Report.

#### Key audit matters

- The allowance for expected credit losses in relation to FlexiPay lines of credit (Group).
- Valuation of deferred tax asset (Group).
- Carrying value of the investment in Funding Circle Limited (FCL) (Parent).

#### Materiality

- Overall Group materiality: £2,225,000 (2024: £1,617,500) based on 1% of total income.
- Overall Company materiality: £3,199,000 (2024: £3,560,000) based on 1% of total assets.
- Performance materiality: £1,668,750 (2024: £1,213,125) (Group) and £2,399,000 (2024: £2,670,000) (Company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of deferred tax asset is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.



## Independent auditors' report continued

to the members of Funding Circle Holdings plc

### Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter

How our audit addressed the key audit matter

#### *The allowance for expected credit losses in relation to FlexiPay lines of credit (Group)*

As at 31 December 2025 the gross carrying value of FlexiPay lines of credit was £205.1 million (2024: £110.0 million) and the associated allowance for expected credit losses ("ECL") was £32.2 million (2024: £12.9 million) on drawn lines of credit and £2.5 million (2024: £2.7 million) on undrawn lines of credit.

The determination of ECL provisions is inherently judgemental and involves setting various assumptions using forward-looking information. This can give rise to increased estimation uncertainty.

ECL provisions by their nature are uncertain, and plausible changes in economic conditions may impact the credit performance of the lending book.

Modelling methodologies are used to collectively assess and determine ECL allowances on lines of credit. These may not appropriately address relevant risks and therefore judgemental adjustments may be applied.

Our audit focused on the significant assumptions for which variations had the most material impact on ECL.

We considered the following elements of the determination of ECL to be significant:

- forward-looking economic scenarios, and the weighting assigned to these including the application of management judgement; and
- estimates involved in determining probabilities of default ("PD").

Refer to Report of the Audit Committee – Significant audit matters considered in relation to the financial statements; note 1 (material accounting policies); note 2 (critical accounting judgements and key sources of estimation uncertainty); and note 16 (financial risk management) of the Group financial statements.

With the support of our credit risk modelling specialists, we performed the following procedures:

- We understood and critically assessed the appropriateness of the ECL accounting policy and model methodologies used by the management.
- We assessed the conceptual soundness of the model methodology including PD.
- We tested that the model methodology had been implemented as intended by replicating the complete ECL calculation, including the PD, LGD, EAD and SICR calculations using management's model methodology and assumptions.
- We tested model performance through review and replication of key model monitoring tests. We assessed the performance of key model elements (such as 12-month PD and Lifetime PD), and considered if they indicated that the models continued to perform appropriately or if any post-model adjustments were required.
- We used a challenger modelling approach with different macroeconomic variables to critically assess the reasonableness of management's macroeconomic model, selected economic scenarios, associated scenario weightings and management judgement applied.
- We assessed the macroeconomic forecasts and weightings used in our challenger model benchmarking and in management's base case, against independent forecasts and evaluated the reasonableness of judgements applied by management and the resulting PD outcomes.

We also tested and evaluated the disclosures in note 2, regarding the critical accounting judgements and key sources of estimation uncertainty involved in determining the expected credit loss provision.

## Report on the audit of the financial statements continued

### Our audit approach continued

#### Key audit matters continued

Key audit matter

How our audit addressed the key audit matter

#### **Valuation of deferred tax asset (Group)**

The Group has recognised a deferred tax asset of £23.6 million in respect of unused tax losses (out of the total £26.1 million) for the first time at 31 December 2025. This recognition reflects management's view that the Company will generate sufficient taxable profits in the future to utilise these losses.

The deferred tax asset was determined based on probable future taxable profits expected to be earned over an assessed forecast period.

Management's assessment of future taxable profits is based on the Board-approved forecasts, which assume growth in profitability over the forecast period.

The profitability forecast relies on assumptions and estimates about future trading performance and wider market conditions which are inherently uncertain.

Judgement was involved in determining the period of assessment and in certain significant assumptions used to value the asset.

Management applies probability weightings to the forecast profits to reflect the risks associated with achieving longer-term profit targets. Determining these weightings involves judgement.

Refer to Report of the Audit Committee – Significant audit matters considered in relation to the financial statements; note 1 (material accounting policies); note 2 (critical accounting judgements and key sources of estimation uncertainty); and note 8 (income tax (credit)/charge) of the Group financial statements.

We critically assessed the appropriateness of the deferred tax asset recognition and performed the following procedures:

- We reviewed management's assessment for compliance with IAS 12 criteria for first time recognition of deferred tax assets. We evaluated management's deferred tax assessment (including the recognition criteria applied to carried forward losses, applicable tax rates and attributes) and assessed the Board-approved forecast.
- We benchmarked and evaluated the forecast profits growth rate against external market expectations for SME lending and fintech businesses and similar products to assess whether assumed growth was within a reasonable range of market expectations.
- We assessed the Group's historical forecasting record by comparing actual outcomes to previous medium-term plans.
- We evaluated the judgements made in the underlying forecasts and the reasonableness of the forecast period used to value the asset. In doing so, we considered the reliability of forecasts and the forecasting period against IAS 12 and European and Securities and Markets Authority ("ESMA") guidance.
- We performed sensitivity analysis to assess a reasonable range of supportable outcomes for valuation of deferred tax asset.
- We tested and evaluated the reasonableness of relevant disclosures in the financial statements, in particular the articulation of the critical judgements and estimates given the sensitivity of outcomes to changes in forecasts.

#### **Carrying value of the investment in Funding Circle Limited (FCL) (Parent)**

The Company holds an investment in FCL with a carrying value of £261.1 million (2024: £258.2 million). IAS 36 Impairment of Assets requires that investments should be assessed for any indicators of impairment at the end of each reporting period.

A review for indicators of impairment was performed by management, including considering the latest available trading forecasts. The assessment identified no impairment indicators in respect of the investment in subsidiary undertakings.

Given the carrying value of the investment is material and its significance to the Company balance sheet this has been an area of focus in our audit.

Refer to note 5 (investments in subsidiary undertakings) of the Company financial statements.

We evaluated the Directors' determination of whether there were any indicators of impairment. Our procedures included:

- Considering the approach taken to assess for impairment indicators against the requirements of IAS 36 and substantiating relevant information within the assessment.
- Comparing the carrying value of the investment with the market capitalisation of the Group at 31 December 2025.



## Independent auditors' report continued

to the members of Funding Circle Holdings plc

### Report on the audit of the financial statements continued

#### Our audit approach continued

##### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

**Audit approach to Funding Circle's operations:** We performed a risk assessment, giving consideration to relevant external and internal factors, including economic risks, climate change, relevant accounting and regulatory developments, and Funding Circle's strategy. We also considered our knowledge and experience obtained in prior year audits. We designed our audit approach for the significant products and services offered by Funding Circle across Term Loans and FlexiPay segments.

**Audit work for in scope components:** The risks of material misstatement can be reduced to an acceptable level by testing components that are significant due to their size and those that drive significant risks identified as part of our risk assessment. We identified the Term Loans business and FlexiPay business as full scope components due to being significant due to size. We considered the Parent entity to be a non-significant component for the audit of the consolidated financial statements. We assigned materiality levels to components reflecting the size of their operations. One team performed all audit work on the components. Through the work performed we concluded that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

**Audit procedures undertaken at a Group level and on the Company:** In planning and executing our audit no other component teams were used. We ensured that appropriate work was undertaken for the Group and for the statutory audit of the Company.

##### The impact of climate risk on our audit

As part of our audit we made inquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

As part of our audit, we made inquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's and Company's financial statements and support the disclosures made.

##### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

|                                 | Financial statements – Group                                                                                                                                                                                                                      | Financial statements – Company                                                                                                                                |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall materiality             | £2,225,000 (2024: £1,617,500).                                                                                                                                                                                                                    | £3,199,000 (2024: £3,560,000).                                                                                                                                |
| How we determined it            | 1% of total income.                                                                                                                                                                                                                               | 1% of total assets.                                                                                                                                           |
| Rationale for benchmark applied | We have used an income based metric as the Group has historically been loss making and only recently became profitable. We selected total income as the benchmark as it is considered to be suitably stable and reflects the underlying business. | We consider total assets to be an appropriate benchmark to apply on the basis that the Company is an investment holding company for the Group's subsidiaries. |

## Report on the audit of the financial statements continued

### Our audit approach continued

#### Materiality continued

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £2,105,000 and £1,900,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £1,668,750 (2024: £1,213,125) for the Group financial statements and £2,399,000 (2024: £2,670,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to it misstatements identified during our audit above £111,250 (Group audit) (2024: £80,875) and £160,000 (Company audit) (2024: £178,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and evaluating management's going concern assessment;
- performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of external risks such as an uncertain economic environment;
- understanding and evaluating management's financial forecasts and liquidity and regulatory capital over the going concern period and an evaluation of the stress testing performed by management;
- substantiation of financial resources available to the Group and Company as at the balance sheet date including the unrestricted cash; and
- reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.



## Independent auditors' report continued

to the members of Funding Circle Holdings plc

### Report on the audit of the financial statements continued

#### Reporting on other information continued

##### Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

##### Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

##### Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making enquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

##### Responsibilities for the financial statements and the audit

##### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company'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 the Company or to cease operations, or have no realistic alternative but to do so.

##### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## Report on the audit of the financial statements continued

### Responsibilities for the financial statements and the audit continued

#### Auditors' responsibilities for the audit of the financial statements continued

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the regulations of the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to bias in accounting estimates and posting of journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- review of correspondence with, and reports to, the FCA;
- review of a sample of customer complaints to identify any indicators of breaches in laws and regulations or fraud;
- inquiries of the Directors and others within the organisation, including outside of finance, as to their knowledge, awareness and concerns regarding fraud, or known or suspected instances of non-compliance with laws and regulation;
- review of Board meeting minutes to identify any inconsistencies with other information provided by management;
- identification and testing of journal entries meeting fraud risk criteria, in particular any journal entries with unusual account combinations impacting total income;
- challenging significant assumptions and judgements made by management in its accounting estimates and assessing them for bias, including those relating to the allowance for expected credit losses for FlexiPay lines of credit and relating to the valuation of the deferred tax asset; and
- review of internal audit reports insofar as they related to the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### Other required reporting

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Appointment

We were first appointed by the Company for the financial year ended 31 December 2015. Our uninterrupted engagement covers eleven financial years. The Company was a public interest entity for eight of those financial years.

#### Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This Auditors' Report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

#### Heather Varley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
5 March 2026



# Consolidated statement of comprehensive income

for the year ended 31 December 2025

|                                                                                      | Note            | 31 December 2025<br>£m | 31 December 2024<br>Before<br>exceptional<br>items<br>£m | 31 December 2024<br>Exceptional<br>items <sup>1</sup><br>£m | 31 December 2024<br>£m |
|--------------------------------------------------------------------------------------|-----------------|------------------------|----------------------------------------------------------|-------------------------------------------------------------|------------------------|
| Transaction fees                                                                     |                 | 107.0                  | 85.3                                                     | —                                                           | 85.3                   |
| Servicing fees                                                                       |                 | 35.9                   | 37.5                                                     | —                                                           | 37.5                   |
| Interest income <sup>2</sup>                                                         |                 | 50.2                   | 30.9                                                     | —                                                           | 30.9                   |
| Other fees                                                                           |                 | 5.1                    | 5.2                                                      | —                                                           | 5.2                    |
| <b>Operating income</b>                                                              |                 | <b>198.2</b>           | 158.9                                                    | —                                                           | 158.9                  |
| Investment income                                                                    |                 | 24.3                   | 2.8                                                      | —                                                           | 2.8                    |
| <b>Total income</b>                                                                  |                 | <b>222.5</b>           | 161.7                                                    | —                                                           | 161.7                  |
| Fair value (losses)/gains                                                            |                 | (6.7)                  | 4.2                                                      | —                                                           | 4.2                    |
| Cost of funds                                                                        |                 | (11.5)                 | (5.8)                                                    | —                                                           | (5.8)                  |
| <b>Net income<sup>3</sup></b>                                                        | 5               | <b>204.3</b>           | 160.1                                                    | —                                                           | 160.1                  |
| <b>Expected credit loss charge</b>                                                   | 2, 15, 16, 27   | <b>(18.3)</b>          | (8.6)                                                    | —                                                           | (8.6)                  |
| People costs                                                                         | 4, 6, 7         | (68.4)                 | (68.1)                                                   | (2.3)                                                       | (70.4)                 |
| Marketing costs                                                                      | 6               | (62.0)                 | (45.6)                                                   | —                                                           | (45.6)                 |
| Depreciation, amortisation and impairment                                            | 4, 5, 6, 10, 11 | (11.1)                 | (13.2)                                                   | (0.3)                                                       | (13.5)                 |
| Other costs                                                                          | 6               | (24.2)                 | (21.2)                                                   | —                                                           | (21.2)                 |
| <b>Operating expenses</b>                                                            | 6               | <b>(165.7)</b>         | (148.1)                                                  | (2.6)                                                       | (150.7)                |
| <b>Profit/(loss) before taxation</b>                                                 | 5               | <b>20.3</b>            | 3.4                                                      | (2.6)                                                       | 0.8                    |
| Income tax credit/(charge)                                                           | 8               | 25.7                   | (0.5)                                                    | —                                                           | (0.5)                  |
| <b>Profit/(loss) for the year from continuing operations</b>                         |                 | <b>46.0</b>            | 2.9                                                      | (2.6)                                                       | 0.3                    |
| (Loss)/profit for the year from discontinued operations                              | 3               | —                      | (10.2)                                                   | 18.5                                                        | 8.3                    |
| <b>Profit/(loss) for the year</b>                                                    |                 | <b>46.0</b>            | (7.3)                                                    | 15.9                                                        | 8.6                    |
| <b>Other comprehensive expense</b>                                                   |                 |                        |                                                          |                                                             |                        |
| Items that may be reclassified subsequently to profit and loss:                      |                 |                        |                                                          |                                                             |                        |
| Exchange differences on translation of foreign operations – discontinued operations  | 3, 19           | —                      | (0.2)                                                    | (8.7)                                                       | (8.9)                  |
| <b>Total comprehensive income/(expense) for the year</b>                             |                 | <b>46.0</b>            | (7.5)                                                    | 7.2                                                         | (0.3)                  |
| <b>Total comprehensive income/(expense) attributable to:</b>                         |                 |                        |                                                          |                                                             |                        |
| Owners of the Parent                                                                 |                 |                        |                                                          |                                                             |                        |
| Income/(expense) from continuing operations                                          |                 | 46.0                   | 2.9                                                      | (2.6)                                                       | 0.3                    |
| (Expense)/income from discontinued operations                                        | 3               | —                      | (10.4)                                                   | 9.8                                                         | (0.6)                  |
| <b>Total comprehensive income/(expense) attributable to the owners of the Parent</b> |                 | <b>46.0</b>            | (7.5)                                                    | 7.2                                                         | (0.3)                  |
| <b>Earnings per share</b>                                                            |                 |                        |                                                          |                                                             |                        |
| Basic earnings per share from continuing operations                                  | 9               | 14.6p                  | 0.8p                                                     |                                                             | 0.1p                   |
| Diluted earnings per share from continuing operations                                | 9               | 14.0p                  | 0.8p                                                     |                                                             | 0.1p                   |
| Basic (loss)/earnings per share from discontinued operations                         | 3, 9            | —                      | (3.0)p                                                   |                                                             | 2.4p                   |
| Diluted (loss)/earnings per share from discontinued operations                       | 3, 9            | —                      | (3.0)p                                                   |                                                             | 2.2p                   |
| Basic total earnings/(loss) per share from all operations                            | 3, 9            | 14.6p                  | (2.1)p                                                   |                                                             | 2.5p                   |
| Diluted total earnings/(loss) per share from all operations                          | 3, 9            | 14.0p                  | (2.1)p                                                   |                                                             | 2.3p                   |

1. Exceptional items are detailed in note 4.

2. Interest income recognised on assets held at amortised cost under the effective interest rate method and £5.1 million (2024: £7.7 million) on money market funds held at fair value through profit and loss.

3. Net income is also referred to as "revenue".

The notes on pages 128 to 175 form part of these financial statements.

## Consolidated balance sheet

as at 31 December 2025

|                                                      | Note   | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|------------------------------------------------------|--------|---------------------------|---------------------------|
| <b>Non-current assets</b>                            |        |                           |                           |
| Intangible assets                                    | 10     | 21.3                      | 21.2                      |
| Property, plant and equipment                        | 11     | 7.9                       | 9.6                       |
| Investment in associates                             | 29     | —                         | 0.6                       |
| Investment in trusts and co-investments              | 12, 16 | 11.9                      | 17.8                      |
| Deferred tax asset                                   | 8      | 26.1                      | —                         |
| SME loans held at amortised cost                     | 12, 16 | 1.2                       | 1.4                       |
|                                                      |        | <b>68.4</b>               | 50.6                      |
| <b>Current assets</b>                                |        |                           |                           |
| SME loans held at amortised cost                     | 12, 16 | 0.9                       | 0.7                       |
| SME loans held at fair value through profit and loss | 12, 16 | 120.8                     | 1.2                       |
| Lines of credit                                      | 12, 16 | 172.9                     | 97.1                      |
| Trade and other receivables                          | 13     | 20.5                      | 20.8                      |
| Cash and cash equivalents                            | 22     | 152.4                     | 187.6                     |
|                                                      |        | <b>467.5</b>              | 307.4                     |
| <b>Total assets</b>                                  |        | <b>535.9</b>              | 358.0                     |
| <b>Current liabilities</b>                           |        |                           |                           |
| Trade and other payables                             | 14     | 30.8                      | 27.8                      |
| Bank borrowings                                      | 16, 22 | 267.3                     | 101.9                     |
| Short-term provisions and other liabilities          | 15     | 2.5                       | 3.6                       |
| Lease liabilities                                    | 11, 22 | 1.8                       | 1.8                       |
|                                                      |        | <b>302.4</b>              | 135.1                     |
| <b>Non-current liabilities</b>                       |        |                           |                           |
| Long-term provisions and other liabilities           | 15     | 0.6                       | 0.6                       |
| Lease liabilities                                    | 11, 22 | 4.5                       | 5.8                       |
| <b>Total liabilities</b>                             |        | <b>307.5</b>              | 141.5                     |
| <b>Equity</b>                                        |        |                           |                           |
| Share capital                                        | 17     | 0.3                       | 0.3                       |
| Share premium account                                | 18     | 0.5                       | 0.1                       |
| Foreign exchange reserve                             | 19     | 5.3                       | 5.3                       |
| Share options reserve                                |        | 21.1                      | 20.6                      |
| Retained earnings                                    | 20     | 201.2                     | 190.2                     |
| <b>Total equity</b>                                  |        | <b>228.4</b>              | 216.5                     |
| <b>Total equity and liabilities</b>                  |        | <b>535.9</b>              | 358.0                     |

The financial statements on pages 124 to 175 were approved by the Board and authorised for issue on 5 March 2026. They were signed on behalf of the Board by:

**Tony Nicol**

Director

Company registration number 07123934

The notes on pages 128 to 175 form part of these financial statements.



## Consolidated statement of changes in equity

for the year ended 31 December 2025

|                                                           | Note   | Share capital<br>£m | Share premium account<br>£m | Foreign exchange reserve<br>£m | Share options reserve<br>£m | Retained earnings/<br>(accumulated losses)<br>£m | Total equity<br>£m |
|-----------------------------------------------------------|--------|---------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------------------------|--------------------|
| <b>Balance at 1 January 2024</b>                          |        | 0.4                 | 293.1                       | 14.2                           | 24.0                        | (84.9)                                           | 246.8              |
| Profit for the year                                       | 20     | —                   | —                           | —                              | —                           | 8.6                                              | 8.6                |
| <b>Other comprehensive expense</b>                        |        |                     |                             |                                |                             |                                                  |                    |
| Exchange differences on translation of foreign operations | 19     | —                   | —                           | (8.9)                          | —                           | —                                                | (8.9)              |
| <b>Total comprehensive (expense)/income</b>               |        | —                   | —                           | (8.9)                          | —                           | 8.6                                              | (0.3)              |
| <b>Transactions with owners</b>                           |        |                     |                             |                                |                             |                                                  |                    |
| Transfer of share option costs                            | 20     | —                   | —                           | —                              | (6.6)                       | 6.6                                              | —                  |
| Buyback of own shares                                     | 17, 20 | (0.1)               | —                           | —                              | —                           | (33.6)                                           | (33.7)             |
| Capital reduction                                         | 18, 20 | —                   | (293.5)                     | —                              | —                           | 293.5                                            | —                  |
| Issue of share capital/exercise of share options          | 18     | —                   | 0.5                         | —                              | —                           | —                                                | 0.5                |
| Employee share schemes – value of employee services       | 21     | —                   | —                           | —                              | 3.2                         | —                                                | 3.2                |
| <b>Balance at 31 December 2024</b>                        |        | 0.3                 | 0.1                         | 5.3                            | 20.6                        | 190.2                                            | 216.5              |
| Profit for the year                                       | 20     | —                   | —                           | —                              | —                           | <b>46.0</b>                                      | <b>46.0</b>        |
| <b>Other comprehensive income</b>                         |        |                     |                             |                                |                             |                                                  |                    |
| Exchange differences on translation of foreign operations | 19     | —                   | —                           | —                              | —                           | —                                                | —                  |
| <b>Total comprehensive income</b>                         |        | —                   | —                           | —                              | —                           | <b>46.0</b>                                      | <b>46.0</b>        |
| <b>Transactions with owners</b>                           |        |                     |                             |                                |                             |                                                  |                    |
| Transfer of share option costs                            | 20     | —                   | —                           | —                              | <b>(4.2)</b>                | <b>4.2</b>                                       | —                  |
| Buyback of own shares                                     | 17, 20 | —                   | —                           | —                              | —                           | <b>(30.6)</b>                                    | <b>(30.6)</b>      |
| Purchase of own shares by Employee Benefit Trust (“EBT”)  | 17, 20 | —                   | —                           | —                              | —                           | <b>(8.6)</b>                                     | <b>(8.6)</b>       |
| Issue of share capital/exercise of share options          | 18     | —                   | <b>0.4</b>                  | —                              | —                           | —                                                | <b>0.4</b>         |
| Employee share schemes – value of employee services       | 21     | —                   | —                           | —                              | <b>4.7</b>                  | —                                                | <b>4.7</b>         |
| <b>Balance at 31 December 2025</b>                        |        | <b>0.3</b>          | <b>0.5</b>                  | <b>5.3</b>                     | <b>21.1</b>                 | <b>201.2</b>                                     | <b>228.4</b>       |

The notes on pages 128 to 175 form part of these financial statements.

## Consolidated statement of cash flows

for the year ended 31 December 2025

|                                                                               | Note   | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------------------------------------------------|--------|---------------------------|---------------------------|
| <b>Net cash outflow from operating activities</b>                             | 22     | <b>(33.8)</b>             | (67.4)                    |
| <b>Investing activities</b>                                                   |        |                           |                           |
| Purchase of intangible assets                                                 | 10     | <b>(8.9)</b>              | (9.0)                     |
| Purchase of property, plant and equipment                                     | 11     | <b>(0.6)</b>              | (2.9)                     |
| Originations/purchase of SME loans held at amortised cost                     | 16     | <b>(2.4)</b>              | (0.2)                     |
| Proceeds from sale of SME loans held at amortised cost                        | 16     | <b>0.7</b>                | —                         |
| Cash receipts from SME loans held at amortised cost                           | 16     | <b>1.9</b>                | 3.0                       |
| Originations/purchase of SME loans held at fair value through profit and loss | 16     | <b>(180.6)</b>            | —                         |
| Cash receipts from SME loans held at fair value through profit and loss       | 16     | <b>51.8</b>               | 13.5                      |
| Proceeds from sale of SME loans held at fair value through profit and loss    | 16     | <b>3.9</b>                | —                         |
| Investment in trusts and co-investments                                       | 16     | <b>(0.8)</b>              | (4.1)                     |
| Cash receipts from investments in trusts and co-investments                   | 16     | <b>8.2</b>                | 14.6                      |
| Redemption in associates                                                      | 25, 29 | <b>0.6</b>                | 0.9                       |
| Proceeds from sale of subsidiary                                              | 3      | <b>—</b>                  | 32.6                      |
| Direct costs of selling subsidiary                                            | 3      | <b>—</b>                  | (2.0)                     |
| Cash disposed of on sale of subsidiary                                        | 3      | <b>—</b>                  | (23.1)                    |
| <b>Net cash (outflow)/inflow from investing activities</b>                    |        | <b>(126.2)</b>            | 23.3                      |
| <b>Financing activities</b>                                                   |        |                           |                           |
| Proceeds from bank borrowings                                                 | 22     | <b>176.8</b>              | 52.6                      |
| Repayment of bank borrowings                                                  | 22     | <b>(11.4)</b>             | (6.0)                     |
| Proceeds from the exercise of share options                                   | 18     | <b>0.4</b>                | 0.5                       |
| Purchase of own shares by EBT                                                 | 17, 20 | <b>(8.6)</b>              | —                         |
| Buyback of own shares                                                         | 17, 20 | <b>(30.6)</b>             | (33.7)                    |
| Proceeds from subleases                                                       |        | <b>—</b>                  | 0.4                       |
| Payment of lease liabilities                                                  | 22     | <b>(1.9)</b>              | (3.6)                     |
| <b>Net cash inflow from financing activities</b>                              |        | <b>124.7</b>              | 10.2                      |
| <b>Net decrease in cash and cash equivalents</b>                              |        | <b>(35.3)</b>             | (33.9)                    |
| Cash and cash equivalents at the beginning of the year                        |        | <b>187.6</b>              | 221.4                     |
| Effect of foreign exchange rate changes                                       |        | <b>0.1</b>                | 0.1                       |
| <b>Cash and cash equivalents at the end of the year</b>                       | 22     | <b>152.4</b>              | 187.6                     |

The notes on pages 128 to 175 form part of these financial statements.

Cash flows from discontinued operations are shown in note 3.



# Notes forming part of the consolidated financial statements

for the year ended 31 December 2025

## 1. Material accounting policies

### General information

Funding Circle Holdings plc (the "Company") is a public company limited by shares, which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is given on page 192. The consolidated financial statements of the Group for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Group and the nature of the Group's operations are as a facilitator of finance for SMEs.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Going concern

The Group made a total comprehensive income of £46.0 million during the year ended 31 December 2025 (2024: expense of £0.3 million). As at 31 December 2025, the Group had net assets of £228.4 million (2024: £216.5 million). This includes £152.4 million of cash and cash equivalents (2024: £187.6 million), of which £51.5 million (2024: £37.1 million) is held for specific purposes and is restricted in use. Within the net assets, the Group holds £94.5 million (2024: £53.5 million) of invested capital, some of which is capable of being monetised if liquidity needs arise.

The 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 financial statements).

The Group has prepared detailed cash flow forecasts for the next 15 months to 30 June 2027.

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 loans;
- growth in Cashback 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 loans are expected to be funded in the same way as FlexiPay until the shorter-term loan assets are sold and an institutional investor is onboarded for future funding. This switch took place in January 2026;
- costs are controlled with any growth driven by marketing, expected credit losses ("ECL") and cost of funds. Remaining costs grow but predominantly through inflation;
- the current share buyback programme concludes in June 2026 with further buybacks only to satisfy EBT requirements and with no additional buyback or dividend assumed; and
- corporation tax begins to be paid in 2026 alongside 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 assets 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; and
- an operational event occurs, such as impacts on critical suppliers, buybacks of loans and lower corporate cash levels resulting in lost revenues and cash outlays.

The severe but plausible downside scenario results in a maximum cash outflow of £40 million, which is the minimum level of unrestricted cash and cash equivalents the Group will hold at all times (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 loans), 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 30 June 2027.

Further detail is contained in the Strategic Report on pages 69 and 70.

### Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value through profit and loss ("FVTPL").

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

## 1. Material accounting policies continued

### Significant changes in the current reporting year

The financial position and performance of the Group were affected by the following events and transactions during the year ended 31 December 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.

Through 2025 shorter-term loans were financed through the same leveraged warehouse used to fund the FlexiPay and Cashback card product, 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 consolidated statement of comprehensive income.

The intention with the shorter-term loan product is to initially build up the product on balance sheet to an appropriate level of scale whilst in an R&D phase. This enables us to iterate and evolve the product, before selling the loans to a third party investor and originating new loans under a platform strategy going forward. As we intended to sell these loans they were measured at fair value through profit and loss and presented under "SME loans held at fair value through profit and loss" on the 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 are presented within the Term Loans segment of the business in note 5.

The shorter-term loans held by the Group were sold in January 2026 subsequent to the balance sheet date. Details are included in note 28.

#### ii) Share buyback programme extension and purchase of own shares

The share buyback programme which was launched in 2024 was further extended in May 2025 to buy and cancel up to a further £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 year to 31 December 2025, 23.0 million shares (2024: 33.5 million) were purchased and cancelled for consideration of £27.6 million (2024: £33.7 million) inclusive of fees and expenses under the programme. Additionally, the Group bought back 2.3 million shares (2024: nil) which were not cancelled and were held in treasury for consideration of £3.0 million (2024: £nil).

Additionally, the Group purchased 7.7 million shares (2024: nil) for £8.6 million (2024: £nil) during the year ended 31 December 2025, which were not cancelled and are held for the purpose of satisfying the exercise of employee share options.

#### iii) Recognition of deferred tax asset (notes 8 and 9)

Deferred tax assets 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. A deferred tax asset of £26.1 million has been recognised for the first time related to the UK business, which is considered

to have achieved sustainable profitability, evidenced by two consecutive profitable half-year periods and an underlying taxable profitability position in 2025 as well as increased certainty over the generation of taxable profits in the near future. The recognition of the asset results in a credit to the income tax line of the consolidated statement of comprehensive income of £26.1 million. This results in a higher profit for the year and earnings per share result for the year compared to the results had the deferred tax asset not been recognised. Further details related to the impact on earnings per share can be found in note 9.

### Changes in accounting policy and disclosures

The Group has adopted the following new and amended IFRSs and interpretations from 1 January 2025.

| Standard/interpretation                        | Content                | Applicable for financial years beginning on/after |
|------------------------------------------------|------------------------|---------------------------------------------------|
| Amendments to IAS 21 – Lack of Exchangeability | Foreign exchange rates | 1 January 2025                                    |

The amendments and interpretations listed above did not materially affect the current year and are not expected to materially affect future years.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting years and have not been early adopted by the Group as follows:

| Standard/interpretation                                                                  | Content                          | Applicable for financial years beginning on/after |
|------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------|
| Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments | Financial instruments            | 1 January 2026                                    |
| IFRS 18 Presentation and Disclosure in Financial Statements                              | Financial statements disclosures | 1 January 2027                                    |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures                          | Financial statements disclosures | 1 January 2027                                    |

With the exception of IFRS 18, these standards are not expected to have a material impact on the Group in the current or future reporting years or on foreseeable future transactions.

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. Early application is permitted and comparatives will require restatement. The standard will replace IAS 1 Presentation of Financial Statements. It will not change how items are recognised and measured but will focus on the income statement and reporting of financial performance, specifically, classifying income and expenses into three new defined categories – "operating", "investing" and "financing", and two new subtotals – "operating profit and loss" and "profit or loss before financing and income tax", introducing disclosures of management-defined performance measures ("MPMs") and enhancing general requirements on aggregation and disaggregation. The impact of the standard is in the process of being assessed by the Group.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 1. Material accounting policies continued

### Summary of new and amended accounting policies

There were no new or amended accounting policies related to the financial year ended 31 December 2025.

### Summary of existing accounting policies

#### Basis of consolidation

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Structured entities are entities that are designed so that their activities are not governed by voting rights. In assessing whether the Group has power over such entities, the Group considers factors such as the purpose and design of the entity, its practical ability to direct the relevant activities of the entity, the nature of the relationship with the entity, and the size of its exposure to the variability of returns of the entity.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group applies the acquisition method to account for business combinations. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

#### Foreign currency translation

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the prevailing rate at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

#### Presentation currency

These consolidated financial statements are presented in GBP sterling, which is the Group's presentation currency.

All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the prevailing rate at the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the prevailing rate at the reporting date.

#### Segment reporting

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, which is the function responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee ("ExCo"), which makes strategic decisions. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Strategic Report.

Transactions between segments are on an arm's length basis in a manner similar to transactions with third parties.

#### Exceptional items

Exceptional items are the items of income or expense that the Group considers are material, one-off in nature and of such significance that they merit separate presentation in order to aid the reader's understanding of the Group's financial performance. Such items would include profits or losses on disposal of businesses, transaction costs, acquisitions and disposals, major restructuring programmes, significant goodwill or other asset impairments, and other particularly significant or unusual items.

#### Income recognition

Fee income is recognised in line with IFRS 15 which provides a single, principles-based five-step model to be applied to all contracts with customers:

- 1) identify the contract with the customer;
- 2) identify the performance obligations in the contract;
- 3) determine the transaction price;
- 4) allocate the transaction price to the performance obligations in the contracts, on a relative standalone selling price basis; and
- 5) recognise income when (or as) the entity satisfies its performance obligation.

Fee income earned for the arrangement of loans is classified as **transaction fees**. The contract signed by the borrower and related terms are clearly identifiable. The performance obligation in the contract is considered to be the funding of the loan through the platform and the transaction price is clearly stated in the borrower's contract. Fees are recognised immediately once loans are fully funded and after the loans are accepted by the borrowers. At this point the performance obligation has been met, there are no clawback provisions and the fee is recognised. Such fees are automatically deducted from the amount borrowed.

Fee income earned from referrals to partner lenders is classified as **transaction fees**. There are contracts in place with partner lenders with clearly identifiable terms. The performance obligation in the contract is considered to be the referral by the Group and subsequent funding of the referred loan by the partner institution and the transaction price is clearly stated in the referral agreement. Fees are recognised once the referred loan has been funded by the partner lender and accepted by the referred borrower. At this point, the performance obligation has been met and there are no significant clawback provisions.

## 1. Material accounting policies continued

### Income recognition continued

Fee income earned from servicing third party loans is classified as **servicing fees** and is a cost of the investor. It comprises an annualised fee representing a percentage of outstanding principal. The contractual basis for the servicing fee and transaction price is based on the terms and conditions agreed by investors to the lending platform. The performance obligation is servicing the loans and allocating repayments of the loan parts to the respective lenders. The transaction price is allocated as a percentage of the outstanding principal balance, representing the outstanding performance obligation. Fees are recognised on a monthly basis upon repayment of loan parts. Due to the conditions of the loans, there are no partially completed contracts at the balance sheet date and no advance payments from customers.

Fee income earned from interchange fees from FlexiPay card and Cashback card is classified as a **transaction fee**. A contract is in place with the card provider which remits the fee revenues to the Group. Card fees are recognised immediately at the point of transaction as at this point the performance obligation has been met. Borrowers using their FlexiPay card may "flip" the balance into a FlexiPay loan repayable over the agreed term of the drawdown and for a fee. The fee incurred by borrowers who flip the card balance into a loan is recognised under IFRS 9 from the point of the flip over the life of the loan under the effective interest rate method and is recognised under **interest income**.

**Other fees** includes income from collections charges levied on the successful recovery of defaulted loans. These are recognised as services are performed or performance obligations are met. It also includes performance-related fees related to the loans held by certain institutional investors and any gain on sale of loans held at amortised cost.

Net income includes the following elements under which the recognition criteria of IFRS 9 and not IFRS 15 are applied:

Interest income includes:

- interest income recognised on assets held at amortised cost under the effective interest rate method including fees incurred on FlexiPay drawdowns and FlexiPay card "flipped" balances, and interest charged on Cashback card drawn balances and interest income on corporate cash and client monies held. It also includes interest income on money market funds held at fair value through profit and loss.

Investment income includes:

- interest income from SME loans and investments in trusts that the Group holds on balance sheet.

Fair value gains/losses includes:

- gains/losses from changes in the fair value of financial assets and liabilities held on balance sheet.

Cost of funds includes:

- interest payable on funds borrowed to finance the issuing of lines of credit and shorter-term loans.

Net income recorded in the financial statements is generated in the UK, Germany and the Netherlands. All fees are recognised and measured based on the above income recognition policy.

### Cashback card accounting

Cashback offered on products issued by the Group is considered to fall under IFRS 15 where it is contractually linked to card spend where an interchange fee is generated at the point of spend. Where the cashback reward to the borrower is cash settled or netted against an outstanding balance due from the customer, it is treated as a reduction in the transaction price under IFRS 15 and there is no ongoing performance obligation beyond the card transaction with interchange fee income recognised net of the cashback granted. The cashback rewards programme does not currently offer borrowers the option to exchange their cashback reward for other non-cash goods or services. Where borrowers do not repay the full balance due on their card and choose to revolve an element of it, interest income is recognised under IFRS 9 on the interest charged.

### Administrative expenses

Administrative expenses are recognised as an expense in the statement of comprehensive income in the period in which they are incurred on an accruals basis.

### Share-based payments

The Group operates a number of equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options and shares) of the Company. The fair value of the employee services received in exchange for the grant of the options and shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, net income, earnings per share and remaining an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options and shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimate of the number of options and shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares or utilises shares that have been purchased in the market. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The original fair value of the amount exercised is transferred from the share option reserve to the accumulated losses reserve.

The grant by the Company of options and shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investment in subsidiary undertakings, with a corresponding credit to equity in the Parent entity (the "Company") accounts.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 1. Material accounting policies continued

### Pension obligations

The Group operates a defined contribution pension scheme for employees in the UK. The schemes are pension plans under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Contributions payable to the Group's pension scheme are charged to the statement of comprehensive income in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

### Current and deferred tax

The tax expense for the year comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

The Group has established transfer pricing policies and there are mechanisms in place that ensure subsidiaries are remunerated appropriately on an arm's length basis for services provided. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

The Group registered and was granted a patent with the Patent Office in relation to the decisioning model of the Global Platform for Originations. Loan income streams of the business related to this decisioning model qualify for patent box treatment for UK corporation tax at a reduced rate of corporation tax. The Group receives extra tax deductions against taxable profit for the proportion of profits allocated to the patent.

Deferred tax assets for unused tax losses, tax credits and deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in

a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the year-end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted.

### Dividends

Dividends are recognised when they become legally payable, in accordance with the Companies Act 2006.

### Intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. Useful lives and amortisation methods are reviewed at the end of each annual reporting period, or more frequently when there is an indication that the intangible asset may be impaired, with the effect of any changes accounted for on a prospective basis. Amortisation commences when the intangible asset is available for use. The residual value of intangible assets is assumed to be zero.

### Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the licence period, which is up to five years as at 31 December 2025.

### Capitalised development costs

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design, build and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the build of the platform products so that they will be available for use;
- management intends to complete the build of the platform products for use within the Group;
- there is an ability to use the platform products;
- it can be demonstrated how the platform products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the platform products are available; and
- the expenditure attributable to the platform products during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee and contractor costs. The capitalisation of employee costs is based on the amount of time spent on specific projects which meet the criteria as a proportion of their total time, and this proportion of their salary-related costs is attributed to the applicable projects.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over their estimated useful lives, ranging from three to five years.

## 1. Material accounting policies continued

### Intangible assets continued

#### Other intangibles

Other intangibles relate to the technology platform and customer relationship (representing fees due on contracted loans expected to be realised in the foreseeable future) acquired on a business combination. These costs are amortised over their estimated useful lives, which do not exceed three years.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

|                        |           |
|------------------------|-----------|
| Computer equipment     | 1–3 years |
| Furniture and fixtures | 3–5 years |

Leasehold improvements that qualify for recognition as an asset are measured at cost and are presented as part of property, plant and equipment in the non-current assets section on the balance sheet. Depreciation on leasehold improvements is calculated using the straight-line method over the lease term.

#### Impairment of tangible and intangible assets

Intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this was the case, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### Leases

At inception of a contract, the Group assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract the Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable;
- variable lease payments based on an index or a rate, initially measured using the index or rate at the commencement date; and
- amounts expected to be payable by the Group under residual value guarantee.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses an approach taking the risk-free interest rate adjusted for credit risk for leases held by Funding Circle Holdings plc; and
- makes adjustments specific to the lease for term, country and currency.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability and right-of-use asset are remeasured when there is a lease modification.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options are included in a number of property leases in the Group. Management considers the facts and circumstances that may create an economic incentive to exercise an extension or termination option in order to determine whether the lease term should include or exclude such options. Extension or termination options are only included within the lease term if they are reasonably certain to be exercised in the case of extension options and not exercised in the case of termination options.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 1. Material accounting policies continued

### Leases continued

Considerations include:

- if leasehold improvements are expected to have significant value at the end of the lease term;
- expected costs or business disruption as a result of replacing a lease; and
- significant penalties incurred in order to terminate.

Lease terms are reassessed if the option is exercised or if a significant event occurs which impacts the assessment of reasonable certainty.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

### Consolidation of special purpose vehicles ("SPVs")

Subsidiaries are those entities, including structured vehicles, over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The Group has power over an entity when it has existing rights that give it the current ability to direct the activities that most significantly affect the entity's returns. Power may be determined on the basis of voting rights or, in the case of structured entities, other contractual arrangements.

The Group assesses whether it controls SPVs and the requirement to consolidate them under the criteria of IFRS 10. Control is determined to exist if the Group has the power to direct the activities of each entity (for example, managing the performance of the underlying assets and raising debt on those assets which is used to fund the Group) and uses this control to obtain a variable return (for example, retaining the residual risk on the assets). Structures that do not meet these criteria are not treated as subsidiaries and the assets are derecognised when the rights to the cash flows have ended.

Where the Group manages the administration of its securitised assets and is exposed to the risks and rewards of the underlying assets through its continued investment or where the Group does not retain a direct ownership interest in an SPV, but the Directors have determined that the Group controls those entities based on the criteria of IFRS 10, they are treated as subsidiaries and are consolidated. See note 29 for details of these entities.

### Discontinued operations and deconsolidation

When the Group intends to sell assets or Business Units, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations is applied. An asset or group of assets is treated as a discontinued operation if:

- it is available for immediate sale in its present condition;
- the sale is highly probable, with management committed to a plan to sell the asset and an active programme to locate a buyer initiated; and
- the sale is expected to be completed within one year of classification as held for sale.

Where these criteria are met, the assets in the disposal group are measured at the lower of fair value less cost to sell and their carrying value at the point they are considered to meet the criteria. The results from the discontinued operations are presented separately in the consolidated statement of comprehensive income with the comparative year restated on a like-for-like basis.

Where a Business Unit of the Group is held as a discontinued operation with the intention of selling it, it will remain consolidated for as long as the criteria for control, as defined by IFRS 10 Consolidated Financial Statements, are met. All three of these criteria must be met in order to control an entity:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

While an agreement might be signed to sell the operation, if the Group continues to meet the criteria for control between signing and closing the transaction, deconsolidation will only occur on closing once the criteria are no longer met.

### Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost. This is adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of comprehensive income. The Group's share of movements in other comprehensive income of the investee is recognised in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an indication that the investment in the associate is impaired. If there is such an indication, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within the statement of comprehensive income.

## 1. Material accounting policies continued

### Investment in associates continued

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### Financial instruments

#### Financial assets

The Group determines the classification of its financial assets at initial recognition. The requirements of IFRS 9 for classification and subsequent measurement are applied, which require financial assets to be classified based on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset:

- financial assets are measured at amortised cost if they are held within a business model, the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest;
- financial assets are measured at fair value through other comprehensive income ("FVTOCI") if they are held within the business model defined as "held to collect and sell", the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest; and
- financial assets that do not meet the criteria to be amortised cost or FVTOCI are measured at fair value through profit or loss ("FVTPL"). In addition, the Group may, at initial recognition, designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The purchase of any credit-impaired assets is also at fair value after any impairment.

Except for certain investments in SME loans as described below, the Group does not recognise on its balance sheet loans arranged between borrowers and investors as it is not a principal party to the contracts and is not exposed to the risks and rewards of these loans.

With the exception of investment in trusts and co-investments and SME loans held at fair value through profit and loss, all financial assets are held to collect contractual cash flows.

The four types of SME loans held are as follows:

#### *i) SME loans held at fair value through profit and loss*

This category includes loans temporarily funded by the Group which are classified as financial assets at fair value through profit or loss and are held with the intention of selling on to investors. They are initially measured at fair value on the balance sheet with the subsequent measurement at fair value with all gains and losses being recognised in the consolidated statement of comprehensive income.

#### *ii) SME loans held at amortised cost*

The Group holds investments in certain SME business loans as a result of commercial arrangements with institutional investors and in certain circumstances the Group also buys back loans from investors.

These loans are included in SME loans held at amortised cost (see note 12) and are classified as amortised cost (as they are held solely to collect principal and interest payments) and are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

#### *iii) Lines of credit*

Lending through the FlexiPay product is recognised on the balance sheet within lines of credit. This represents the drawn amount of the facilities, net of ECL. The contractual cash flows represent solely payments of principal and interest ("SPPI") and the business model under which they are held is in order to collect the contractual cash flows resulting in the lines of credit being measured initially at fair value and subsequently at amortised cost. The origination fee associated with FlexiPay is recognised under IFRS 9 within interest income at the effective interest rate in the consolidated statement of comprehensive income and is recognised over the expected life of the drawdown.

The FlexiPay lines of credit are held net of expected credit loss allowances under IFRS 9, the methodology and definitions of which align to the Group accounting policy on impairment of financial assets held at amortised cost with the exception of being assessed at the available line of credit level, estimating the utilisation of the line of credit to the estimated point of default, and are detailed further within note 16. Additionally, the Group assesses the expected credit loss allowance in relation to undrawn lines of credit, estimating the probability of default, loss given default and exposure at default in relation to these lines of credit were they to be drawn. This undrawn portion of the loss allowance is recognised within other liabilities in note 15.

#### *iv) Investment in trusts and co-investments*

The Group holds a minority beneficial ownership in trusts set up to fund CBILS, GGS, RLS and commercial loans with the majority of the beneficial ownership held by institutional investors. The SME loans are originated by Group subsidiaries, Funding Circle Focal Point Lending Limited for CBILS and Funding Circle Eclipse Lending Limited or Funding Circle Polaris Lending Limited for GGS, RLS and commercial loans, which retain legal title to the loans. These entities hold this legal title on trust on behalf of the majority investors who substantially retain the economic benefits the CBILS, GGS, RLS and commercial loans generate and therefore the trusts and the assets held within, including the SME loans, are not consolidated.

The Group assesses whether it controls the trust structure under the criteria of IFRS 10. Control is determined to exist if the Group has the power to direct the activities of entities and structures and uses this control to obtain a variable return, to which it is exposed to the majority of the variability. As the Group's holding is small compared to the majority investor and *pari passu*, the Group is not exposed to the majority of the variability in the cash flows of the trust, and it is not considered to control the trust structures, so they are not consolidated by the Group.

Investments in trusts are classified at fair value through profit and loss. They are initially recognised at fair value on the balance sheet with the subsequent measurement at fair value with all gains and losses being recognised in the consolidated statement of comprehensive income.

The Group recognises transaction fee income on origination of loans within the trust and service fee income on the assets within the trust, eliminating its proportional ownership share of the service fees. A scheme lender fee is charged in relation to the origination of CBILS and RLS loans and investment income is recognised in relation to returns on the investment.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 1. Material accounting policies continued

### Financial instruments continued

#### Other financial assets

Financial assets recognised in the balance sheet as trade and other receivables are classified as amortised cost. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Net investments in sublease receivables are recognised as other receivables representing the net present value of the lease payment receivable. Interest is recognised within other costs in the statement of comprehensive income.

Cash and cash equivalents are classified as amortised cost with the exception of money market funds that are classified as FVTPL. Cash and cash equivalents include cash in hand, deposits held at call with banks, money market funds and other short-term highly liquid investments with original maturities of three months or less. The carrying amount of these assets approximates to their fair value.

#### Impairment of financial assets held at amortised cost

The Group applies the impairment requirements of IFRS 9. The IFRS 9 impairment model requires a three-stage approach:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECLs") (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit impaired. For these assets, lifetime ECLs (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised, and interest income is still calculated on the gross carrying amount of the asset. The Group assumes there has been a significant increase in credit risk if outstanding amounts on the financial assets exceed 30 days past due, in line with the rebuttable presumption per IFRS 9, or where the risk score of the borrower is observed to have deteriorated above a certain threshold relative to their score at origination, at which point the assets are considered to be stage 2.
- Stage 3 consists of financial assets that are credit impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For these assets, lifetime ECLs are also recognised, but interest income is calculated on the net carrying amount (that is, net of the ECL allowance). The Group defines a default, classified as stage 3, as an asset with any outstanding amounts exceeding a 90-day due date, which reflects the point at which the asset is considered to be defaulted. An account that is deemed to be fraudulent (i.e. third party application fraud) is written off at point of identification.
- In some circumstances where assets are bought back by the Group, the financial asset associated with the purchase meets the definition of purchased or originated credit impaired ("POCI"), and impairment is therefore based on lifetime ECLs.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and recognises a loss allowance for such losses at each reporting date. The measurement of ECLs reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Group has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients.

The Group derecognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

#### Financial liabilities

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### Bank borrowings

Bank borrowings (drawdowns under the credit facilities) are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently measured at amortised cost using the effective interest rate method.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### Loan repurchases

Loan repurchase contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Loan repurchase contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the contract. The liability is subsequently measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation. The expected credit loss model is used to measure and recognise the financial liability.

## 1. Material accounting policies continued

### Share capital

Ordinary shares are classified as equity where their terms include no contractual obligation to transfer cash or another financial asset to another entity.

### Earnings/(loss) per share

The Group presents basic and diluted earnings/(loss) per share ("EPS") for its ordinary shares. Basic and diluted EPS are calculated by dividing the profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year excluding shares held as own shares in the Company's Employee Benefit Trusts or shares held in treasury.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares include those share options granted to employees under the Group's share-based compensation schemes which do not have an exercise price or where the exercise price is less than the average market price of the Company's ordinary shares during the year.

### Shares held by the Employee Benefit Trust and Share Incentive Plan Trust

The Company has established an offshore Employee Benefit Trust ("EBT") and an onshore Share Incentive Plan ("SIP") Trust.

The EBT and SIP Trust provide for the issue of shares to Group employees principally under share option schemes and SIP respectively. The Group has control of the EBT and SIP Trust and therefore consolidates the Trusts in the Group financial statements. Since 2022, the Trustee of the EBT has purchased the Company's shares in the market in order to satisfy the exercise of employee share option schemes. Shares which are purchased are recognised at cost and are treated as a deduction to shareholders' equity. No gain or loss is recognised in the income statement on the purchase or utilisation of equity shares.

### Reserves

#### Foreign exchange reserve

The foreign exchange reserve represents the cumulative foreign currency translation movement on the assets and liabilities of the Group's international operations at year-end exchange rates and on the profit and loss items from average exchange rates to year-end exchange rates.

#### Share premium

Proceeds received in excess of the nominal value of shares issued, or on the market value of shares exercised in excess of the exercise price net of any transaction costs.

#### Share options reserve

The share options reserve represents the cumulative charges to income under IFRS 2 Share-based Payments on all share options and schemes granted, net of share option exercises. The costs are transferred to retained earnings when options are exercised.

### Share buybacks

Shares purchased and cancelled by the Group as part of the share buyback programme reduce the equity of the Group, but are anti-dilutive and return value to shareholders when calculating earnings per share. The nominal cost of the shares purchased and cancelled is treated as a reduction in share capital with an offsetting increase in the capital redemption reserve. The capital redemption reserve is a non-distributable reserve which can be used to pay up new shares allotted as fully paid bonus shares (in the year ended 31 December 2025 and 2024 the reserve is immaterial for disclosure in the SOCIE). The cost of the share purchase inclusive of stamp duty and broker fees is debited to retained earnings.

### Treasury shares

The Group may purchase shares to hold in treasury. Treasury shares are recognised as a direct reduction in equity at cost, and no gain or loss is recognised in the consolidated statement of comprehensive income as a result of their subsequent sale or cancellation.

## 2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated 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 the ECL where the model methodology has been refined (see note 16).

### Critical judgements

#### 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 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.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 2. Critical accounting judgements and key sources of estimation uncertainty continued

#### 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.

#### Expected credit loss impairment of FlexiPay lines of credit (notes 15, 16 and 27)

At 31 December 2025, the Group held £205.1 million of drawn FlexiPay lines of credit and £446.7 million of undrawn lines of credit, gross of expected credit loss impairment allowances (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 £34.7 million (£32.2 million related to drawn lines of credit and £2.5 million related to undrawn) (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 9.0%.

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%                       | 8.8%         | 34.5  | (0.2)%                                              | (0.2)                                        |
| Upside                     | 15%                  | 100%                       | 6.0%         | 29.6  | (3.0)%                                              | (5.1)                                        |
| Downside                   | 15%                  | 100%                       | 12.4%        | 40.9  | 3.4%                                                | 6.2                                          |
| Blended weighted scenarios | 100%                 | 100%                       | 9.0%         | 34.7  | —                                                   | —                                            |

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 83.6% LGD. While the LGD expectation is based on the trajectory of recoveries to date, the lifetime LGD may differ from the estimated amount. A 500 bps increase/decrease in the estimated lifetime LGD would increase/decrease the expected credit loss impairment allowance by £0.9 million/£(0.9) 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.

## 2. Critical accounting judgements and key sources of estimation uncertainty continued

### Key sources of estimation uncertainty continued

#### SME loans held at fair value through profit and loss (note 16)

At 31 December 2025, the carrying value of the Group's financial instrument assets held at fair value was £217.8 million (2024: £155.9 million).

In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the consolidated balance sheet at fair value using a three-level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal estimation applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 is determined using valuation estimation techniques including discounted cash flow analysis and valuation models. The most significant estimation is with respect to discount rates and default rates.

SME loans held at fair value through profit and loss are the assets most sensitive to estimation uncertainty, and within this, the shorter-term loan product is the area which is materially sensitive to estimation uncertainty. A sensitivity to only the shorter-term loan product inputs is shown given other SME loans held at fair value through profit and loss are not considered materially sensitive to estimation uncertainty, nor are any other financial assets held at fair value through profit and loss.

| Description        | Fair value<br>£m | Unobservable input                                | Inputs | Relationship of<br>unobservable inputs to fair value                                                                                               |
|--------------------|------------------|---------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Shorter-term loans | 120.4            | Lifetime cumulative default rate as % of original | 16.6%  | A change in the lifetime cumulative default rate by +590/-470 bps would decrease/increase fair value by £(11.2) million/£8.5 million respectively. |

The above sensitivities represent management's estimate of the reasonably possible range of outcomes and as a result the fair value of the assets could materially diverge from management's estimate.

| Description        | Fair value<br>£m | Unobservable input          | Inputs | Relationship of<br>unobservable inputs to fair value                                                                         |
|--------------------|------------------|-----------------------------|--------|------------------------------------------------------------------------------------------------------------------------------|
| Shorter-term loans | 120.4            | Risk-adjusted discount rate | 22.4%  | A change in the discount rates by +/-200 bps would decrease/increase fair value by £(1.2) million/£1.2 million respectively. |

It is considered that the range of reasonably possible outcomes in relation to the discount rate used could be +/-200 bps and as a result the fair value of the assets could diverge from management's estimate.

The sensitivity in expected lifetime cumulative defaults and sensitivity of the credit risk element of the risk-adjusted discount rate are most meaningful when viewed independently of each other.

As disclosed in note 28, subsequent to the year ended 31 December 2025, the assets were sold in January 2026 for a price materially in line with the fair value at the balance sheet date, and concurrently a forward flow agreement was signed related to ongoing shorter-term loan originations.

#### Estimation and judgements related to deferred tax asset (note 8)

During the year the Group recognised a total deferred tax asset of £26.1 million related to the UK business for the first time. This comprised £23.6 million in relation to carried forward losses for which the recognition and valuation incorporated significant judgements and estimates, and a further £2.5 million in relation to RDEC Step 2 credits. In order to support the recognition of the deferred tax asset, modelling was undertaken to assess the level of forecast profits which were probability weighted. This is a significant estimate, while the forecasting period used for determining the probable profits is a significant judgement.

The Board-approved five-year medium-term plan ("MTP"), which is also used in the assessment of Group viability, forms the basis of the forecast taxable profits, and has been extended for one year, using a 2% long-term growth rate assumption. The MTP forecasts anticipate continued growth in revenues and profits. Judgement is used in assessing elements of the forecasts that contain elements of uncertainty. Probability weightings are applied in order to reflect the degree of uncertainty, which increases as forecasts extend further into the future. There is estimation uncertainty related to the management forecasts and the probabilities applied to them and judgement applied in the selection of the six year forecast period. As a result, the DTA is sensitive to forecasting assumptions, and the actual utilisation of the deferred tax asset may vary from the timing and quantum expected. The judgements and estimates will be assessed on an ongoing basis.

The £26.1 million total deferred tax asset represents a recognition of c.73% of the brought forward loss position, and a recognition of 100% of the RDEC Step 2 credits.

If taxable forecast profits reduced by 25% this would result in a £6.0 million reduction of the total deferred tax asset to £20.1 million, or a utilisation of c.55% of the carried forward loss position, with no impact on the RDEC Step 2 credits which remain £2.5 million.

If the period of forecasting were reduced by 1 year, the DTA would reduce by £1.5 million.

If the baseline forecast profits were fully achieved then a deferred tax asset of £34.7 million (£32.2 million in relation to the carried forward losses and £2.5 million related to RDEC Step 2 credits) would have been recognised in full by 2030.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 3. 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, the Group retained control of the US business until 1 July 2024, at which point it was deconsolidated.

The comparative loss for the year from discontinued operations, segmental results, cash flows from discontinued operations and component elements of the gain on disposal are detailed below.

#### Discontinued operations

|                                                                                               | Note   | Before exceptional items | Exceptional items | 31 December 2024<br>£m |
|-----------------------------------------------------------------------------------------------|--------|--------------------------|-------------------|------------------------|
| Transaction fees                                                                              |        | 10.3                     | —                 | 10.3                   |
| Servicing fees                                                                                |        | 2.1                      | —                 | 2.1                    |
| Interest income                                                                               |        | 0.7                      | —                 | 0.7                    |
| Other fees                                                                                    |        | 0.2                      | —                 | 0.2                    |
| <b>Operating income</b>                                                                       |        | <b>13.3</b>              | <b>—</b>          | <b>13.3</b>            |
| Investment income                                                                             |        | 0.7                      | —                 | 0.7                    |
| <b>Total income</b>                                                                           |        | <b>14.0</b>              | <b>—</b>          | <b>14.0</b>            |
| Fair value gains                                                                              |        | 2.2                      | —                 | 2.2                    |
| <b>Net income</b>                                                                             |        | <b>16.2</b>              | <b>—</b>          | <b>16.2</b>            |
| <b>Expected credit loss charge</b>                                                            | 15, 16 | (0.1)                    | —                 | (0.1)                  |
| People costs                                                                                  |        | (16.0)                   | 1.7               | (14.3)                 |
| Marketing costs                                                                               |        | (3.7)                    | —                 | (3.7)                  |
| Depreciation, amortisation, impairment and modification gains                                 | 10, 11 | (0.3)                    | —                 | (0.3)                  |
| Other costs                                                                                   |        | (6.2)                    | —                 | (6.2)                  |
| <b>Operating expenses</b>                                                                     |        | <b>(26.2)</b>            | <b>1.7</b>        | <b>(24.5)</b>          |
| <b>Realised FX recycled from foreign currency translation</b>                                 |        | <b>—</b>                 | <b>8.7</b>        | <b>8.7</b>             |
| <b>Gain on disposal of US business</b>                                                        |        | <b>—</b>                 | <b>8.1</b>        | <b>8.1</b>             |
| <b>(Loss)/profit before taxation</b>                                                          |        | <b>(10.1)</b>            | <b>18.5</b>       | <b>8.4</b>             |
| Income tax                                                                                    | 8      | (0.1)                    | —                 | (0.1)                  |
| (Loss)/profit for the year from discontinued operations                                       |        | (10.2)                   | 18.5              | 8.3                    |
| <b>Other comprehensive expense</b>                                                            |        |                          |                   |                        |
| Exchange differences on translation of foreign operations – discontinued operations           | 19     | (0.2)                    | (8.7)             | (8.9)                  |
| <b>Total comprehensive (expense)/income for the year attributable to owners of the Parent</b> |        | <b>(10.4)</b>            | <b>9.8</b>        | <b>(0.6)</b>           |
| <b>Earnings per share</b>                                                                     |        |                          |                   |                        |
| Basic (loss)/earnings per share from discontinued operations                                  | 9      | (3.0)p                   |                   | 2.4p                   |
| Diluted (loss)/earnings per share from discontinued operations                                | 9      | (3.0)p                   |                   | 2.2p                   |

### 3. Discontinued operations continued

#### Segmental profit before tax from discontinued operations

|                                                              | 31 December<br>2024<br>£m |
|--------------------------------------------------------------|---------------------------|
| <b>Profit before tax</b>                                     | <b>8.4</b>                |
| Depreciation, amortisation impairment and modification gains | (0.3)                     |
| Exceptional items                                            | 18.5                      |
| Expected credit loss credit/(charge)                         | (0.1)                     |

#### Cash flow from discontinued operations

|                                                         | 31 December<br>2024<br>£m |
|---------------------------------------------------------|---------------------------|
| Cash and cash equivalents at the beginning of the year  | 22.3                      |
| Net cash outflow from operating activities              | (8.6)                     |
| Net cash outflow from investing activities              | (13.3)                    |
| Net cash outflow from financing activities              | (0.6)                     |
| <b>Net decrease in cash generated</b>                   | <b>(0.2)</b>              |
| Effect of foreign exchange rate changes                 | 0.2                       |
| <b>Cash and cash equivalents at the end of the year</b> | <b>—</b>                  |

#### Details of the sale of the US business (exceptional items from discontinued operations)

|                                                                                                          | 31 December<br>2024<br>£m |
|----------------------------------------------------------------------------------------------------------|---------------------------|
| Consideration received:                                                                                  |                           |
| Cash consideration at prevailing exchange rate                                                           | 32.6                      |
| Net assets disposed of (including cash and cash equivalents of £23.1 million)                            | (22.2)                    |
| <b>Gross gain on sale</b>                                                                                | <b>10.4</b>               |
| Direct transaction costs for legal, advisory and other costs                                             | (2.3)                     |
| Net impact of (early vesting)/lapsing US share options                                                   | 1.7                       |
| Other disposal-related costs                                                                             | (0.6)                     |
| <b>Gain on sale</b>                                                                                      | <b>9.8</b>                |
| Reclassification of foreign currency translation reserve                                                 | 8.7                       |
| <b>Total gain as a result of disposal after reclassification of foreign currency translation reserve</b> | <b>18.5</b>               |



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 3. Discontinued operations continued

#### Details of the sale of the US business (exceptional items from discontinued operations) continued

Assets and liabilities of the US business disposed of:

|                                                      | 31 December<br>2024<br>£m |
|------------------------------------------------------|---------------------------|
| <b>Non-current assets</b>                            |                           |
| Property, plant and equipment                        | 0.3                       |
| Investment in trusts and co-investments              | 0.7                       |
| SME loans held at amortised cost                     | 1.9                       |
| Trade and other receivables                          | 1.0                       |
|                                                      | <b>3.9</b>                |
| <b>Current assets</b>                                |                           |
| SME loans held at fair value through profit and loss | 5.9                       |
| Trade and other receivables                          | 3.1                       |
| Cash and cash equivalents                            | 23.1                      |
|                                                      | <b>32.1</b>               |
| <b>Total assets</b>                                  | <b>36.0</b>               |
| <b>Current liabilities</b>                           |                           |
| Trade and other payables                             | 4.7                       |
| Lease liabilities                                    | 3.6                       |
|                                                      | <b>8.3</b>                |
| <b>Non-current liabilities</b>                       |                           |
| Bank borrowings                                      | 1.6                       |
| Lease liabilities                                    | 3.9                       |
|                                                      | <b>5.5</b>                |
| <b>Total liabilities</b>                             | <b>13.8</b>               |
| <b>Total net assets</b>                              | <b>22.2</b>               |

### 4. Exceptional items

The Group reflects its underlying financial results in the “before exceptional items” column of the 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 during the year. This process will result 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.

The Group disposed of its investment in the US business on 1 July 2024, as detailed in note 3.

### 5. 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 in the comparative period 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. Reporting segments are identified by the required reporting information determined by the CODM which tends to be grouped by geography in the comparative period or by products with similar characteristics. The Term Loans segment comprises the Term Loan products along with shorter-term loans, which have similar features of containing fixed Term Loans and similar revenue streams and costs. The FlexiPay segment contains our line of credit products including Cashback card and generally contains our newer product innovations and more flexible lending products.

The ExCo measures the performance of each segment primarily by reference to profit before tax. Additionally, the ExCo utilises a non-GAAP measure, profit before tax (before exceptional items), which is defined as profit/loss for the year before taxation and excluding the impact of exceptional items. Profit before tax (before exceptional items) is a measure of Group performance as it allows better comparability of the underlying performance of the business. The segment reporting 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. The segment results include an allocation of central and shared costs which are allocated on the basis of budgeted revenue generation between the segments.

## 5. Segmental information continued

|                                                              | 31 December 2025      |                |              | 31 December 2024 <sup>1</sup> |                |             |
|--------------------------------------------------------------|-----------------------|----------------|--------------|-------------------------------|----------------|-------------|
|                                                              | Continuing operations |                |              | Continuing operations         |                |             |
|                                                              | Term Loans<br>£m      | FlexiPay<br>£m | Total<br>£m  | Term Loans<br>£m              | FlexiPay<br>£m | Total<br>£m |
| Transaction fees                                             | 105.8                 | 1.2            | 107.0        | 84.7                          | 0.6            | 85.3        |
| Servicing fees                                               | 35.9                  | —              | 35.9         | 37.5                          | —              | 37.5        |
| Interest income                                              | 5.6                   | 44.6           | 50.2         | 8.3                           | 22.6           | 30.9        |
| Other fees                                                   | 5.0                   | 0.1            | 5.1          | 5.1                           | 0.1            | 5.2         |
| Operating income                                             | 152.3                 | 45.9           | 198.2        | 135.6                         | 23.3           | 158.9       |
| Investment income                                            | 24.3                  | —              | 24.3         | 2.8                           | —              | 2.8         |
| <b>Total income</b>                                          | <b>176.6</b>          | <b>45.9</b>    | <b>222.5</b> | 138.4                         | 23.3           | 161.7       |
| Fair value (losses)/gains                                    | (6.7)                 | —              | (6.7)        | 4.2                           | —              | 4.2         |
| Cost of funds                                                | (2.5)                 | (9.0)          | (11.5)       | —                             | (5.8)          | (5.8)       |
| <b>Net income ("revenue")</b>                                | <b>167.4</b>          | <b>36.9</b>    | <b>204.3</b> | 142.6                         | 17.5           | 160.1       |
| <b>Profit/(loss) before tax</b>                              | <b>32.2</b>           | <b>(11.9)</b>  | <b>20.3</b>  | 16.7                          | (15.9)         | 0.8         |
| Depreciation, amortisation impairment and modification gains | (8.5)                 | (2.6)          | (11.1)       | (11.4)                        | (1.8)          | (13.2)      |
| Exceptional items                                            | —                     | —              | —            | (2.3)                         | (0.3)          | (2.6)       |
| Expected credit loss credit/(charge)                         | 0.9                   | (19.2)         | (18.3)       | 0.2                           | (8.8)          | (8.6)       |

1. The segmental results of the US business are not presented above and are presented within note 3 – discontinued operations.

## 6. Operating expenses

|                                                            | Note  | 31 December<br>2025<br>£m | Before<br>exceptional<br>items<br>£m | Exceptional<br>items <sup>1</sup><br>£m | 31 December<br>2024<br>£m |
|------------------------------------------------------------|-------|---------------------------|--------------------------------------|-----------------------------------------|---------------------------|
| <b>Continuing operations</b>                               |       |                           |                                      |                                         |                           |
| Depreciation                                               | 11    | 2.3                       | 3.0                                  | —                                       | 3.0                       |
| Amortisation                                               | 10    | 8.7                       | 9.8                                  | —                                       | 9.8                       |
| Impairment of intangibles                                  | 4, 10 | 0.1                       | 0.8                                  | 0.3                                     | 1.1                       |
| Modification gains                                         | 11    | —                         | (0.4)                                | —                                       | (0.4)                     |
| Employment costs (including contractors)                   | 4, 7  | 68.4                      | 68.1                                 | 2.3                                     | 70.4                      |
| Marketing costs (excluding employment costs)               |       | 62.0                      | 45.6                                 | —                                       | 45.6                      |
| Data and technology                                        |       | 8.0                       | 7.2                                  | —                                       | 7.2                       |
| Other expenses                                             |       | 16.2                      | 14.0                                 | —                                       | 14.0                      |
| <b>Total operating expenses from continuing operations</b> |       | <b>165.7</b>              | 148.1                                | 2.6                                     | 150.7                     |

1. See note 4 for details on exceptional items.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 6. Operating expenses continued

### Auditors' remuneration<sup>1</sup>

|                                                                                                                                                | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Audit fees</b>                                                                                                                              |                           |                           |
| <b>Continuing operations</b>                                                                                                                   |                           |                           |
| – Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements                             | 0.4                       | 0.4                       |
| – Fees payable to the Company's auditors and its associates for the statutory audit of the financial statements of subsidiaries of the Company | 0.6                       | 0.5                       |
| <b>Total audit fees</b>                                                                                                                        | <b>1.0</b>                | 0.9                       |
| <b>Non-audit service fees</b>                                                                                                                  |                           |                           |
| – Audit-related assurance services                                                                                                             | 0.3                       | 0.3                       |
| – Other assurance services                                                                                                                     | 0.1                       | 0.1                       |
| <b>Total non-audit service fees</b>                                                                                                            | <b>0.4</b>                | 0.4                       |

1. Fees are exclusive of value-added tax and exclusive of adjustments agreed after the completion of audits of £nil (2024: £0.1 million).

## 7. Employees

The average monthly number of employees (including Directors) during the year was:

|                                            | 2025<br>Number | 2024<br>Number |
|--------------------------------------------|----------------|----------------|
| <b>Continuing operations</b>               |                |                |
| Term Loans                                 | 600            | 628            |
| FlexiPay                                   | 83             | 88             |
| Other                                      | 2              | 5              |
| <b>Total continuing operations</b>         | <b>685</b>     | 721            |
| <b>Discontinued operations<sup>1</sup></b> |                |                |
| US                                         | —              | 106            |
| <b>Total discontinued operations</b>       | <b>—</b>       | 106            |
| <b>Total</b>                               | <b>685</b>     | 827            |

In addition to the employees above, the average monthly number of contractors during the year was 54 (2024: 80), of which nil (2024: 13) related to the US<sup>1</sup>.

1. Average monthly numbers are calculated over 12 months and for the 2024 US discontinued operations include six months following the sale of the US business where the employee number was nil.

Employment costs (including Directors' emoluments) during the year were:

|                                                              | 31 December<br>2025 | 31 December<br>2024                  |                                         | Total<br>£m |
|--------------------------------------------------------------|---------------------|--------------------------------------|-----------------------------------------|-------------|
|                                                              | Total<br>£m         | Before<br>exceptional<br>items<br>£m | Exceptional<br>items <sup>1</sup><br>£m |             |
| <b>Continuing operations</b>                                 |                     |                                      |                                         |             |
| Wages and salaries                                           | 57.4                | 56.0                                 | —                                       | 56.0        |
| Social security costs                                        | 7.1                 | 6.3                                  | —                                       | 6.3         |
| Pension costs                                                | 2.1                 | 2.1                                  | —                                       | 2.1         |
| Share-based payments                                         | 5.9                 | 7.8                                  | —                                       | 7.8         |
| Exceptional costs                                            | —                   | —                                    | 2.3                                     | 2.3         |
|                                                              | <b>72.5</b>         | 72.2                                 | 2.3                                     | 74.5        |
| Contractor costs                                             | 4.7                 | 4.9                                  | —                                       | 4.9         |
| Less: capitalised development costs                          | <b>(8.8)</b>        | (9.0)                                | —                                       | (9.0)       |
| <b>Employment costs net of capitalised development costs</b> | <b>68.4</b>         | 68.1                                 | 2.3                                     | 70.4        |

1. See note 4 for details of exceptional items.

## 8. Income tax (credit)/charge

The Group is subject to all taxes applicable to a commercial company in its countries of operation. The UK (losses)/profits of the Company are subject to UK income tax at the standard corporation tax rate of 25% (2024: 25%).

|                                                              | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|--------------------------------------------------------------|---------------------------|---------------------------|
| <b>Current tax</b>                                           |                           |                           |
| <b>Continuing operations</b>                                 |                           |                           |
| <b>UK</b>                                                    |                           |                           |
| Current tax on profits/(losses) for the year                 | 0.4                       | 0.5                       |
|                                                              | <b>0.4</b>                | 0.5                       |
| <b>Total current tax charge from continuing operations</b>   | <b>0.4</b>                | 0.5                       |
| <b>Discontinued operations</b>                               |                           |                           |
| <b>US</b>                                                    |                           |                           |
| Current tax on (losses)/profits for the year                 | —                         | 0.1                       |
| Adjustment in respect of prior years                         | —                         | —                         |
| <b>Total current tax charge from discontinued operations</b> | <b>—</b>                  | 0.1                       |
| <b>Total current tax charge</b>                              | <b>0.4</b>                | 0.6                       |
| <b>Deferred tax</b>                                          |                           |                           |
| <b>Continuing operations</b>                                 |                           |                           |
| <b>UK</b>                                                    |                           |                           |
| Deferred tax on profits/(losses) for the year                | (26.1)                    | —                         |
|                                                              | <b>(26.1)</b>             | —                         |
| <b>Total deferred tax credit from continuing operations</b>  | <b>(26.1)</b>             | —                         |
| <b>Total deferred tax credit</b>                             | <b>(26.1)</b>             | —                         |
| <b>Total tax (credit)/charge</b>                             | <b>(25.7)</b>             | 0.6                       |

The above current tax charge represents the expected tax on the Research and Development Expenditure Credit ("RDEC") receivable for 2025.

In the prior year, the current tax charge represents the tax liability on the Group's taxable profit, including US state taxes from 1 January 2024 to the date of disposal of the US business, and the amount of tax deducted from the RDEC receivable for 2024.

Based on the Group's current financial projections, the estimate of the deferred tax asset in respect of the losses arising in the UK was £23.6 million at 31 December 2025 (31 December 2024: £nil). The deferred tax asset in respect of the RDEC Step 2 credits was £2.5 million at 31 December 2025 (31 December 2024: £nil).

The US business at 31 December 2024 is represented as discontinued operations.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 8. Income tax (credit)/charge continued

The Group (credit)/charge for the year can be reconciled to the profit before tax shown per the consolidated statement of comprehensive income as follows.

#### Factors affecting the tax (credit)/charge for the year

|                                                             | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------------------------------|---------------------------|---------------------------|
| Profit before taxation for the Group                        | 20.3                      | 9.2                       |
| Taxation on profit at 25.0% (2024: 25.0%)                   | 5.1                       | 2.3                       |
| Effects of:                                                 |                           |                           |
| Research and development                                    | —                         | 0.4                       |
| Foreign tax rates                                           | —                         | 0.1                       |
| Non-taxable/non-deductible expenses                         | —                         | 0.3                       |
| Unrecognised timing differences                             | 0.2                       | (0.1)                     |
| Unrecognised tax losses accumulated                         | 0.4                       | 1.1                       |
| Deferred tax assets recognised                              | (26.1)                    | —                         |
| Patent box                                                  | (5.3)                     | —                         |
| Impairment charge                                           | —                         | (3.5)                     |
| <b>Total tax (credit)/charge</b>                            | <b>(25.7)</b>             | 0.6                       |
| <b>Total tax (credit)/charge from continuing operations</b> | <b>(25.7)</b>             | 0.5                       |
| <b>Total tax charge from discontinued operations</b>        | <b>—</b>                  | 0.1                       |

There was no tax charge/(credit) in the current or prior year related to exchange differences on translation of foreign operations in other comprehensive income or the recycling of these into profit and loss.

The Group is taxed at different rates depending on the country in which the profits arise.

The key applicable tax rate for 2025 includes the UK at 25%. For the prior year, the key applicable tax rates include the UK at 25% and the US 21%. The effective tax rate for the year was -126.45% (2024: 4.87%).

#### Patent box

The Group applied to register a patent with the Patent Office in 2022, in relation to the decisioning model of the Global Platform for Originations. This patent was granted in January 2025, and the Term Loan, and shorter-term loan income streams of the business should qualify for patent box treatment for UK corporation tax. This means that profits relating to the patented technology will be subject to corporation tax at 10% rather than the statutory rate of 25%.

This mechanism works by the Group receiving extra tax deductions against taxable profit in relation to a proportion of profits allocated to the patent. As 2025 is the first year that the patent is registered, the Group will also be able to claim patent box deductions in the 2025 corporation tax return for 2023 and 2024, as well as for 2025. The tax value of the deduction in 2025 (for three years) is £5.3 million (2024: £nil). From 2026, the Group will annually receive one year's worth of deductions.

#### Deferred tax asset

|                                | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|--------------------------------|---------------------------|---------------------------|
| Carry forward losses (UK)      | 23.6                      | —                         |
| RDEC Step 2 credits            | 2.5                       | —                         |
| <b>Recognised deferred tax</b> | <b>26.1</b>               | —                         |

A deferred tax asset of £26.1 million has been recognised, of which £23.6 million relates to the brought forward losses and £2.5 million relates to RDEC Step 2 credits.

The Group has unused tax losses of £128.7 million (2024: £125.0 million) that are available for offset against future taxable profits, and there is no expiry date for the unused profits. Recognition of the deferred tax asset on losses is dependent on the existence of future taxable profits. The company has made taxable profits in 2025, before patent box deductions. It is expected that the Group will continue to make profits in the future and start using the carried forward losses for the first time in 2026. The £23.6 million has been recognised in relation to £94.2 million of the losses.

The £23.6 million recognised deferred tax asset in respect of losses represents a recognition of c73% of the carried forward loss position.

## 8. Income tax (credit)/charge continued

### Deferred tax asset continued

The judgements and assumptions used in the estimated recognition of the deferred tax asset are disclosed within note 2. It is expected that £3.9 million of the deferred tax asset in relation to losses will be utilised within the next 12 months and the remaining £19.7 million of the deferred tax asset will be recovered after 12 months.

A deferred tax asset of £2.5 million has been recognised on RDEC Step 2 credits. It is expected that all of the deferred tax asset in relation to the RDEC Step 2 credits will be utilised within the next 12 months.

### Unrecognised deferred tax

|                                              | <b>31 December<br/>2025<br/>£m</b> | 31 December<br>2024<br>£m |
|----------------------------------------------|------------------------------------|---------------------------|
| Property, plant and equipment                | <b>8.5</b>                         | 6.9                       |
| Carry forward losses                         | <b>34.5</b>                        | 125.0                     |
| Deferred stock options                       | <b>22.7</b>                        | 22.5                      |
| RDEC Step 2 credits                          | <b>—</b>                           | 8.0                       |
| Other                                        | <b>0.6</b>                         | 0.2                       |
| <b>Unrecognised deferred tax<sup>1</sup></b> | <b>66.3</b>                        | 162.6                     |

1. Balances presented in the table above are gross timing differences and are not tax effected.

The Group has an unrecognised deferred tax asset value of £16.6 million (2024: £40.7 million). This asset comprises £8.6 million (2024: £31.3 million) for carried forward losses, £5.7 million (2024: £5.6 million) of deferred share options deductions and £2.3 million (2024: £1.8 million) of other short term timing differences. In the prior year there was £2.0 million of unrecognised deferred tax assets in relation to RDEC Step 2 credits which was fully recognised in 2025. There is no expiry date for the unrecognised deferred tax assets.

## 9. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares include those share options granted to employees under the Group's share-based compensation schemes which do not have an exercise price or where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Where loss per share is presented, there is no difference in the weighted average number of shares used in the calculation of basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

The following table reflects the profit/(loss) and share data used in the basic and diluted earnings/(loss) per share computations:

|                                                                       | <b>31 December<br/>2025<br/>Total<br/>£m</b> | 31 December<br>2024<br>Total<br>£m | 31 December<br>2024<br>Before<br>exceptional<br>items<br>£m |
|-----------------------------------------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------------------------------|
| <b>Earnings per share from continuing operations</b>                  |                                              |                                    |                                                             |
| Profit for the year from continuing operations                        | <b>46.0</b>                                  | 0.3                                | 2.9                                                         |
| Basic weighted average number of ordinary shares in issue (million)   | <b>314.6</b>                                 | 342.4                              | 342.4                                                       |
| Basic earnings per share from continuing operations                   | <b>14.6p</b>                                 | 0.1p                               | 0.8p                                                        |
| Profit for the year from continuing operations                        | <b>46.0</b>                                  | 0.3                                | 2.9                                                         |
| Diluted weighted average number of ordinary shares in issue (million) | <b>328.6</b>                                 | 382.2                              | 382.2                                                       |
| Diluted earnings per share from continuing operations                 | <b>14.0p</b>                                 | 0.1p                               | 0.8p                                                        |



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 9. Earnings/(loss) per share continued

|                                                                       | 31 December<br>2025<br>Total<br>£m | 31 December<br>2024<br>Total<br>£m | 31 December<br>2024<br>Before<br>exceptional<br>items<br>£m |
|-----------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------------------|
| <b>Earnings/(loss) per share from discontinued operations</b>         |                                    |                                    |                                                             |
| Profit/(loss) for the year from discontinued operations               | —                                  | 8.3                                | (10.2)                                                      |
| Basic weighted average number of ordinary shares in issue (million)   | 314.6                              | 342.4                              | 342.4                                                       |
| Basic earnings/(loss) per share from discontinued operations          | —                                  | 2.4p                               | (3.0)p                                                      |
| Profit/(loss) for the year from discontinued operations               | —                                  | 8.3                                | (10.2)                                                      |
| Diluted weighted average number of ordinary shares in issue (million) | 328.6                              | 382.2                              | 342.4                                                       |
| Diluted earnings/(loss) per share from discontinued operations        | —                                  | 2.2p                               | (3.0)p                                                      |

|                                                                       | 31 December<br>2025<br>Total<br>£m | 31 December<br>2024<br>Total<br>£m | 31 December<br>2024<br>Before<br>exceptional<br>items<br>£m |
|-----------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------------------|
| <b>Earnings/(loss) per share from all operations</b>                  |                                    |                                    |                                                             |
| Profit/(loss) for the year                                            | 46.0                               | 8.6                                | (7.3)                                                       |
| Basic weighted average number of ordinary shares in issue (million)   | 314.6                              | 342.4                              | 342.4                                                       |
| Basic total earnings/(loss) per share                                 | 14.6p                              | 2.5p                               | (2.1)p                                                      |
| Profit/(loss) for the year                                            | 46.0                               | 8.6                                | (7.3)                                                       |
| Diluted weighted average number of ordinary shares in issue (million) | 328.6                              | 382.2                              | 342.4                                                       |
| Diluted total earnings/(loss) per share                               | 14.0p                              | 2.3p                               | (2.1)p                                                      |

#### Adjusted view of earnings per share from continuing operations excluding the recognition of deferred tax asset

During the year ended 31 December 2025, the Group recognised a deferred tax asset of £26.1 million for the first time that resulted in a material tax credit in the year, which increased profit for the year and resulted in a higher earnings per share figure. While the recognition of deferred tax is not considered an exceptional item for the purposes of the consolidated statement of comprehensive income, it is considered that an adjusted view of earnings per share from continuing operations excluding the recognition of deferred tax and exceptional items is useful to users of the financial statements to allow a more direct comparison of underlying performance.

|                                                                       | 31 December<br>2025<br>Adjusted<br>Total<br>£m | 31 December<br>2024<br>Before<br>exceptional<br>items<br>Total<br>£m |
|-----------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------|
| <b>Adjusted earnings per share from continuing operations</b>         |                                                |                                                                      |
| Profit for the year from continuing operations                        | 46.0                                           | 0.3                                                                  |
| Less impact of deferred tax                                           | (26.1)                                         | —                                                                    |
| Less exceptional items                                                | —                                              | 2.6                                                                  |
| Adjusted profit for the year from continuing operations               | 19.9                                           | 2.9                                                                  |
| Basic weighted average number of ordinary shares in issue (million)   | 314.6                                          | 342.4                                                                |
| Basic adjusted earnings per share from continuing operations          | 6.3p                                           | 0.8p                                                                 |
| Profit for the year from continuing operations                        | 46.0                                           | 0.3                                                                  |
| Less impact of deferred tax                                           | (26.1)                                         | —                                                                    |
| Less exceptional items                                                | —                                              | 2.6                                                                  |
| Adjusted profit for the year from continuing operations               | 19.9                                           | 2.9                                                                  |
| Diluted weighted average number of ordinary shares in issue (million) | 328.6                                          | 382.2                                                                |
| Diluted adjusted total earnings per share from continuing operations  | 6.1p                                           | 0.8p                                                                 |

## 10. Intangible assets

|                                                    | Capitalised<br>development<br>costs<br>£m | Computer<br>software<br>£m | Other<br>intangibles<br>£m | Total<br>£m |
|----------------------------------------------------|-------------------------------------------|----------------------------|----------------------------|-------------|
| <b>Cost</b>                                        |                                           |                            |                            |             |
| At 1 January 2024                                  | 61.2                                      | 0.4                        | 1.2                        | 62.8        |
| Exchange differences                               | 0.2                                       | —                          | (0.1)                      | 0.1         |
| Additions                                          | 9.0                                       | —                          | —                          | 9.0         |
| Disposals                                          | (4.4)                                     | (0.3)                      | —                          | (4.7)       |
| Derecognition of assets of discontinued operations | (15.7)                                    | —                          | —                          | (15.7)      |
| At 31 December 2024                                | 50.3                                      | 0.1                        | 1.1                        | 51.5        |
| At 1 January 2025                                  | 50.3                                      | 0.1                        | 1.1                        | 51.5        |
| Exchange differences                               | —                                         | —                          | 0.1                        | 0.1         |
| Additions                                          | 8.8                                       | 0.1                        | —                          | 8.9         |
| Disposals                                          | (3.4)                                     | —                          | —                          | (3.4)       |
| Derecognition of assets of discontinued operations | —                                         | —                          | —                          | —           |
| <b>At 31 December 2025</b>                         | <b>55.7</b>                               | <b>0.2</b>                 | <b>1.2</b>                 | <b>57.1</b> |
| <b>Accumulated amortisation</b>                    |                                           |                            |                            |             |
| At 1 January 2024                                  | 38.4                                      | 0.2                        | 1.2                        | 39.8        |
| Exchange differences                               | 0.1                                       | —                          | (0.1)                      | —           |
| Charge for the year                                | 9.7                                       | 0.1                        | —                          | 9.8         |
| Impairment (exceptional item)                      | 0.3                                       | —                          | —                          | 0.3         |
| Impairment                                         | 0.7                                       | 0.1                        | —                          | 0.8         |
| Disposals                                          | (4.4)                                     | (0.3)                      | —                          | (4.7)       |
| Derecognition of assets of discontinued operations | (15.7)                                    | —                          | —                          | (15.7)      |
| At 31 December 2024                                | 29.1                                      | 0.1                        | 1.1                        | 30.3        |
| At 1 January 2025                                  | 29.1                                      | 0.1                        | 1.1                        | 30.3        |
| Exchange differences                               | —                                         | —                          | 0.1                        | 0.1         |
| Charge for the year                                | 8.7                                       | —                          | —                          | 8.7         |
| Impairment                                         | 0.1                                       | —                          | —                          | 0.1         |
| Disposals                                          | (3.4)                                     | —                          | —                          | (3.4)       |
| <b>At 31 December 2025</b>                         | <b>34.5</b>                               | <b>0.1</b>                 | <b>1.2</b>                 | <b>35.8</b> |
| <b>Carrying amount</b>                             |                                           |                            |                            |             |
| <b>At 31 December 2025</b>                         | <b>21.2</b>                               | <b>0.1</b>                 | <b>—</b>                   | <b>21.3</b> |
| At 31 December 2024                                | 21.2                                      | —                          | —                          | 21.2        |

During the year ended 31 December 2025 £nil (2024: £0.3 million) of intangible assets were impaired in the FlexiPay Business Unit related to projects discontinued as a result of the simplification of the Group. These were treated as an exceptional item (see note 4). A further £0.8 million of intangibles were impaired in 2024 related to capitalised development spend and software no longer in use.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 11. Property, plant and equipment, right-of-use assets and lease liabilities

The Group has right-of-use assets which comprise property leases held by the Group. Information about leases for which the Group is a lessee is presented below.

#### Analysis of property, plant and equipment between owned and leased assets

|                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|---------------------------------------|---------------------------|---------------------------|
| Property, plant and equipment (owned) | 2.5                       | 2.9                       |
| Right-of-use assets                   | 5.4                       | 6.7                       |
|                                       | <b>7.9</b>                | 9.6                       |

#### Reconciliation of amount recognised in the balance sheet

|                                                    | Leasehold<br>improvements<br>£m | Computer<br>equipment<br>£m | Furniture and<br>fixtures<br>£m | Right-of-use<br>assets<br>(property)<br>£m | Total<br>£m |
|----------------------------------------------------|---------------------------------|-----------------------------|---------------------------------|--------------------------------------------|-------------|
| <b>Cost</b>                                        |                                 |                             |                                 |                                            |             |
| At 1 January 2024                                  | 5.2                             | 2.6                         | 2.1                             | 32.3                                       | 42.2        |
| Disposals                                          | (3.7)                           | (0.4)                       | (0.7)                           | (9.6)                                      | (14.4)      |
| Lease modification                                 | —                               | —                           | —                               | 5.7                                        | 5.7         |
| Additions                                          | 2.3                             | 0.5                         | 0.1                             | —                                          | 2.9         |
| Exchange differences and other non-cash movements  | (0.4)                           | —                           | —                               | 0.1                                        | (0.3)       |
| Derecognition of assets of discontinued operations | (0.2)                           | (1.0)                       | (0.7)                           | (10.2)                                     | (12.1)      |
| At 31 December 2024                                | 3.2                             | 1.7                         | 0.8                             | 18.3                                       | 24.0        |
| At 1 January 2025                                  | 3.2                             | 1.7                         | 0.8                             | 18.3                                       | 24.0        |
| Disposals                                          | —                               | (0.5)                       | (0.1)                           | —                                          | (0.6)       |
| Additions                                          | 0.3                             | 0.3                         | —                               | —                                          | 0.6         |
| <b>At 31 December 2025</b>                         | <b>3.5</b>                      | <b>1.5</b>                  | <b>0.7</b>                      | <b>18.3</b>                                | <b>24.0</b> |
| <b>Accumulated depreciation</b>                    |                                 |                             |                                 |                                            |             |
| At 1 January 2024                                  | 4.5                             | 1.7                         | 2.0                             | 29.0                                       | 37.2        |
| Disposals                                          | (3.7)                           | (0.4)                       | (0.7)                           | (9.6)                                      | (14.4)      |
| Charge for the year                                | 0.5                             | 0.6                         | 0.1                             | 2.0                                        | 3.2         |
| Impairment                                         | —                               | 0.1                         | —                               | —                                          | 0.1         |
| Exchange differences                               | —                               | —                           | —                               | 0.1                                        | 0.1         |
| Derecognition of assets of discontinued operations | (0.2)                           | (1.0)                       | (0.7)                           | (9.9)                                      | (11.8)      |
| At 31 December 2024                                | 1.1                             | 1.0                         | 0.7                             | 11.6                                       | 14.4        |
| At 1 January 2025                                  | 1.1                             | 1.0                         | 0.7                             | 11.6                                       | 14.4        |
| Disposals                                          | —                               | (0.5)                       | (0.1)                           | —                                          | (0.6)       |
| Charge for the year                                | 0.5                             | 0.5                         | —                               | 1.3                                        | 2.3         |
| <b>At 31 December 2025</b>                         | <b>1.6</b>                      | <b>1.0</b>                  | <b>0.6</b>                      | <b>12.9</b>                                | <b>16.1</b> |
| <b>Carrying amount</b>                             |                                 |                             |                                 |                                            |             |
| <b>At 31 December 2025</b>                         | <b>1.9</b>                      | <b>0.5</b>                  | <b>0.1</b>                      | <b>5.4</b>                                 | <b>7.9</b>  |
| At 31 December 2024                                | 2.1                             | 0.7                         | 0.1                             | 6.7                                        | 9.6         |

In February 2024, the Group signed an amendment to shorten the lease term on one of the UK office floors to 30 June 2024 and extend the term on the other floor. The modification of the lease which was shortened resulted in a net modification gain of £0.4 million (with a £1.1 million reduction in lease liability and £0.7 million reduction in right-of-use asset), and the lease liability and right-of-use asset net of accumulated depreciation were derecognised at 30 June 2024. The extension of the term on the other floor resulted in an increase to the lease liability of £6.4 million and right-of-use asset of £6.4 million before depreciation. Leasehold improvement additions associated with re-fitting the retained floor totalled £1.5 million.

### 11. Property, plant and equipment, right-of-use assets and lease liabilities continued

Property, plant and equipment of £nil (2024: £0.1 million) related to the US business was fully impaired in the year.

#### Lease liabilities

Amounts recognised on the balance sheet were as follows:

|              | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|--------------|---------------------------|---------------------------|
| Current      | 1.8                       | 1.8                       |
| Non-current  | 4.5                       | 5.8                       |
| <b>Total</b> | <b>6.3</b>                | <b>7.6</b>                |

Amounts recognised in the statement of comprehensive income were as follows:

|                                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------------------------|---------------------------|---------------------------|
| Continuing operations                                 |                           |                           |
| Depreciation charge of right-of-use assets (property) | 1.3                       | 1.9                       |
| Gain on modification of lease liability               | —                         | (0.4)                     |
| Interest expense (included in operating expenses)     | 0.6                       | 0.6                       |

The total cash outflow for leases (excluding short-term and low value leases) in 2025 was £1.9 million (2024: £3.6 million).

A maturity analysis illustrating the undiscounted contractual cash flows of lease liabilities is included within the liquidity risk disclosure within note 16.

As at 31 December 2025, the potential future undiscounted cash outflows that have not been included in the lease liability due to lack of reasonable certainty the lease extension options might be exercised amounted to £8.8 million (2024: £8.8 million).

### 12. SME loans and lines of credit

|                                                 | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------------------|---------------------------|---------------------------|
| <b>Non-current</b>                              |                           |                           |
| SME loans – amortised cost                      | 1.2                       | 1.4                       |
| Investment in trusts and co-investments – FVTPL | 11.9                      | 17.8                      |
| <b>Total non-current</b>                        | <b>13.1</b>               | <b>19.2</b>               |
| <b>Current</b>                                  |                           |                           |
| SME loans – amortised cost                      | 0.9                       | 0.7                       |
| Lines of credit – amortised cost <sup>1</sup>   | 172.9                     | 97.1                      |
| SME loans – FVTPL                               | 120.8                     | 1.2                       |
| <b>Total current</b>                            | <b>294.6</b>              | <b>99.0</b>               |
| <b>Total</b>                                    | <b>307.7</b>              | <b>118.2</b>              |

1. Included in lines of credit is £24.0 million (2024: £7.2 million) related to Cashback card balances net of ECL impairment.

### 13. Trade and other receivables

|                                            | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|--------------------------------------------|---------------------------|---------------------------|
| Trade receivables                          | 0.2                       | 0.4                       |
| Other receivables                          | 6.7                       | 4.2                       |
| Tax-related receivables                    | 3.7                       | 4.8                       |
| Prepayments                                | 4.7                       | 4.7                       |
| Accrued income                             | 4.3                       | 5.8                       |
| Rent and other deposits                    | 0.9                       | 0.9                       |
| <b>Current trade and other receivables</b> | <b>20.5</b>               | <b>20.8</b>               |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables described earlier.

No trade receivables were overdue or impaired. Included in rent and other deposits are £0.9 million of rental deposits (2024: £0.9 million) in respect of the Group's property leases which expire over the next five years. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 14. Trade and other payables

|                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|---------------------------------------|---------------------------|---------------------------|
| Trade payables                        | 0.8                       | 1.8                       |
| Other taxes and social security costs | 7.5                       | 7.0                       |
| Other creditors <sup>1</sup>          | 5.9                       | 6.5                       |
| Accruals and deferred income          | 16.6                      | 12.5                      |
|                                       | <b>30.8</b>               | 27.8                      |

1. Other creditors includes £3.7 million (2024: £4.4 million) due to the British Business Bank ("BBB"), primarily related to scheme lender fees collected from investors associated with government-guaranteed products.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

### 15. Provisions and other liabilities

|                                | Dilapidation<br>£m | Loan<br>repurchase<br>£m | Restructuring <sup>1</sup><br>£m | ECL on<br>undrawn<br>lines of credit<br>and other <sup>2</sup><br>£m | Total<br>£m |
|--------------------------------|--------------------|--------------------------|----------------------------------|----------------------------------------------------------------------|-------------|
| At 1 January 2024              | 1.1                | 0.1                      | —                                | 1.4                                                                  | 2.6         |
| Additional provision/liability | —                  | —                        | 2.3                              | 2.2                                                                  | 4.5         |
| Amount utilised                | (0.3)              | (0.1)                    | (2.3)                            | —                                                                    | (2.7)       |
| Amount reversed                | (0.2)              | —                        | —                                | —                                                                    | (0.2)       |
| At 31 December 2024            | 0.6                | —                        | —                                | 3.6                                                                  | 4.2         |
| Additional provision/liability | —                  | —                        | —                                | —                                                                    | —           |
| Amount utilised                | —                  | —                        | —                                | (0.9)                                                                | (0.9)       |
| Amount reversed                | —                  | —                        | —                                | (0.2)                                                                | (0.2)       |
| <b>At 31 December 2025</b>     | <b>0.6</b>         | <b>—</b>                 | <b>—</b>                         | <b>2.5</b>                                                           | <b>3.1</b>  |

1. The restructuring provision relates to the simplification and streamlining of the Group and has been treated as an exceptional item. See note 4.

2. ECL on undrawn lines of credit and other provisions includes provisions for operational buybacks of £nil (2024: £0.9 million) and £2.5 million (2024: £2.7 million) of expected credit loss impairment allowance related to undrawn FlexiPay lines of credit. See notes 16 and 27.

|                                              | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|----------------------------------------------|---------------------------|---------------------------|
| Current provisions and other liabilities     | 2.5                       | 3.6                       |
| Non-current provisions and other liabilities | 0.6                       | 0.6                       |
|                                              | <b>3.1</b>                | 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.

## 16. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and ensure any limits are adhered to. The Group's activities are reviewed regularly and potential risks are considered.

### Risk factors

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and other price risk).

### Principal financial instruments

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 tables show the carrying amounts of financial assets and financial liabilities by category of financial instrument as at 31 December 2025:

|                                                      | 31 December 2025                         |                      |                | 31 December 2024                         |                      |             |
|------------------------------------------------------|------------------------------------------|----------------------|----------------|------------------------------------------|----------------------|-------------|
|                                                      | Fair value through profit and loss<br>£m | Amortised cost<br>£m | Total<br>£m    | Fair value through profit and loss<br>£m | Amortised cost<br>£m | Total<br>£m |
| <b>Assets</b>                                        |                                          |                      |                |                                          |                      |             |
| SME loans held at amortised cost                     | —                                        | 2.1                  | 2.1            | —                                        | 2.1                  | 2.1         |
| SME loans held at fair value through profit and loss | 120.8                                    | —                    | 120.8          | 1.2                                      | —                    | 1.2         |
| Lines of credit                                      | —                                        | 172.9                | 172.9          | —                                        | 97.1                 | 97.1        |
| Investment in trusts and co-investments              | 11.9                                     | —                    | 11.9           | 17.8                                     | —                    | 17.8        |
| Trade and other receivables <sup>1</sup>             | 0.3                                      | 11.8                 | 12.1           | 0.6                                      | 10.7                 | 11.3        |
| Cash and cash equivalents <sup>1</sup>               | 84.8                                     | 67.6                 | 152.4          | 136.3                                    | 51.3                 | 187.6       |
|                                                      | <b>217.8</b>                             | <b>254.4</b>         | <b>472.2</b>   | 155.9                                    | 161.2                | 317.1       |
| <b>Liabilities</b>                                   |                                          |                      |                |                                          |                      |             |
| Trade and other payables                             | —                                        | (6.7)                | (6.7)          | —                                        | (8.3)                | (8.3)       |
| Bank borrowings                                      | —                                        | (267.3)              | (267.3)        | —                                        | (101.9)              | (101.9)     |
| Lease liabilities                                    | —                                        | (6.3)                | (6.3)          | —                                        | (7.6)                | (7.6)       |
|                                                      | <b>—</b>                                 | <b>(280.3)</b>       | <b>(280.3)</b> | —                                        | (117.8)              | (117.8)     |

1. Cash and cash equivalents held at fair value relate to money market funds, and trade and other receivables held at fair value through profit and loss relate to accrued interest on money market funds.

### 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.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 16. Financial risk management continued

#### 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 year or prior year.

The Finance department of the Group performs the valuations of items required for financial reporting purposes, including level 3 fair values, which predominantly utilise discounted cash flow methodology utilising default recovery and prepayment curves to derive cash flow projections derived from the Group's Risk team in combination with a market-driven discount rate. This team reports to the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held regularly at Balance Sheet and Valuation Committee meetings along with regular updates provided to the Audit Committee.

Fair value measurement using

|                                                      | 31 December 2025                                |                                               |                                                 | 31 December 2024                                |                                               |                                                 |
|------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|
|                                                      | Quoted prices in active markets (level 1)<br>£m | Significant observable inputs (level 2)<br>£m | Significant unobservable inputs (level 3)<br>£m | Quoted prices in active markets (level 1)<br>£m | Significant observable inputs (level 2)<br>£m | Significant unobservable inputs (level 3)<br>£m |
| <b>Financial assets</b>                              |                                                 |                                               |                                                 |                                                 |                                               |                                                 |
| SME loans held at fair value through profit and loss | —                                               | —                                             | 120.8                                           | —                                               | —                                             | 1.2                                             |
| Trade and other receivables                          | 0.3                                             | —                                             | —                                               | 0.6                                             | —                                             | —                                               |
| Investment in trusts and co-investments              | —                                               | —                                             | 11.9                                            | —                                               | —                                             | 17.8                                            |
| Cash and cash equivalents                            | 84.8                                            | —                                             | —                                               | 136.3                                           | —                                             | —                                               |
|                                                      | 85.1                                            | —                                             | 132.7                                           | 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 £120.8 million at 31 December 2025 (2024: £1.2 million). The growth in the balance was predominantly driven by investment in the shorter-term loans product.

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 £11.9 million at 31 December 2025 (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, details of which are set out in note 2 for those with material estimation uncertainty.

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 "Key changes to macro scenarios used in 2025", is utilised for projecting cash flows; however, the scenario change has not materially impacted the fair value of loans.

## 16. Financial risk management continued

### Financial instruments measured at fair value continued

There have 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 deleveraging of the vehicles as senior lenders' debt has been paid down. The repayment of senior debt and the passage of time have 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 Group has continued to invest in the shorter-term loan product over the year ended 31 December 2025 which represents the majority of the SME loans held at fair value through profit and loss at 31 December 2025. As the earlier cohorts of these loans have seasoned and expected defaults have occurred this creates a fair value loss in the year.

The result of the various factors outlined above is a £6.7 million net fair value loss during the year (2024: £6.4 million gain), primarily driven by the shorter-term loan investment offset by discount unwind on investment in trusts and co-investments.

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, with the exception of shorter-term loan assets where a sensitivity to discount rates and default rates is disclosed in note 2.

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 consolidated statement of comprehensive income in "fair value (losses)/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 loan 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<br>held at fair<br>value through<br>profit and loss<br>£m | Investment in<br>trusts and<br>co-investments<br>£m |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------|
| Balance at 1 January 2024                                                                                 | 18.6                                                                | 25.2                                                |
| Additions                                                                                                 | —                                                                   | 4.1                                                 |
| Repayments                                                                                                | (13.5)                                                              | (14.6)                                              |
| Net gain on the change in fair value of financial instruments at fair value through profit or loss        | 2.6                                                                 | 3.8                                                 |
| Other non-cash movements                                                                                  | (0.7)                                                               | —                                                   |
| Disposal of discontinued operations                                                                       | (5.8)                                                               | (0.7)                                               |
| Balance at 31 December 2024                                                                               | 1.2                                                                 | 17.8                                                |
| Additions                                                                                                 | 180.6                                                               | 0.8                                                 |
| Repayments                                                                                                | (51.8)                                                              | (8.2)                                               |
| Accrual of interest                                                                                       | 2.9                                                                 | —                                                   |
| Net (loss)/gain on the change in fair value of financial instruments at fair value through profit or loss | (8.2)                                                               | 1.5                                                 |
| Sale of loans                                                                                             | (3.9)                                                               | —                                                   |
| <b>Balance at 31 December 2025</b>                                                                        | <b>120.8</b>                                                        | <b>11.9</b>                                         |



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 16. Financial risk management continued

### 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:

|                                                      | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|------------------------------------------------------|---------------------------|---------------------------|
| <b>Non-current</b>                                   |                           |                           |
| SME loans held at amortised cost                     | 1.2                       | 1.4                       |
| Investment in trusts and co-investments              | 11.9                      | 17.8                      |
| <b>Current</b>                                       |                           |                           |
| SME loans held at amortised cost                     | 0.9                       | 0.7                       |
| SME loans held at fair value through profit and loss | 120.8                     | 1.2                       |
| Lines of credit                                      | 172.9                     | 97.1                      |
| Trade and other receivables:                         |                           |                           |
| – Trade receivables                                  | 0.2                       | 0.4                       |
| – Other receivables                                  | 6.7                       | 4.2                       |
| – Accrued income                                     | 4.3                       | 5.8                       |
| – Rent and other deposits                            | 0.9                       | 0.9                       |
| Cash and cash equivalents                            | 152.4                     | 187.6                     |
| <b>Total gross credit risk exposure</b>              | <b>472.2</b>              | 317.1                     |
| Less bank borrowings <sup>1</sup>                    | <b>(267.3)</b>            | (101.9)                   |
| <b>Total net credit risk exposure</b>                | <b>204.9</b>              | 215.2                     |

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

An expected credit loss allowance related to undrawn lines of credit on the FlexiPay product of £2.5 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 £446.7 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 associates 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 prepayments and term.                                                                                                                                                                                                                                                                                           |

## 16. Financial risk management continued

### Financial risk factors continued

#### Credit risk continued

#### Credit risk associates with SME loans held at amortised cost and lines of credit continued

#### 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, it 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 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 rates, 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.                                                                                                                                                |



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 16. Financial risk management continued

#### Financial risk factors continued

#### Credit risk continued

#### Credit risk associates with SME loans held at amortised cost and lines of credit continued

#### 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 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               | <p>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.</p> <p>Lines of credit utilise 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.</p> |

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

Lines of credit comprise £172.9 million (2024: £97.1 million) of drawn amounts through the FlexiPay product net of expected credit loss impairment.

The gross principal value plus accrued interest of SME loans held at amortised cost is £4.0 million (2024: £11.3 million) and drawn lines of credit is £205.1 million (2024: £110.0 million), totalling £209.1 million (2024: £121.3 million), and an allowance for expected credit losses of £1.9 million (2024: £9.2 million) and £32.2 million (2024: £12.9 million) respectively, totalling £34.1 million (2024: £22.1 million), is held against these loans and drawn lines of credit as detailed below.

An impairment charge of £18.5 million (2024: impairment charge of £7.0 million) was recognised through the statement of comprehensive income in the year to 31 December 2025 within expected credit loss charge in the consolidated statement of comprehensive income related to drawn lines of credit and SME loans held at amortised cost.

Additionally, an expected credit loss impairment credit relating to undrawn FlexiPay lines of credit of £0.2 million (31 December 2024: £1.3 million charge) and an expected credit loss impairment charge related to operational buybacks of £nil (2024: £0.4 million) were recognised as detailed in notes 15 and 27.

## 16. Financial risk management continued

### Financial risk factors continued

#### Credit risk continued

#### Credit risk associates with SME loans held at amortised cost and lines of credit continued

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<br>Performing<br>£m                  | Stage 2<br>Underperforming<br>£m                  | Stage 3<br>Non-performing<br>£m                  | POCI:<br>£m                 | Total<br>£m    |
|-------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------|--------------------------------------------------|-----------------------------|----------------|
| <b>Reconciliation of opening to closing gross carrying amounts</b>            |                                              |                                                   |                                                  |                             |                |
| <b>At 1 January 2024</b>                                                      | 55.8                                         | 2.0                                               | 4.3                                              | 14.7                        | 76.8           |
| New lending and purchased assets                                              | 467.2                                        | —                                                 | —                                                | —                           | 467.2          |
| Exchange differences                                                          | —                                            | —                                                 | (0.1)                                            | (0.3)                       | (0.4)          |
| Loans transferred between stages                                              | (14.5)                                       | 7.3                                               | 7.2                                              | —                           | —              |
| Loans repaid                                                                  | (407.7)                                      | (6.1)                                             | (0.7)                                            | (0.8)                       | (415.3)        |
| Written off loans                                                             | —                                            | —                                                 | —                                                | (0.3)                       | (0.3)          |
| Derecognition of assets of discontinued operations                            | (1.7)                                        | —                                                 | (0.3)                                            | (4.7)                       | (6.7)          |
| <b>At 31 December 2024</b>                                                    | 99.1                                         | 3.2                                               | 10.4                                             | 8.6                         | 121.3          |
| New lending and purchased assets                                              | <b>778.6</b>                                 | <b>0.8</b>                                        | <b>—</b>                                         | <b>0.9</b>                  | <b>780.3</b>   |
| Exchange differences                                                          | <b>—</b>                                     | <b>—</b>                                          | <b>—</b>                                         | <b>0.3</b>                  | <b>0.3</b>     |
| Change in SICR definition                                                     | <b>(7.2)</b>                                 | <b>7.2</b>                                        | <b>—</b>                                         | <b>—</b>                    | <b>—</b>       |
| Loans transferred between stages                                              | <b>(25.9)</b>                                | <b>15.1</b>                                       | <b>10.8</b>                                      | <b>—</b>                    | <b>—</b>       |
| Sale of loans                                                                 | <b>—</b>                                     | <b>—</b>                                          | <b>—</b>                                         | <b>(4.6)</b>                | <b>(4.6)</b>   |
| Loans repaid                                                                  | <b>(680.0)</b>                               | <b>(3.4)</b>                                      | <b>(0.4)</b>                                     | <b>(0.3)</b>                | <b>(684.1)</b> |
| Written off loans                                                             | <b>—</b>                                     | <b>—</b>                                          | <b>(0.4)</b>                                     | <b>(3.7)</b>                | <b>(4.1)</b>   |
| <b>At 31 December 2025</b>                                                    | <b>164.6</b>                                 | <b>22.9</b>                                       | <b>20.4</b>                                      | <b>1.2</b>                  | <b>209.1</b>   |
|                                                                               | Stage 1<br>Performing:<br>12-month ECL<br>£m | Stage 2<br>Underperforming:<br>Lifetime ECL<br>£m | Stage 3<br>Non-performing:<br>Lifetime ECL<br>£m | POCI:<br>Lifetime ECL<br>£m | Total<br>£m    |
| <b>Reconciliation of opening to closing ECL</b>                               |                                              |                                                   |                                                  |                             |                |
| <b>At 1 January 2024</b>                                                      | 1.6                                          | 1.0                                               | 3.7                                              | 13.8                        | 20.1           |
| Impairment against new lending and purchased assets                           | 12.7                                         | —                                                 | —                                                | —                           | 12.7           |
| Exchange differences                                                          | —                                            | —                                                 | (0.1)                                            | (0.3)                       | (0.4)          |
| Impairment against loans transferred between stages                           | (0.2)                                        | 3.9                                               | 7.1                                              | —                           | 10.8           |
| Loans repaid                                                                  | (11.2)                                       | (3.3)                                             | (0.4)                                            | (0.7)                       | (15.6)         |
| Impairment provision derecognised related to written off loans                | —                                            | —                                                 | —                                                | (0.3)                       | (0.3)          |
| Change in probability of default or loss given default assumptions            | (0.1)                                        | (0.2)                                             | (0.8)                                            | 0.6                         | (0.5)          |
| Derecognition of impairment associated with assets of discontinued operations | —                                            | —                                                 | (0.1)                                            | (4.6)                       | (4.7)          |
| <b>At 31 December 2024</b>                                                    | 2.8                                          | 1.4                                               | 9.4                                              | 8.5                         | 22.1           |
| Impairment against new lending and purchased assets                           | <b>21.7</b>                                  | <b>—</b>                                          | <b>—</b>                                         | <b>0.6</b>                  | <b>22.3</b>    |
| Exchange differences                                                          | <b>—</b>                                     | <b>—</b>                                          | <b>—</b>                                         | <b>0.3</b>                  | <b>0.3</b>     |
| Change in SICR definition                                                     | <b>(0.2)</b>                                 | <b>3.3</b>                                        | <b>—</b>                                         | <b>—</b>                    | <b>3.1</b>     |
| Impairment against loans transferred between stages                           | <b>(0.7)</b>                                 | <b>6.9</b>                                        | <b>8.5</b>                                       | <b>—</b>                    | <b>14.7</b>    |
| Loans repaid                                                                  | <b>(19.1)</b>                                | <b>(1.5)</b>                                      | <b>(0.3)</b>                                     | <b>(0.2)</b>                | <b>(21.1)</b>  |
| Impairment provision derecognised related to written off loans                | <b>—</b>                                     | <b>—</b>                                          | <b>(0.3)</b>                                     | <b>(3.8)</b>                | <b>(4.1)</b>   |
| Sale of loans                                                                 | <b>—</b>                                     | <b>—</b>                                          | <b>—</b>                                         | <b>(4.6)</b>                | <b>(4.6)</b>   |
| Change in probability of default or loss given default assumptions            | <b>3.6</b>                                   | <b>(5.3)</b>                                      | <b>2.9</b>                                       | <b>0.2</b>                  | <b>1.4</b>     |
| <b>At 31 December 2025</b>                                                    | <b>8.1</b>                                   | <b>4.8</b>                                        | <b>20.2</b>                                      | <b>1.0</b>                  | <b>34.1</b>    |

The total amount of undiscounted ECLs at initial recognition on financial assets initially recognised during the year which are categorised as POCI assets was £nil (2024: £nil).



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 16. Financial risk management continued

#### Financial risk factors continued

#### Credit risk continued

#### Credit risk associates with SME loans held at amortised cost and lines of credit continued

|                            | 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 |
|----------------------------|---------------------------------|----------------------------------------------------------|---------------------------------------------------------------|---------------------------------------|------------------------|
| <b>At 31 December 2024</b> |                                 |                                                          |                                                               |                                       |                        |
| 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                   |

|                            |             |                     |              |               |              |
|----------------------------|-------------|---------------------|--------------|---------------|--------------|
| <b>At 31 December 2025</b> |             |                     |              |               |              |
| Stage 1 – Performing       | <b>4.9</b>  | <b>12-month ECL</b> | <b>164.6</b> | <b>(8.1)</b>  | <b>156.5</b> |
| Stage 2 – Underperforming  | <b>21.0</b> | <b>Lifetime ECL</b> | <b>22.9</b>  | <b>(4.8)</b>  | <b>18.1</b>  |
| Stage 3 – Non-performing   | <b>99.0</b> | <b>Lifetime ECL</b> | <b>20.4</b>  | <b>(20.2)</b> | <b>0.2</b>   |
| POCI                       | <b>83.3</b> | <b>Lifetime ECL</b> | <b>1.2</b>   | <b>(1.0)</b>  | <b>0.2</b>   |
|                            |             | <b>Total</b>        | <b>209.1</b> | <b>(34.1)</b> | <b>175.0</b> |

| 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 |
|--------------------------------------------|---------------------------------|----------------------------------------------------------|--------------------------|---------------------------------------|------------------------|
| <b>At 31 December 2024</b>                 |                                 |                                                          |                          |                                       |                        |
| 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                   |

|                            |             |                     |              |               |              |
|----------------------------|-------------|---------------------|--------------|---------------|--------------|
| <b>At 31 December 2025</b> |             |                     |              |               |              |
| Stage 1 – Performing       | <b>4.9</b>  | <b>12-month ECL</b> | <b>162.6</b> | <b>(8.0)</b>  | <b>154.6</b> |
| Stage 2 – Underperforming  | <b>21.0</b> | <b>Lifetime ECL</b> | <b>22.9</b>  | <b>(4.8)</b>  | <b>18.1</b>  |
| Stage 3 – Non-performing   | <b>99.0</b> | <b>Lifetime ECL</b> | <b>19.6</b>  | <b>(19.4)</b> | <b>0.2</b>   |
| POCI                       | <b>—</b>    | <b>Lifetime ECL</b> | <b>—</b>     | <b>—</b>      | <b>—</b>     |
|                            |             | <b>Total</b>        | <b>205.1</b> | <b>(32.2)</b> | <b>172.9</b> |

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.

## 16. Financial risk management continued

### Financial risk factors continued

#### Credit risk continued

#### Credit risk associates with SME loans held at amortised cost and lines of credit continued

#### 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, and 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 cyclical 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 three scenarios were weighted 30% downside, 60% baseline and 10% upside. The probability weighting attributed to the scenarios at 31 December 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 | 2026<br>% | 2027<br>% | 2028<br>% | 2029<br>% | 2030<br>% |
|-------------------------------------------------------|--------------|-----------|-----------|-----------|-----------|-----------|
| Unemployment rates                                    | Base case    | 5.0       | 4.8       | 4.5       | 4.4       | 4.2       |
| Risk-free rate                                        | Base case    | 3.5       | 3.0       | 2.8       | 2.5       | 2.5       |
| GDP YoY                                               | Base case    | 1.0       | 1.4       | 1.5       | 1.5       | 1.5       |

Unemployment is forecast to peak at 5.1% due to the hike in employers' NICs and the National Living Wage, before gradually recovering towards a long-run level of c.4%.

The risk-free rate is expected to reduce as base rates are cut gradually.

GDP growth in the near term incorporates fiscal loosening announced in the 2025 UK government budget and the front loading of some capital spending, before reverting to a long-run average of c.1.5%.

| ECL scenario | Probability weighting applied at<br>31 December 2025<br>% | Probability weighting applied at<br>31 December 2024<br>% |
|--------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Base case    | 70                                                        | 60                                                        |
| Upside       | 15                                                        | 10                                                        |
| Downside     | 15                                                        | 30                                                        |

A sensitivity to these assumptions on the estimated ECL is disclosed within note 2.

#### Credit risk quality of lines of credit

The Group utilises relative movements in risk score since origination in identifying assets that have met the SICR definition.

The following table illustrates the credit risk quality of the lines of credit net of ECL by presenting the risk score bracket for each stage as at the balance sheet date.

| 31 December 2025    | Lines of credit net carrying amount |               |               |            |              |
|---------------------|-------------------------------------|---------------|---------------|------------|--------------|
|                     | Stage 1<br>£m                       | Stage 2<br>£m | Stage 3<br>£m | POCI<br>£m | Total<br>£m  |
| Risk banding        |                                     |               |               |            |              |
| Higher risk banding | 48.7                                | 17.4          | 0.2           | —          | 66.3         |
| Medium risk banding | 51.0                                | 0.5           | —             | —          | 51.5         |
| Lower risk banding  | 54.9                                | 0.2           | —             | —          | 55.1         |
| <b>Total</b>        | <b>154.6</b>                        | <b>18.1</b>   | <b>0.2</b>    | <b>—</b>   | <b>172.9</b> |



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 16. Financial risk management continued

#### Financial risk factors continued

#### Credit risk continued

#### Credit risk quality of lines of credit continued

| Risk banding        | Lines of credit net carrying amount |               |               |            |             |
|---------------------|-------------------------------------|---------------|---------------|------------|-------------|
|                     | Stage 1<br>£m                       | Stage 2<br>£m | Stage 3<br>£m | POCI<br>£m | Total<br>£m |
| Higher risk banding | 37.6                                | 1.3           | 0.5           | —          | 39.4        |
| Medium risk banding | 27.2                                | 0.3           | 0.5           | —          | 28.0        |
| Lower risk banding  | 29.5                                | 0.2           | —             | —          | 29.7        |
| <b>Total</b>        | <b>94.3</b>                         | <b>1.8</b>    | <b>1.0</b>    | <b>—</b>   | <b>97.1</b> |

#### 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.

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.

Individual risk limits for banks and financial institutions are set by the Group with reference to external rating agencies. The Group's Treasury Policy has set limits and quantities that the Group must remain within. No credit or counterparty limits were exceeded during the year. The Group's cash and cash equivalents split by S&P counterparty rating were A/A- rated: £67.7 million (2024: £51.4 million), A+ or better rated: £84.7 million (2024: £136.3 million), and below A- rated: £nil (2024: £nil).

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's position.

The Group's liquidity position is monitored and reviewed on an ongoing basis by the Directors.

The amounts disclosed in the following tables are the contractual undiscounted cash flows. The liquidity requirements of bank borrowings are met from cash flows generated by investment in FlexiPay lines of credit and shorter-term loans.

The maturity analysis of financial instruments at 31 December 2025 and 31 December 2024 is as follows:

|                              | Less than<br>3 months<br>£m | Between<br>3 months and<br>1 year<br>£m | Between 1<br>and 5 years<br>£m | Over<br>5 years<br>£m | Total<br>undiscounted<br>cash flows<br>£m | Impact of<br>discounting<br>£m | Carrying<br>amount<br>£m |
|------------------------------|-----------------------------|-----------------------------------------|--------------------------------|-----------------------|-------------------------------------------|--------------------------------|--------------------------|
| <b>At 31 December 2025</b>   |                             |                                         |                                |                       |                                           |                                |                          |
| <b>Financial liabilities</b> |                             |                                         |                                |                       |                                           |                                |                          |
| Trade and other payables     | (6.7)                       | —                                       | —                              | —                     | (6.7)                                     | —                              | (6.7)                    |
| Bank borrowings              | —                           | (267.3)                                 | —                              | —                     | (267.3)                                   | —                              | (267.3)                  |
| Lease liabilities            | (0.5)                       | (1.4)                                   | (5.5)                          | —                     | (7.4)                                     | 1.1                            | (6.3)                    |
|                              | <b>(7.2)</b>                | <b>(268.7)</b>                          | <b>(5.5)</b>                   | <b>—</b>              | <b>(281.4)</b>                            | <b>1.1</b>                     | <b>(280.3)</b>           |
| <b>At 31 December 2024</b>   |                             |                                         |                                |                       |                                           |                                |                          |
| <b>Financial liabilities</b> |                             |                                         |                                |                       |                                           |                                |                          |
| Trade and other payables     | (8.3)                       | —                                       | —                              | —                     | (8.3)                                     | —                              | (8.3)                    |
| Bank borrowings              | —                           | (101.9)                                 | —                              | —                     | (101.9)                                   | —                              | (101.9)                  |
| Lease liabilities            | (0.5)                       | (1.4)                                   | (7.4)                          | —                     | (9.3)                                     | 1.7                            | (7.6)                    |
|                              | <b>(8.8)</b>                | <b>(103.3)</b>                          | <b>(7.4)</b>                   | <b>—</b>              | <b>(119.5)</b>                            | <b>1.7</b>                     | <b>(117.8)</b>           |

## 16. Financial risk management continued

### Financial risk factors continued

#### Liquidity risk continued

Bank borrowings comprise the drawn balance on a committed lending facility in the FlexiPay and shorter-term loan warehouse of £267.3 million (2024: £101.9 million) at a floating rate of interest based on SONIA plus a margin.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk arises from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

#### a) Other price risk

The fair value of the SME loans which are held at fair value through profit and loss can fluctuate depending on market pricing of relative interest rates and credit risk. This is reflected in the discount rate used to derive a valuation for the loan assets. A sensitivity to the discount rates and default rates used in the valuation of the assets measured at fair value through profit and loss which are exposed to greater estimation uncertainty is disclosed in note 2.

#### b) Interest rate risk

The Group is exposed to interest rate risk in relation to financial liabilities through drawn committed borrowing facilities and on financial assets through investment in SME loans.

#### Non-trading interest rate risk

The Group's interest risk on financial instruments is limited to interest receivable on loan note investments, cash and cash equivalent balances and interest on bonds and bank borrowings. The maturities of financial instruments subject to interest rate risk are as follows:

|                                                           | Less than 3 months |            | Between 3 months and 1 year |            | Between 1 and 5 years |            |
|-----------------------------------------------------------|--------------------|------------|-----------------------------|------------|-----------------------|------------|
|                                                           | 2025<br>£m         | 2024<br>£m | 2025<br>£m                  | 2024<br>£m | 2025<br>£m            | 2024<br>£m |
| At 31 December                                            |                    |            |                             |            |                       |            |
| <b>Fixed rate</b>                                         |                    |            |                             |            |                       |            |
| SME loans at amortised cost                               | 0.3                | 0.2        | 0.1                         | 0.1        | 1.7                   | 1.8        |
| Investment in trusts and co-investments                   | —                  | —          | —                           | —          | 11.9                  | 17.8       |
| Lines of credit                                           | 52.0               | 42.6       | 96.9                        | 47.3       | —                     | —          |
| SME loans fair value through profit and loss <sup>1</sup> | 3.4                | 0.7        | 75.0                        | —          | 42.4                  | 0.5        |
| <b>Floating rate</b>                                      |                    |            |                             |            |                       |            |
| Lines of credit <sup>2</sup>                              | 24.0               | 7.2        | —                           | —          | —                     | —          |
| Cash and cash equivalents                                 | 152.4              | 187.6      | —                           | —          | —                     | —          |
| Bank borrowings <sup>2</sup>                              | —                  | —          | (267.3)                     | (101.9)    | —                     | —          |
|                                                           | <b>232.1</b>       | 238.3      | <b>(95.3)</b>               | (54.5)     | <b>56.0</b>           | 20.1       |

1. The SME loans held at fair value through profit and loss are classified as current on the balance sheet, reflecting that the position is held to sell. The above table represents the contractual maturities.

2. Floating rate lines of credit represent the Cashback card product which charges a variable annualised percentage rate interest.

There are no financial assets or liabilities with a maturity of over five years.

#### Interest rate risk sensitivity analysis – non-trading interest (fixed rate)

Interest on SME loans was fixed until the maturity of the investment and is not impacted by market rate changes. The level of future interest rate receivable would be similar to that received in the year and the impact of movements in interest rates on the value of the assets is considered immaterial to the Group's overall performance for the year.

#### Interest rate risk sensitivity analysis – non-trading interest (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 base rates are anticipated to decrease in the near term. A 100 bps decrease in annualised interest rates applied to cash and cash equivalent balances the Group holds in interest-bearing accounts at 31 December 2025 would decrease interest income by £1.5 million.

Interest on bank borrowings related to the FlexiPay lines of credit are subject to movements in the Sterling Overnight Index Average Rate ("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 drawdowns on the senior borrowing facility. The fair value of the interest rate cap is not material to the Group.

If SONIA were to increase by 100 bps, based on the drawn balance at 31 December 2025, the annualised interest expense recognised in borrowing costs would increase by £2.7 million (2024: £1.0 million) (including any impact of the interest rate cap). Additionally, while the fees charged on FlexiPay lines of credit are fixed for the duration of individual drawdowns, due to the short-term and revolving nature of the product, the Group can reprice the fees charged on drawdowns at short notice in order to manage interest rate risk of the floating rate borrowings. Interest charged on Cashback card balances outstanding is regularly updated to align with prevailing market rates of interest and is also short term in nature. As a result there is not considered to be significant interest rate risk.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 16. Financial risk management continued

### Financial risk factors continued

#### Market risk continued

##### b) Interest rate risk continued

##### Interest rate risk sensitivity analysis – non-trading interest (floating rate) continued

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. The vehicles have interest rate caps or interest rate swaps within their structures which can mitigate the impact of future rate rises.

The fair value of investments in trusts and co-investments are no longer considered to be sensitive to further increases in SONIA or the projected SONIA rates as a result of hedging in place.

##### c) Sensitivity analysis

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed above, the Group does not have significant exposure to price or cash flow risk and therefore no sensitivity analysis for those risks has been disclosed with the exception of sensitivity to discount rates and default rates on SME loans held at fair value through profit and loss within note 2.

##### d) Foreign exchange risk

The Group operated internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound sterling and the euro. Since the sale of the US business in 2024 the Group's exposure to the US dollar is immaterial. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Apart from these particular cash flows, the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which income is generated and expenses are incurred.

The Group had certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The table below sets out the Group's currency exposures from financial assets and liabilities held by Group companies in currencies other than their functional currencies and resulting in exchange movements in the income statement and balance sheet.

|                           | 31 December 2025 |           |             | 31 December 2024 |           |             |
|---------------------------|------------------|-----------|-------------|------------------|-----------|-------------|
|                           | GBP<br>£m        | EUR<br>£m | Total<br>£m | GBP<br>£m        | EUR<br>£m | Total<br>£m |
| Cash and cash equivalents | —                | —         | —           | —                | —         | —           |
| Intra-group assets        | —                | 0.1       | 0.1         | —                | 0.1       | 0.1         |
| Intra-group liabilities   | —                | (0.7)     | (0.7)       | —                | (0.5)     | (0.5)       |

The Group assessed the sensitivity to a 10% depreciation and 10% appreciation in pound sterling against the relevant foreign currencies. While 5% is the sensitivity rate used when reporting foreign currency risk internally to senior management personnel, in light of recent fluctuations in foreign exchange rates, 10% represents management's current assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis to the income statement includes only outstanding foreign currency-denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis illustrates the impact on the foreign currency translation reserve within equity of the retranslation of quasi-equity loans to foreign operations within the Group and net investment in foreign operations of the Group.

The Group's sensitivity to fluctuations in foreign currencies is related to the euro amounts held in the Parent Company. The impact of a 10% change in foreign currency rates is as follows:

|                | Appreciation in pound sterling |                      |                                |                      | Depreciation in pound sterling |                      |                                |                      |
|----------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
|                | Income statement<br>2025<br>£m | Equity<br>2025<br>£m | Income statement<br>2024<br>£m | Equity<br>2024<br>£m | Income statement<br>2025<br>£m | Equity<br>2025<br>£m | Income statement<br>2024<br>£m | Equity<br>2024<br>£m |
| At 31 December |                                |                      |                                |                      |                                |                      |                                |                      |
| US dollars     | —                              | —                    | —                              | —                    | —                              | —                    | —                              | —                    |
| Euros          | —                              | (1.1)                | —                              | (1.0)                | —                              | 0.9                  | —                              | 0.8                  |
|                | —                              | (1.1)                | —                              | (1.0)                | —                              | 0.9                  | —                              | 0.8                  |

## 16. Financial risk management continued

### Financial risk factors continued

#### Market risk continued

##### d) Foreign exchange risk continued

#### Capital management

The Group considers its capital to comprise its ordinary share capital, share premium, foreign exchange reserve, share options reserve and retained earnings. Quantitative detail is shown in the consolidated statement of changes in equity.

The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors monitor a number of KPIs at both the Group and individual subsidiary level on a monthly basis. As part of the budgetary process, targets are set with respect to profit before tax in order to effectively manage the activities of the Group. Performance is reviewed on a regular basis and appropriate actions are taken as required. These internal measures indicate the performance of the business against budget/forecast and confirm whether the Group has adequate resources to meet its working capital requirements.

The Group is subject to externally imposed capital requirements by the Financial Conduct Authority but these are lower than internally set requirements. During the year, the Group complied with all externally imposed requirements.

## 17. Share capital

|                                                    | 31 December<br>2025<br>Number | 31 December<br>2025<br>£ | 31 December<br>2024<br>Number | 31 December<br>2024<br>£ |
|----------------------------------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| <b>Called up, allotted and fully paid</b>          |                               |                          |                               |                          |
| Ordinary shares of £0.001 at beginning of the year | <b>327,935,779</b>            | <b>327,936</b>           | 361,303,143                   | 361,303                  |
| Share buybacks and cancellations                   | <b>(23,194,203)</b>           | <b>(23,194)</b>          | (33,367,364)                  | (33,367)                 |
| Ordinary shares of £0.001 at end of the year       | <b>304,741,576</b>            | <b>304,742</b>           | 327,935,779                   | 327,936                  |

No ordinary shares were issued in 2025 or 2024 in connection with employee share schemes.

The share capital reduced by £nil in the year (2024: £0.1 million) as a result of share buybacks and cancellations. Further details regarding the share buybacks can be found in note 20.

Included in the total number of ordinary shares outstanding are 9,665,303 (2024: 8,038,483) shares held by the Group's Employee Benefit Trust, which includes a cumulative balance of 9,524,479 shares (2024: 7,897,659) that were purchased (of which 7,745,277 were purchased in the year (2024: nil), 5,918,457 (2024: 8,575,571) were utilised to satisfy employee share option plans in the year and 200,000 (2024: nil) were transferred to satisfy exercises in the Group's Share Incentive Plan Trust in the year). Additionally, 3,513,114 (2024: 4,051,362) shares are held by the Group's Share Incentive Plan Trust.

Included in the total number of shares outstanding are 2,371,772 shares held in treasury by the Group which sit outside of the EBT (2024: £nil) which were purchased in the year.

## 18. Share premium account

|                                         | 2025<br>£m | 2024<br>£m |
|-----------------------------------------|------------|------------|
| At 1 January                            | <b>0.1</b> | 293.1      |
| Exercise of options – proceeds received | <b>0.4</b> | 0.5        |
| Capital reduction                       | <b>—</b>   | (293.5)    |
| <b>At 31 December</b>                   | <b>0.5</b> | 0.1        |

In 2024, the Group completed a capital reduction exercise under section 641 of the Companies Act 2006. As a result, the entire share premium balance at that date of £293,486,755 was cancelled and created an accumulated profit within the Group's profit and loss account and now constitutes a distributable reserve.



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 19. Foreign exchange reserve

|                                                                            | £m         |
|----------------------------------------------------------------------------|------------|
| At 1 January 2024                                                          | 14.2       |
| Exchange difference on translating the net assets of foreign operations    | (0.2)      |
| Reclassification to profit and loss on disposal of discontinued operations | (8.7)      |
| At 31 December 2024                                                        | 5.3        |
| Exchange difference on translating the net assets of foreign operations    | —          |
| <b>At 31 December 2025</b>                                                 | <b>5.3</b> |

Exchange differences relating to the translation of the net assets of the Group's subsidiaries from their functional currency into the Company's functional currency are recognised directly in the foreign exchange reserves within equity.

### 20. (Accumulated losses)/retained earnings

|                                | £m           |
|--------------------------------|--------------|
| At 1 January 2024              | (84.9)       |
| Transfer of share option costs | 6.6          |
| Buyback of own shares          | (33.6)       |
| Capital reduction              | 293.5        |
| Loss for the year              | 8.6          |
| At 31 December 2024            | 190.2        |
| Transfer of share option costs | 4.2          |
| Buyback of own shares          | (30.6)       |
| Purchase of own shares by EBT  | (8.6)        |
| Capital reduction              | —            |
| Loss for the year              | 46.0         |
| <b>At 31 December 2025</b>     | <b>201.2</b> |

The transfer of share option costs is in relation to the exercise of share options during the year and their associated costs in the share options reserve which are transferred to (accumulated losses)/retained earnings.

During the year ended 31 December 2025, £8.6 million (2024: £nil) of ordinary shares were purchased by the EBT for the purposes of satisfying employee share option plans. The number of shares purchased was 7.7 million and the weighted average purchase price excluding fees and stamp duty was £1.21 (2024: nil and £nil). All shares have a nominal value of £0.001.

The Group commenced a share buyback programme in March 2024 to buy up to £25.0 million of shares in order to return value to shareholders, with shares being cancelled. In October 2024 the Group extended the share buyback programme by a further £25.0 million. In May 2025 this was extended by a further £25.0 million and the programme modified to allow for share cancellation or to be held in treasury. 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. Cumulatively since the buyback programmes launched in March 2024 58.9 million shares have been purchased and 56.6 million shares have been cancelled, representing 16.3% and 15.7% respectively of the called up share capital at the launch of the first programme for a total cumulative cost of £64.3 million inclusive of fees and expenses.

In the year to 31 December 2025, 23.0 million shares were bought back and cancelled (2024: 33.5 million shares) for consideration of £27.6 million (2024: £33.7 million) inclusive of fees and expenses under the programme representing 7.0% (2024: 9.3%) of the called up share capital at the start of the year. 0.2 million of the purchased shares in the previous year were pending cancellation as at 31 December 2024. Additionally, the Group bought back 2.3 million shares which were not cancelled and were held in treasury for consideration of £3.0 million inclusive of fees and expenses, representing 0.7% of the called up share capital at the start of the year. Of these shares, 83,440 were pending transfer to the Group at 31 December 2025. The weighted average purchase price for the combined buybacks in the year including those that were cancelled and held in treasury was £1.23 (2024: £1.16) excluding fees and stamp duty.

On 12 December 2024, the Group completed a capital reduction exercise under section 641 of the Companies Act 2006. As a result, the entire share premium balance at that date of £293,486,755 was cancelled and created an accumulated profit within the Group's profit and loss account and now constitutes a distributable reserve.

## 21. Share-based payment

The Company operates share schemes for all employees of the Group. The terms of the main current schemes from which the Group's employees benefit are set out below.

### Post-IPO employee share plans

Since the Company's admission on the London Stock Exchange, the Company has operated a discretionary share-based Long-Term Incentive Plan ("LTIP"). In November 2020, the Company introduced a Share Incentive Plan ("SIP") approved by HMRC, which includes partnership shares and matching shares. This plan is now only relevant for UK-based employees. In May 2021, the Company introduced a Deferred Bonus Plan ("DBP") for the Executive Directors.

The main features of the LTIP, SIP and DBP are set out below.

#### Post-IPO – LTIP

##### *Form of LTIP Awards*

The Board grants awards in the form of options to acquire shares at no cost (a "nil-cost option").

##### *Performance conditions*

LTIP Awards are not currently subject to performance conditions with the exception of LTIP Awards granted to Executive Directors, Executive Committee members and certain other senior employees which are subject to performance conditions. The awards with performance conditions are the Restricted Share Plan ("RSP") Awards granted under the 2021 and 2024 Remuneration Policies as well as Performance Share Plan ("PSP") Awards granted under the 2025 Remuneration Policy. Refer to the Remuneration Report for further details.

Any performance condition may be amended or substituted if one or more events occur which cause the Board to reasonably consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy than originally intended.

##### *Vesting and release of LTIP Awards*

LTIP Awards granted to employees currently vest subject to continued service and, if relevant, in accordance with a vesting schedule set at grant. Where awards are subject to the achievement of performance conditions, the performance period is three years. Further details are shown in the Remuneration Report.

The Board may determine at grant that an LTIP Award is subject to an additional holding period following vesting (a "Holding Period"). LTIP options will be exercisable from the date of vesting or, if applicable, the end of the Holding Period until the tenth anniversary of the grant date, or such earlier date as the Board determines.

##### *Cessation of employment*

LTIP options may normally be exercised to the extent vested for a period of six months after ceasing employment or 12 months after death (or such other period as the Board may determine).

#### Post-IPO – SIP

##### *Form of SIP Awards*

The Board grants awards in the form of partnership shares and matching shares.

##### *Performance conditions*

There are no performance conditions attached to partnership shares and matching shares.

##### *Free shares*

Until 2022 under the SIP, all UK employees were eligible to receive up to a maximum of £3,600, or 10% of annual salary if less, of free shares per tax year. Free shares were awarded annually with a forfeiture period of two years and a Holding Period of three years.

##### *Matching shares*

UK employees are invited to buy partnership shares from pre-tax salary with a maximum investment in each tax year of £1,800, or 10% of annual salary if less. Partnership shares are purchased every month. Employees can withdraw partnership shares from the SIP at any time although there are tax advantages if the shares are retained in the SIP for at least three years.

Until 2022 participants were awarded one matching share for every one partnership share they purchased, and from 2023 this was increased to two matching shares for every partnership share purchased. There are tax advantages to participants if the matching shares are retained in the SIP for at least three years.

Whilst employed by the Company, a participant will forfeit a corresponding number of matching shares if they choose to transfer partnership shares out of the SIP within three years of the date of purchase.

Under normal circumstances, if a participant leaves the Company before the second anniversary of the date of award, they will forfeit their matching shares. If they leave between two and three years of the date of award, they retain their matching shares but those shares must be removed from the SIP and any tax advantages are lost. If a participant leaves under special circumstances, they will retain all of their matching shares, regardless of how long they have been held in the SIP.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 21. Share-based payment continued

### Post-IPO employee share plans continued

#### Post-IPO – DBP

##### Form of PSP Awards

The Board grants awards in the form of nil-cost options.

##### Performance conditions

There are no performance conditions attached to DBP Awards.

##### Vesting and release of PSP Awards

DBP Awards granted to employees currently vest in accordance with a vesting schedule set at grant. Further details are shown in the Remuneration Report.

The Board may determine at grant that a DBP Award is subject to an additional holding period following vesting (a "Holding Period"). LTIP options will be exercisable from the date of vesting or, if applicable, the end of the Holding Period until the tenth anniversary of the grant date, or such earlier date as the Board determines.

##### Cessation of employment

DBP options may normally be exercised to the extent vested for a period of six months after ceasing employment or 12 months after death (or such other period as the Board may determine).

### Pre-IPO employee share plans

#### EMI Options

Prior to June 2014, the Company issued options to UK subsidiary undertakings' employees under the EMI Options Scheme. Since then, the Company is not eligible to issue under the scheme.

#### Unapproved Options

The Company had an Unapproved Options Scheme for all employees of the Group. In accordance with standard vesting terms, the full award vested four years after the vesting start date, with 25% vesting on the first anniversary of the vesting date and 6.25% every three months thereafter. If the options remain unexercised after a period of ten years from the date of grant, the options expire.

#### US Options Scheme 2

Options granted under the US Options Scheme 2 are Unapproved Options granted to US employees as either non-qualifying options or incentive stock options. The US Options Scheme 2 has the same vesting period as Unapproved Options. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Unvested options are forfeited if the employee leaves the Group before the options vest. New grants under this scheme ceased in 2018 upon IPO.

All share-based incentives are subject to service conditions. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using market prices. When market prices do not exist for shares or rights to shares with similar characteristics, fair value is determined by using a valuation technique (either the Monte Carlo or Black-Scholes pricing model as is most appropriate for each scheme).

### Charge for the year

Included in operating expenses of the Group is a charge for share-based payments and associated social security costs of £5.9 million (2024: £7.8 million) that arises from transactions accounted for as equity-settled share-based payment transactions from continuing operations and £nil (2024: £1.0 million) from discontinued operations. Additionally, an exceptional credit of £nil (2024: £1.7 million) is included within discontinued operations relating to lapses of share-based payments on the sale of the US business.

## 21. Share-based payment continued

### Movements in share plans

Details of movements in the share schemes during the year are as follows:

|                                 | EMI Options                  |       | Unapproved Options |       | Free shares and matching shares |    | LTIP Awards     |    | US Options Schemes |       | Total           |       |
|---------------------------------|------------------------------|-------|--------------------|-------|---------------------------------|----|-----------------|----|--------------------|-------|-----------------|-------|
|                                 | Number and WAEP <sup>1</sup> |       | Number and WAEP    |       | Number and WAEP                 |    | Number and WAEP |    | Number and WAEP    |       | Number and WAEP |       |
|                                 | Number                       | £m    | Number             | £m    | Number                          | £m | Number          | £m | Number             | £m    | Number          | £m    |
| Outstanding at 1 January 2024   | 45,300                       | 0.024 | 4,622,591          | 0.328 | 4,392,634                       | —  | 33,540,539      | —  | 2,772,350          | 0.429 | 45,373,414      | 0.068 |
| Granted during the year         | —                            | —     | —                  | —     | 469,010                         | —  | 12,313,814      | —  | —                  | —     | 12,782,824      | —     |
| Exercised during the year       | (45,300)                     | 0.024 | (951,535)          | 0.360 | (826,552)                       | —  | (6,733,720)     | —  | (741,224)          | 0.294 | (9,298,331)     | 0.061 |
| Forfeited during the year       | —                            | —     | (141)              | 0.440 | (717,480)                       | —  | (13,159,091)    | —  | (16,093)           | 0.245 | (13,892,805)    | —     |
| Outstanding at 31 December 2024 | —                            | —     | 3,670,915          | 0.319 | 3,317,612                       | —  | 25,961,542      | —  | 2,015,033          | 0.480 | 34,965,102      | 0.072 |

|                                        | PSP Options                  |          | Unapproved Options |              | Free shares and matching shares |          | LTIP Awards       |          | US Options Schemes |              | Total             |              |
|----------------------------------------|------------------------------|----------|--------------------|--------------|---------------------------------|----------|-------------------|----------|--------------------|--------------|-------------------|--------------|
|                                        | Number and WAEP <sup>1</sup> |          | Number and WAEP    |              | Number and WAEP                 |          | Number and WAEP   |          | Number and WAEP    |              | Number and WAEP   |              |
|                                        | Number                       | £m       | Number             | £m           | Number                          | £m       | Number            | £m       | Number             | £m           | Number            | £m           |
| Outstanding at 1 January 2025          | —                            | —        | 3,670,915          | 0.319        | 3,317,612                       | —        | 25,961,542        | —        | 2,015,033          | 0.480        | 34,965,102        | 0.072        |
| Granted during the year                | 5,775,755                    | —        | —                  | —            | 240,290                         | —        | 3,920,954         | —        | —                  | —            | 9,936,999         | —            |
| Exercised during the year              | —                            | —        | (207,251)          | 0.318        | (638,215)                       | —        | (4,584,403)       | —        | (1,182,312)        | 0.301        | (6,612,181)       | 0.060        |
| Forfeited during the year              | (365,337)                    | —        | (61,171)           | 0.284        | (302,528)                       | —        | (4,345,118)       | —        | (13,975)           | 0.440        | (5,088,129)       | 0.005        |
| <b>Outstanding at 31 December 2025</b> | <b>5,410,418</b>             | <b>—</b> | <b>3,402,493</b>   | <b>0.320</b> | <b>2,617,159</b>                | <b>—</b> | <b>20,952,975</b> | <b>—</b> | <b>818,746</b>     | <b>0.740</b> | <b>33,201,791</b> | <b>0.062</b> |

#### 1. Weighted average exercise price.

The following table summarises information about the share awards outstanding at 31 December 2025:

| Range of exercise prices | PSP Options                   |            | Unapproved Options |            | Free shares and matching shares |          | LTIP Awards       |            | US Options Schemes |            | Total             |            |
|--------------------------|-------------------------------|------------|--------------------|------------|---------------------------------|----------|-------------------|------------|--------------------|------------|-------------------|------------|
|                          | Number and WARCL <sup>1</sup> |            | Number and WARCL   |            | Number and WARCL                |          | Number and WARCL  |            | Number and WARCL   |            | Number and WARCL  |            |
|                          | Number                        | Years      | Number             | Years      | Number                          | Years    | Number            | Years      | Number             | Years      | Number            | Years      |
| £0–£0.008                | 5,410,418                     | 9.5        | 2,153,314          | 2.5        | 2,617,159                       | —        | 20,952,975        | 7.5        | —                  | —          | 31,119,891        | 6.8        |
| £0.009–£0.176            | —                             | —          | —                  | —          | —                               | —        | —                 | —          | —                  | —          | —                 | —          |
| £0.177–£0.471            | —                             | —          | 879,203            | 1.8        | —                               | —        | —                 | —          | 261,435            | 2.5        | 1,154,613         | 1.9        |
| £0.472–£1.75             | —                             | —          | 369,976            | 2.4        | —                               | —        | —                 | —          | 557,311            | 2.6        | 927,287           | 2.5        |
|                          | <b>5,410,418</b>              | <b>9.5</b> | <b>3,402,493</b>   | <b>2.3</b> | <b>2,617,159</b>                | <b>—</b> | <b>20,952,975</b> | <b>7.5</b> | <b>818,746</b>     | <b>2.5</b> | <b>33,201,791</b> | <b>6.6</b> |

#### 1. Weighted average remaining contractual life.



# Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

## 21. Share-based payment continued

### Movements in share plans continued

The following table summarises information about the share awards outstanding at 31 December 2024:

| Range of exercise prices | EMI Options                   |       | Unapproved Options |       | Free shares and matching shares |       | LTIP Awards      |       | US Options Schemes |       | Total            |       |
|--------------------------|-------------------------------|-------|--------------------|-------|---------------------------------|-------|------------------|-------|--------------------|-------|------------------|-------|
|                          | Number and WARCL <sup>1</sup> |       | Number and WARCL   |       | Number and WARCL                |       | Number and WARCL |       | Number and WARCL   |       | Number and WARCL |       |
|                          | Number                        | Years | Number             | Years | Number                          | Years | Number           | Years | Number             | Years | Number           | Years |
| £0–£0.008                | —                             | —     | 2,190,017          | 3.4   | 3,317,612                       | —     | 25,961,542       | 8.0   | —                  | —     | 31,469,171       | 6.8   |
| £0.009–£0.176            | —                             | —     | 2,033              | —     | —                               | —     | —                | —     | —                  | —     | 2,033            | —     |
| £0.177–£0.471            | —                             | —     | 1,110,227          | 2.6   | —                               | —     | —                | —     | 1,417,650          | 0.9   | 2,527,877        | 1.7   |
| £0.472–£1.75             | —                             | —     | 368,638            | 3.4   | —                               | —     | —                | —     | 597,383            | 3.4   | 966,021          | 3.4   |
|                          | —                             | —     | 3,670,915          | 3.2   | 3,317,612                       | —     | 25,961,542       | 8.0   | 2,015,033          | 1.7   | 34,965,102       | 6.4   |

#### 1. Weighted average remaining contractual life.

#### Unapproved Options Scheme

There have been no Unapproved Options granted since IPO in 2018. The weighted average fair values of options granted under the Unapproved Options Scheme and the US Options Scheme ranged between £0.73 and £1.80 per option respectively in the previous year. These values were determined using the Black-Scholes valuation model. The significant inputs into the model are as follows:

| Unapproved Options Scheme                    | 31 December 2019 |
|----------------------------------------------|------------------|
| Share price (various times during the year)  | £1.89            |
| Exercise price                               | £nil–£0.44       |
| Expected life                                | 4 years          |
| Expected volatility                          | 48%              |
| Risk-free interest rate (between)            | 0.93%–1.02%      |
| Dividend yield                               | Nil              |
| Forward exchange rate – US Options (between) | 0.769            |

#### LTIP Awards

Since all LTIP Awards were made post-IPO, the Company has used its share price at grant date as the fair value of the LTIP Awards granted during the year to employees, if these awards have no performance conditions or if the performance condition is an underpin, as in the RSP Awards granted to Executive Director between 2021 and 2024.

For LTIP Awards with performance conditions, such as those granted under the PSP Awards granted in 2025, the fair value is determined based on the performance conditions attached to them, in accordance with IFRS 2 Share-based Payments. Our PSP Awards are subject to a combination of market-based and non-market-based conditions.

The weighting of these conditions is as follows: 60% of the award is subject to the Relative Total Shareholder Return (“TSR”) condition (market based), and 40% is subject to the profit before tax (“PBT”) condition (non-market based).

#### 1. Market-based condition (Relative TSR - 60%-weighting)

The fair value of the portion of awards subject to the Relative TSR condition is determined at the grant date by using a Monte Carlo simulation model. This complex option pricing model incorporates the effect of the market condition directly into the fair value calculation.

Consequently, the calculated fair value is expensed over the vesting period, irrespective of whether the market performance condition is ultimately met, provided that all non-market service conditions are satisfied. No adjustments are made to the recognised expense after the grant date for changes in the probability of achieving the Relative TSR target.

#### 2. Non-market-based condition (profit before tax - 40%-weighting)

The fair value of the portion of awards subject to the PBT condition is based on the Company’s share price at the grant date. Since this is a non-market condition, it does not impact the fair value of the equity instrument itself.

Instead, the number of awards expected to vest is estimated at the grant date and is revised at each subsequent reporting date. Initially, management assumes a 50% probability of vesting for the PBT-weighted awards. This estimate is then reviewed and updated to reflect the Company’s current assessment of the probability of achieving the PBT targets, based on the latest internal forecasts of PBT and management’s judgement regarding future financial performance. Adjustments to the cumulative expense are recognised in the statement of comprehensive income in the period of the revision.

#### Free shares and matching shares

The Company has used its share price at grant date as the fair value of free shares and matching shares granted during the year to employees.

## 22. Notes to the consolidated statement of cash flows

### Cash outflow from operating activities

|                                                                                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Profit before taxation                                                                                |                           |                           |
| Continuing operations                                                                                 | 20.3                      | 0.8                       |
| Discontinued operations                                                                               | —                         | 8.4                       |
| <b>Total operations</b>                                                                               | <b>20.3</b>               | <b>9.2</b>                |
| <b>Adjustments for:</b>                                                                               |                           |                           |
| Depreciation of property, plant and equipment                                                         | 2.3                       | 3.2                       |
| Amortisation of intangible assets                                                                     | 8.7                       | 9.8                       |
| Modification gain                                                                                     | —                         | (0.4)                     |
| Impairment of property, plant and equipment, intangible assets, ROU assets and investment in sublease | 0.1                       | 0.9                       |
| Impairment of intangibles (exceptional item)                                                          | —                         | 0.3                       |
| Interest payable                                                                                      | 0.6                       | 0.8                       |
| Non-cash employee benefits expense – share-based payments and associated social security costs        | 5.0                       | 8.1                       |
| Fair value adjustments                                                                                | 6.7                       | (6.4)                     |
| Movement in loan repurchase liability                                                                 | —                         | (0.1)                     |
| Movement in other provisions                                                                          | (1.1)                     | 1.7                       |
| Share of gains of associates                                                                          | —                         | —                         |
| ECL impairment                                                                                        | 18.3                      | 8.7                       |
| Profit on sale of the US subsidiary (exceptional item)                                                | —                         | (9.8)                     |
| Recycling of foreign exchange reserve on sale of subsidiary (exceptional item)                        | —                         | (8.7)                     |
| Other non-cash movements                                                                              | 1.4                       | (0.2)                     |
| <b>Changes in working capital</b>                                                                     |                           |                           |
| Movement in trade and other receivables                                                               | (11.4)                    | (3.1)                     |
| Movement in trade and other payables                                                                  | 2.5                       | (26.6)                    |
| Tax received/(paid)                                                                                   | 2.1                       | (0.1)                     |
| Originations of lines of credit                                                                       | (771.4)                   | (467.0)                   |
| Cash receipts from lines of credit                                                                    | 682.1                     | 412.3                     |
| <b>Net cash outflow from operating activities</b>                                                     | <b>(33.8)</b>             | <b>(67.4)</b>             |

### Cash and cash equivalents

|                           | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|---------------------------|---------------------------|---------------------------|
| Cash and cash equivalents | 152.4                     | 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 £51.5 million (2024: £37.1 million) in cash which is restricted in use. Of this, £3.7 million (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 £47.8 million (2024: £32.1 million) of cash is held which is restricted for use in the FlexiPay warehouse.

At 31 December 2025, money market funds totalled £84.8 million (2024: £136.3 million).



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 22. Notes to the consolidated statement of cash flows continued

#### Analysis of changes in liabilities from financing activities

|                                              | 1 January<br>2024<br>£m | Cash flow<br>£m | Exchange<br>movements<br>£m | Other non-cash<br>movements<br>£m | Derecognition<br>of liabilities<br>related to<br>discontinued<br>operations<br>£m | 31 December<br>2024<br>£m |
|----------------------------------------------|-------------------------|-----------------|-----------------------------|-----------------------------------|-----------------------------------------------------------------------------------|---------------------------|
| Bank borrowings                              | (56.9)                  | (46.6)          | —                           | —                                 | 1.6                                                                               | (101.9)                   |
| Lease liabilities                            | (12.6)                  | 3.6             | (0.3)                       | (5.8)                             | 7.5                                                                               | (7.6)                     |
| <b>Liabilities from financing activities</b> | <b>(69.5)</b>           | <b>(43.0)</b>   | <b>(0.3)</b>                | <b>(5.8)</b>                      | <b>9.1</b>                                                                        | <b>(109.5)</b>            |

|                                              | 1 January<br>2025<br>£m | Cash flow<br>£m | Exchange<br>movements<br>£m | Other non-cash<br>movements<br>£m | Derecognition<br>of liabilities<br>related to<br>discontinued<br>operations<br>£m | 31 December<br>2025<br>£m |
|----------------------------------------------|-------------------------|-----------------|-----------------------------|-----------------------------------|-----------------------------------------------------------------------------------|---------------------------|
| Bank borrowings                              | (101.9)                 | (165.4)         | —                           | —                                 | —                                                                                 | (267.3)                   |
| Lease liabilities                            | (7.6)                   | 1.9             | —                           | (0.6)                             | —                                                                                 | (6.3)                     |
| <b>Liabilities from financing activities</b> | <b>(109.5)</b>          | <b>(163.5)</b>  | <b>—</b>                    | <b>(0.6)</b>                      | <b>—</b>                                                                          | <b>(273.6)</b>            |

### 23. Operating lease arrangements

As disclosed in notes 1 and 11, leases of low value items or short-term leases continue to be treated as operating leases.

|                                                                                         | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-----------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Lease payments under operating leases recognised as an expense in the year <sup>1</sup> | —                         | 0.2                       |

1. The current and comparative lease expense relates to discontinued operations.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases of £nil (2024: £0.1 million).

Operating lease payments represent payments for lease assets that are individually considered low value.

### 24. Dividends per share

No ordinary dividends were declared or paid in the current or previous financial years.

### 25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group's key management personnel comprises the Executive Committee ("ExCo"), which is made up of the Executive Directors and other senior management, as defined in note 5, as the chief operating decision maker ("CODM") and the Non-Executive Directors of the Group.

|                                  | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|----------------------------------|---------------------------|---------------------------|
| Salaries and short-term benefits | 5.3                       | 5.0                       |
| Equity-based compensation        | 2.4                       | 1.3                       |
| Post-employment benefits         | 0.1                       | 0.1                       |
|                                  | <b>7.8</b>                | <b>6.4</b>                |

Further details on Directors' remuneration are disclosed in the Remuneration Report in the Corporate Governance section of the Annual Report and Accounts on pages 101 to 111.

## 25. Related party transactions continued

### Transactions with other related parties

During the year, the Group received capital redemptions of £0.6 million (2024: £0.9 million) from entities accounted for as associates.

During the year, the Group received service fees from loans held by Throgmorton Lending Designated Activity Company of Enil (2024: £0.1 million). This entity is a subsidiary of the Group's associate, as detailed in note 29.

During the year, Funding Circle Ltd purchased the remaining loan portfolio from Throgmorton Lending Designated Activity Company for £3.0 million with an economic cut-off date of 31 March 2025. This was settled net of collections in August 2025 for £1.1 million. This entity is a subsidiary of the Group's associate, as detailed in note 29.

## 26. Ultimate controlling party

In the opinion of the Directors, the Group does not have a single ultimate controlling party.

## 27. 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 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 31 December 2025, there were undrawn commitments of £446.7 million (2024: £278.7 million). An expected credit loss impairment allowance is held within other provisions by the Group of £2.5 million (2024: £2.7 million) in relation to the estimated credit losses the Group may be exposed to on these undrawn lines of credit.

## 28. Subsequent events

### Sale of shorter-term loans and signing of forward flow agreement

The shorter-term loans held by the Group were held at a fair value of £120.4 million at 31 December 2025 (2024: £nil).

Subsequent to the balance sheet date, in January 2026 an agreement was signed to sell the loans to a third party, alongside the signing of a forward flow agreement for the go forward origination of the product by the third party via the platform model.

The loans were sold with an economic cut-off date of 31 December 2025, for an amount materially aligned with their fair value at the balance sheet date. The sale of the loans is not considered an adjusting balance sheet event as the contract was not signed nor certain as of that date.

## 29. Interests in other entities

### Investments in subsidiaries

The Group had the following subsidiaries, all of which have been included in these consolidated financial statements. The proportion of the voting rights in subsidiary undertakings held directly by the Company does not differ from the proportion of ordinary shares held.

| Subsidiary undertakings                    | Place of incorporation and principal place of business | Proportion of ownership interest | Directly/indirectly held | Registered office address                 |
|--------------------------------------------|--------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------|
| Funding Circle Ltd                         | UK                                                     | 100%                             | Directly                 | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle BB Limited                  | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle Eclipse Lending Limited     | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle Focal Point Lending Limited | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle Global Partners Limited     | UK                                                     | 100%                             | Directly                 | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle Trustee Limited             | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Made To Do More Limited                    | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle Polaris Lending Limited     | UK                                                     | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |
| Funding Circle CE GmbH                     | Germany                                                | 100%                             | Directly                 | Rheinstraße 11, 14513 Teltow              |
| Funding Circle Deutschland GmbH            | Germany                                                | 100%                             | Indirectly               | Rheinstraße 11, 14513 Teltow              |
| Funding Circle Connect GmbH                | Germany                                                | 100%                             | Indirectly               | Rheinstraße 11, 14513 Teltow              |
| FC Forderungsmanagement GmbH               | Germany                                                | 100%                             | Indirectly               | Rheinstraße 11, 14513 Teltow              |
| Funding Circle Nederland B.V.              | Netherlands                                            | 100%                             | Indirectly               | 71 Queen Victoria Street, London EC4V 4AY |



## Notes forming part of the consolidated financial statements continued

for the year ended 31 December 2025

### 29. Interests in other entities continued

#### Investments in associates

Set out below are the associates of the Group as at 31 December 2025 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Associate entity name                                  | Place of incorporation | Proportion of ownership interest | Directly/indirectly held | Registered office address                       |
|--------------------------------------------------------|------------------------|----------------------------------|--------------------------|-------------------------------------------------|
| Funding Circle UK SME Direct Lending Fund <sup>1</sup> | Ireland                | 8%                               | Indirectly               | 70, Sir John Rogerson's Quay, Dublin 2, Ireland |

1. Private sub-fund held via the Funding Circle ICAV, an Irish collective asset management vehicle constituted as an umbrella fund with registered office address of 70, Sir John Rogerson's Quay, Dublin 2, Ireland.

The associates outlined above directly hold investments in subsidiary entities as detailed below, which are considered to be related parties of the Group.

| Other related party name                        | Place of incorporation | Relationship            | Proportion of ownership interest | Directly/indirectly held | Registered office address                       |
|-------------------------------------------------|------------------------|-------------------------|----------------------------------|--------------------------|-------------------------------------------------|
| Throgmorton Lending Designated Activity Company | Ireland                | Subsidiary of associate | 100%                             | Indirectly               | 70, Sir John Rogerson's Quay, Dublin 2, Ireland |

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Funding Circle Holdings plc's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including modifications for differences in accounting policy. While the Group holds less than 20% ownership in Funding Circle UK SME Direct Lending Fund I, the Group considers that it has significant influence over the entity through representation on its Board and so continues to account for it as an associate instead of a trade investment. The associates are sub-funds which invest in SME loans, and the Group is exposed to default and prepayment risk with respect to the performance of the underlying loans in the associates, to the extent that the share of profit from associates may diminish. The table below illustrates the Group's maximum exposure to the investment in associates which represents the value on the Group balance sheet. The value of the investment is derived from net asset value statements from the sub-funds; however, being private, these are not from observable market data, and therefore the fair value is considered to be aligned to the carrying value. During the year, Funding Circle Ltd purchased the remaining loan portfolio from Throgmorton Lending Designated Activity Company for £3.0 million with an economic cut-off date of 31 March 2025. This was settled net of collections in August 2025 for £1.1 million. Subsequent to the sale the entity appointed a liquidator.

| Summarised balance sheet (Group's share) | Funding Circle UK SME Direct Lending Fund I 31 December 2025<br>£m | Funding Circle UK SME Direct Lending Fund I 31 December 2024<br>£m |
|------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
| Non-current assets                       | —                                                                  | 0.4                                                                |
| Current assets                           | 0.2                                                                | 0.2                                                                |
| Current liabilities                      | (0.2)                                                              | —                                                                  |
| Non-current liabilities                  | —                                                                  | —                                                                  |
| <b>Net assets</b>                        | <b>—</b>                                                           | <b>0.6</b>                                                         |

#### Reconciliation of associates' total shareholders' equity to carrying amount in Funding Circle Holdings plc's consolidated financial statements

|                                               | Funding Circle UK SME Direct Lending Fund I 31 December 2025<br>£m | Funding Circle UK SME Direct Lending Fund I 31 December 2024<br>£m |
|-----------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
| Opening net assets as at 1 January            | 7.2                                                                | 18.3                                                               |
| (Loss)/profit for the year                    | (0.4)                                                              | 0.4                                                                |
| Capital redemptions in the year               | (6.8)                                                              | (11.1)                                                             |
| Dividends paid in the year                    | —                                                                  | (0.4)                                                              |
| <b>Closing net assets as at 31 December</b>   | <b>—</b>                                                           | <b>7.2</b>                                                         |
| Group's share in %                            | 8.3%                                                               | 8.3%                                                               |
| Group's share of net assets as at 31 December | —                                                                  | 0.6                                                                |
| Accounting policy alignment                   | —                                                                  | —                                                                  |
| Group's carrying amount                       | —                                                                  | 0.6                                                                |

## 29. Interests in other entities continued

### Reconciliation of associates' total shareholders' equity to carrying amount in Funding Circle Holdings plc's consolidated financial statements continued

|                                                              | <b>Funding Circle<br/>UK SME Direct<br/>Lending Fund I<br/>31 December<br/>2025<br/>£m</b> | Funding Circle<br>UK SME Direct<br>Lending Fund I<br>31 December<br>2024<br>£m |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Summarised statement of comprehensive income (Group's share) |                                                                                            |                                                                                |
| Gross income                                                 | —                                                                                          | 0.1                                                                            |
| (Loss)/profit for the year                                   | —                                                                                          | —                                                                              |
| Other comprehensive income                                   | —                                                                                          | —                                                                              |
| <b>Total comprehensive income</b>                            | <b>—</b>                                                                                   | <b>—</b>                                                                       |
| <b>Dividends received from associates</b>                    | <b>—</b>                                                                                   | <b>—</b>                                                                       |
| <b>Capital redemptions received from associates</b>          | <b>0.6</b>                                                                                 | <b>0.9</b>                                                                     |

#### Interest in other entities

Stichting Dergengelden Funding Circle is not a direct or indirect subsidiary of Funding Circle Holdings plc but is an independent special purpose foundation which is required in the Netherlands to safeguard borrower and investor funds and is consolidated as it is controlled by the Group. The registered office address is Atrium, Strawinskyalaan 3075, 4th Floor, 1077 ZX Amsterdam.

The Funding Circle Holdings Employee Benefit Trust was established on 14 September 2018. The purpose of the trust is to facilitate the acquisition of shares in the Company by, or for the benefit of, existing and future employees of the Company and Group subsidiaries and is consolidated as it is controlled by the Group.

Consolidated structured entities: Small Business Origination Loan Trust 2019-3 DAC, Great Trinity Lending 1 DAC, Small Business Lending Trust 2019-A, Small Business Lending Grantor Trust 2019-A, Small Business Lending Trust 2020-A and Small Business Lending Grantor Trust 2020-A were consolidated structured warehouse and securitisation entities which either hold SME loan assets in a warehouse or hold the portfolio of SME loans and issued bonds after securitisation has occurred. Only Small Business Origination Loan Trust 2019-3 DAC which is in liquidation remains consolidated at 31 December 2025 with the remaining entities deconsolidated or dissolved during 2024.

Kanaloa 2 Limited ("K2") is a consolidated UK leveraged SPV warehouse that has been set up with the intention of funding FlexiPay lines of credit and was temporarily used to fund shorter-term loans through the use of a senior lending facility.

The entities are, or were, bankruptcy remote special purpose vehicles and as such there is no requirement for the Group to provide financial support to the entities. The entities' activities are not governed by voting rights and the Group has assessed that it has power over the entities based on the purpose and design of the entity and ability to direct the relevant activities of the entity, the nature of the relationship with the entity and the size of its exposure to the variability of the returns from each entity.

As explained in note 16, the Group experiences credit risk in relation to the SME loan assets and FlexiPay lines of credit net of bank borrowings, and interest rate risk in relation to the warehouse loan facilities which is partially mitigated through the use of derivative financial instruments.

The principal activities of the Group's most significant subsidiary undertakings are set out below. These are considered significant in the context of the Group's business, results and financial position.

| Subsidiary undertakings                    | Principal activity                                                                                                                                                                      |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Funding Circle Ltd                         | Acts as facilitator and performs intermediary services in respect of all loans made through the Funding Circle platform in the UK and FlexiPay lines of credit.                         |
| Funding Circle Focal Point Lending Limited | Subsidiary via which CBILS loans are originated and which holds legal title to loans which are held via trust structures for the beneficial ownership of institutional investors.       |
| Funding Circle Eclipse Lending Limited     | Subsidiary via which RLS loans are originated and which holds legal title to loans which are held via trust structures for the beneficial ownership of institutional investors.         |
| Funding Circle Polaris Lending Limited     | Subsidiary via which RLS and GGS loans are originated and which holds legal title to loans which are held via trust structures for the beneficial ownership of institutional investors. |
| Funding Circle Deutschland GmbH            | Operated the Funding Circle platform in Germany and services loans.                                                                                                                     |
| Funding Circle Nederland B.V.              | Operated the Funding Circle platform in the Netherlands and services loans.                                                                                                             |



## Company balance sheet

as at 31 December 2025

|                                        | Note  | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|----------------------------------------|-------|---------------------------|---------------------------|
| <b>Non-current assets</b>              |       |                           |                           |
| Investments in subsidiary undertakings | 5     | 261.6                     | 258.2                     |
|                                        |       | <b>261.6</b>              | 258.2                     |
| <b>Current assets</b>                  |       |                           |                           |
| Loans due from subsidiary undertakings | 7     | 0.1                       | 0.1                       |
| Trade and other receivables            | 2, 6  | 0.4                       | 0.6                       |
| Cash and cash equivalents              | 2, 11 | 57.9                      | 97.2                      |
|                                        |       | <b>58.4</b>               | 97.9                      |
| <b>Total assets</b>                    |       | <b>320.0</b>              | 356.1                     |
| <b>Current liabilities</b>             |       |                           |                           |
| Trade and other payables               | 2, 8  | 2.8                       | 2.4                       |
| <b>Total liabilities</b>               |       | <b>2.8</b>                | 2.4                       |
| <b>Equity</b>                          |       |                           |                           |
| Share capital                          | 9     | 0.3                       | 0.3                       |
| Share premium account                  | 9     | 0.5                       | 0.1                       |
| Share options reserve                  |       | 21.1                      | 20.6                      |
| Retained earnings                      | 10    | 295.3                     | 332.7                     |
| <b>Total equity</b>                    |       | <b>317.2</b>              | 353.7                     |
| <b>Total equity and liabilities</b>    |       | <b>320.0</b>              | 356.1                     |

The Company's loss for the year was £2.4 million (2024: profit of £26.2 million).

The financial statements on pages 176 to 186 were approved by the Board and authorised for issue on 5 March 2026. They were signed on behalf of the Board by:

### Tony Nicol

Director

Company registration number 07123934

The notes on pages 179 to 186 form part of these financial statements.

## Company statement of changes in equity

for the year ended 31 December 2025

|                                                        | Note  | Share capital<br>£m | Share premium<br>account<br>£m | Share options<br>reserve<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
|--------------------------------------------------------|-------|---------------------|--------------------------------|--------------------------------|----------------------------|-----------------------|
| <b>Balance at 1 January 2024</b>                       |       | 0.4                 | 293.1                          | 24.0                           | 40.0                       | 357.5                 |
| Profit and total comprehensive income for the year     | 10    | —                   | —                              | —                              | 26.2                       | 26.2                  |
| <b>Transactions with owners</b>                        |       |                     |                                |                                |                            |                       |
| Transfer of share option costs                         |       | —                   | —                              | (6.6)                          | 6.6                        | —                     |
| Issue of share capital/exercise of share options       | 9     | —                   | 0.5                            | —                              | —                          | 0.5                   |
| Buyback of own shares                                  | 1, 10 | (0.1)               | —                              | —                              | (33.6)                     | (33.7)                |
| Capital reduction                                      | 1, 10 | —                   | (293.5)                        | —                              | 293.5                      | —                     |
| Employee share schemes<br>– value of employee services |       | —                   | —                              | 3.2                            | —                          | 3.2                   |
| <b>Balance at 31 December 2024</b>                     |       | 0.3                 | 0.1                            | 20.6                           | 332.7                      | 353.7                 |
| Profit and total comprehensive income for the year     | 10    | —                   | —                              | —                              | (2.4)                      | (2.4)                 |
| <b>Transactions with owners</b>                        |       |                     |                                |                                |                            |                       |
| Transfer of share option costs                         | 10    | —                   | —                              | (4.2)                          | 4.2                        | —                     |
| Issue of share capital/exercise of share options       | 9     | —                   | 0.4                            | —                              | —                          | 0.4                   |
| Purchase of own shares by EBT                          | 10    | —                   | —                              | —                              | (8.6)                      | (8.6)                 |
| Buyback of own shares                                  | 1, 10 | —                   | —                              | —                              | (30.6)                     | (30.6)                |
| Employee share schemes<br>– value of employee services |       | —                   | —                              | 4.7                            | —                          | 4.7                   |
| <b>Balance at 31 December 2025</b>                     |       | <b>0.3</b>          | <b>0.5</b>                     | <b>21.1</b>                    | <b>295.3</b>               | <b>317.2</b>          |

The notes on pages 179 to 186 form part of these financial statements.



## Company statement of cash flows

for the year ended 31 December 2025

|                                                                    | Note | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|--------------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Net cash (outflow)/inflow from operating activities</b>         | 11   | <b>(0.5)</b>              | 1.0                       |
| <b>Investing activities</b>                                        |      |                           |                           |
| Loans advanced to subsidiary undertakings                          | 7    | —                         | —                         |
| Repayment of loans and receivables from subsidiary undertakings    | 12   | —                         | 49.8                      |
| Capital redemptions from subsidiary undertakings                   | 5    | —                         | 0.8                       |
| Proceeds from the sale of subsidiary                               | 5    | —                         | 32.6                      |
| Direct selling costs associated with sale of subsidiary            | 5    | —                         | (2.0)                     |
| <b>Net cash inflow from investing activities</b>                   |      | <b>—</b>                  | 81.2                      |
| <b>Financing activities</b>                                        |      |                           |                           |
| Proceeds on the issue of shares from the exercise of share options |      | <b>0.4</b>                | 0.5                       |
| Purchase of own shares by EBT                                      |      | <b>(8.6)</b>              | —                         |
| Buyback of own shares                                              |      | <b>(30.6)</b>             | (33.7)                    |
| <b>Net cash outflow from financing activities</b>                  |      | <b>(38.8)</b>             | (33.2)                    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>        |      | <b>(39.3)</b>             | 49.0                      |
| Cash and cash equivalents at the beginning of the year             |      | <b>97.2</b>               | 48.2                      |
| <b>Cash and cash equivalents at the end of the year</b>            | 11   | <b>57.9</b>               | 97.2                      |

The notes on pages 179 to 186 form part of these financial statements.

# Notes forming part of the Company financial statements

for the year ended 31 December 2025

## 1. Material accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements 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 Company is a public company limited by shares and registered, incorporated and domiciled in the United Kingdom. The address of its registered office is given on page 192.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value through profit and loss ("FVTPL"). The material accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The principal activities of the Company and the nature of the Company's operations are as a holding company for a facilitator of finance for SMEs.

As permitted by the exemption in section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The Company made a comprehensive loss for the year of £2.4 million (2024: comprehensive profit of £26.2 million).

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future (which has been taken as 15 months from the date of approval of the financial statements to 30 June 2027). See the Going Concern Statement on pages 70 and 128.

### Significant changes in the current reporting year Share buyback programme extension and purchase of own shares (note 10)

The share buyback programme which was launched in 2024 was further extended in May 2025 to buy and cancel up to a further £25 million of shares in order to return value to shareholders. The nominal cost of the shares cancelled reduces the Company'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 year to 31 December 2025, 23.0 million shares (2024: 33.5 million) were purchased and cancelled for consideration of £27.6 million (2024: £33.7 million) inclusive of fees and expenses under the programme. Additionally, the Company bought back 2.3 million shares (2024: nil) which were not cancelled and were held in treasury for consideration of £3.0 million (2024: £nil).

Additionally, the Company purchased 7.7 million shares (2024: nil) for £8.6 million (2024: £nil) during the year ended 31 December 2025, which were not cancelled and are held for the purpose of satisfying the exercise of employee share options.

## Summary of existing accounting policies

### Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment (see note 5 for further details).

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company to make estimates and judgements that affect the application of policies and reported amounts. 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. There were no critical accounting judgements or key sources of estimation uncertainty in the year ended 31 December 2025.

## 2. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered.

### Risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk and other price risk); and
- foreign exchange risk.

### Principal financial instruments

The principal financial assets and liabilities of the Company, from which financial instrument risk arises, are as follows:

- loans due from related undertakings;
- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.



## Notes forming part of the Company financial statements continued

for the year ended 31 December 2025

### 2. Financial risk management continued

#### Categorisation of financial assets and financial liabilities

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category as at 31 December 2025:

|                                     | Carried at amortised cost |                  | Carried at fair value                               |                                                         |
|-------------------------------------|---------------------------|------------------|-----------------------------------------------------|---------------------------------------------------------|
|                                     | Carrying amount<br>£m     | Fair value<br>£m | Level 1<br>based on<br>market<br>derived data<br>£m | Based on<br>individual<br>valuation<br>parameters<br>£m |
| <b>Assets</b>                       |                           |                  |                                                     |                                                         |
| Loans due from related undertakings | 0.1                       | 0.1              | —                                                   | —                                                       |
| Trade and other receivables         | 0.2                       | 0.2              | —                                                   | —                                                       |
| Cash and cash equivalents           | 0.6                       | 0.6              | 57.3                                                | 57.3                                                    |
|                                     | <b>0.9</b>                | <b>0.9</b>       | <b>57.3</b>                                         | <b>57.3</b>                                             |
| <b>Liabilities</b>                  |                           |                  |                                                     |                                                         |
| Trade and other payables            | (0.1)                     | (0.1)            | —                                                   | —                                                       |
|                                     | <b>(0.1)</b>              | <b>(0.1)</b>     | <b>—</b>                                            | <b>—</b>                                                |

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 Company's financial assets measured at fair value are all categorised as level 1 in both the current year and prior year.

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category as at 31 December 2024:

|                                     | Carried at amortised cost |                  | Carried at fair value                               |                                                         |
|-------------------------------------|---------------------------|------------------|-----------------------------------------------------|---------------------------------------------------------|
|                                     | Carrying amount<br>£m     | Fair value<br>£m | Level 1<br>based on<br>market<br>derived data<br>£m | Based on<br>individual<br>valuation<br>parameters<br>£m |
| <b>Assets</b>                       |                           |                  |                                                     |                                                         |
| Loans due from related undertakings | 0.1                       | 0.1              | —                                                   | —                                                       |
| Trade and other receivables         | 0.5                       | 0.5              | —                                                   | —                                                       |
| Cash and cash equivalents           | 0.9                       | 0.9              | 96.3                                                | —                                                       |
|                                     | <b>1.5</b>                | <b>1.5</b>       | <b>96.3</b>                                         | <b>—</b>                                                |
| <b>Liabilities</b>                  |                           |                  |                                                     |                                                         |
| Trade and other payables            | —                         | —                | —                                                   | —                                                       |
|                                     | <b>—</b>                  | <b>—</b>         | <b>—</b>                                            | <b>—</b>                                                |

#### Financial instruments measured at amortised cost

Due to the short-term nature of the financial assets and liabilities measured at amortised cost, the carrying value approximates their fair value.

The fair value of financial assets held at fair value, comprising cash and cash equivalents, approximates their carrying value. Credit risk is mitigated as cash and cash equivalents are held with reputable institutions.

## 2. Financial risk management continued

### Financial risk factors

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the Company's receivables from related undertakings and cash and cash equivalents held at banks.

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

|                                         | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-----------------------------------------|---------------------------|---------------------------|
| <b>Current</b>                          |                           |                           |
| Loans due from related undertakings     | 0.1                       | 0.1                       |
| Trade and other receivables:            |                           |                           |
| – Amounts due from related undertakings | —                         | 0.1                       |
| – Accrued interest                      | 0.2                       | 0.4                       |
| Cash and cash equivalents               | 57.9                      | 97.2                      |

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

The Company's liquidity position is monitored and reviewed on an ongoing basis by the Directors.

The amounts disclosed in the below tables are the contractual undiscounted cash flows.

The maturity analysis of financial assets and liabilities at 31 December 2025 and 31 December 2024 is as follows:

|                                     | Less than<br>3 months<br>£m | Between<br>3 months and<br>1 year<br>£m | Between 1<br>and 5 years<br>£m | Over<br>5 years<br>£m |
|-------------------------------------|-----------------------------|-----------------------------------------|--------------------------------|-----------------------|
| <b>At 31 December 2025</b>          |                             |                                         |                                |                       |
| <b>Financial assets</b>             |                             |                                         |                                |                       |
| Trade and other receivables         | 0.2                         | —                                       | —                              | —                     |
| Cash and cash equivalents           | 57.9                        | —                                       | —                              | —                     |
| Loans due from related undertakings | 0.1                         | —                                       | —                              | —                     |
|                                     | <b>58.2</b>                 | —                                       | —                              | —                     |
| <b>Financial liabilities</b>        |                             |                                         |                                |                       |
| Trade and other payables            | (0.1)                       | —                                       | —                              | —                     |
|                                     | <b>(0.1)</b>                | —                                       | —                              | —                     |
| <b>At 31 December 2024</b>          |                             |                                         |                                |                       |
| <b>Financial assets</b>             |                             |                                         |                                |                       |
| Trade and other receivables         | 0.5                         | —                                       | —                              | —                     |
| Cash and cash equivalents           | 97.2                        | —                                       | —                              | —                     |
| Loans due from related undertakings | 0.1                         | —                                       | —                              | —                     |
|                                     | <b>97.8</b>                 | —                                       | —                              | —                     |
| <b>Financial liabilities</b>        |                             |                                         |                                |                       |
| Trade and other payables            | —                           | —                                       | —                              | —                     |
|                                     | —                           | —                                       | —                              | —                     |



# Notes forming part of the Company financial statements continued

for the year ended 31 December 2025

## 2. Financial risk management continued

### Financial risk factors continued

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk arises from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

#### a) Other price risk

The Company is not exposed to other price risk with respect to financial instruments as it does not hold any marketable equity securities.

#### b) Cash flow and fair value interest rate risk

Interest on cash and cash equivalent balances is subject to movements in base rates. The Directors monitor interest rate risk and note that rates are expected to fall in the near term. A 100 bps decrease in base rates could decrease the annual interest earned by c.£0.6 million (2024: 200 bps decrease and c.£2.0 million).

#### c) Sensitivity analysis

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed above, the Company does not have significant exposure to interest rate risk, cash flow risk or other price risk and therefore no sensitivity analysis for those risks has been disclosed.

#### d) Foreign exchange risk

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Foreign exchange risk of the Group including the Company is disclosed in note 16 to the consolidated financial statements. The Company's individual foreign currency translation risk and exposure is considered immaterial as at 31 December 2025.

### Capital management

The Company considers its capital to comprise equity share capital, share premium, share options reserve and retained earnings.

The Directors' objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders.

The Company is not subject to any externally imposed capital requirements.

The Directors monitor a number of KPIs at both the Company and subsidiary level on a monthly basis. As part of the budgetary process, targets are set with respect to operating expenses in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required. These internal measures indicate the performance of the business against budget/forecast and confirm whether the Company has adequate resources to meet its working capital requirements.

Decisions related to capital allocation are discussed and monitored by the Board which considers the balance of returning value to shareholders while maintaining sufficient capital thresholds to ensure liquidity and to ensure sustainable growth of the Group's business. The Company has taken measures to ensure sufficient distributable reserves are available to support capital activities, including the filing of interim financial statements and undertaking a capital reduction process in 2024. Distributable reserves are monitored regularly to ensure programmes such as the share buyback programme are supportable.

## 3. Company (loss)/profit for the year

The Company made a comprehensive loss for the year of £2.4 million (2024: comprehensive profit of £26.2 million).

## 4. Employees

The Company had no employees during the current or prior year other than Directors who numbered eight (2024: eight). The Company did not operate any pension schemes during the current or preceding year. Directors received emoluments in respect of their services to the Company during the year of £2.4 million (2024: £1.9 million) for salary and short-term benefits and £1.3 million (2024: £0.7 million) for equity-based compensation. For further information, see the Remuneration Report on page 103.

## 5. Investments in subsidiary undertakings

|                                                                  | 2025<br>£m | 2024<br>£m |
|------------------------------------------------------------------|------------|------------|
| Balance at 1 January                                             | 258.2      | 310.6      |
| Capital contribution regarding employee services in subsidiaries | 3.4        | 2.6        |
| Return of capital                                                | —          | (50.6)     |
| Disposal of investment in subsidiary                             | —          | (4.4)      |
| Balance at 31 December                                           | 261.6      | 258.2      |

## 5. Investments in subsidiary undertakings continued

Investments in subsidiary undertakings, which are listed in note 29 of the Group financial statements, are all stated at cost less any provision for impairment.

Year ended 31 December 2025:

| Subsidiary investment                  | Opening investment balance<br>£m | Capital contribution/<br>(redemption)<br>regarding<br>employee<br>services<br>£m | Capital allocation<br>£m | Return of capital<br>£m | Impairment<br>in year<br>£m | Disposal<br>of<br>investment<br>£m | Closing investment balance<br>£m | Dividends recognised<br>in year<br>£m |
|----------------------------------------|----------------------------------|----------------------------------------------------------------------------------|--------------------------|-------------------------|-----------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Funding Circle UK                      | 258.2                            | 3.4                                                                              | —                        | —                       | —                           | —                                  | 261.6                            | —                                     |
| Funding Circle Global Partners Limited | —                                | —                                                                                | —                        | —                       | —                           | —                                  | —                                | 0.7                                   |
| Funding Circle CE                      | —                                | —                                                                                | —                        | —                       | —                           | —                                  | —                                | —                                     |
| <b>Total</b>                           | <b>258.2</b>                     | <b>3.4</b>                                                                       | <b>—</b>                 | <b>—</b>                | <b>—</b>                    | <b>—</b>                           | <b>261.6</b>                     | <b>0.7</b>                            |

Year ended 31 December 2024:

| Subsidiary investment                  | Opening investment balance<br>£m | Capital contribution<br>regarding<br>employee<br>services<br>£m | Capital allocation<br>£m | Return of capital<br>£m | Impairment<br>in year<br>£m | Disposal<br>of<br>investment<br>£m | Closing investment balance<br>£m | Dividends recognised<br>in year<br>£m |
|----------------------------------------|----------------------------------|-----------------------------------------------------------------|--------------------------|-------------------------|-----------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Funding Circle UK                      | 254.7                            | 3.5                                                             | —                        | —                       | —                           | —                                  | 258.2                            | —                                     |
| Funding Circle Global Partners Limited | 0.8                              | —                                                               | —                        | (0.8)                   | —                           | —                                  | —                                | 1.0                                   |
| Funding Circle USA, Inc.               | 55.1                             | (0.9)                                                           | —                        | (49.8)                  | —                           | (4.4)                              | —                                | —                                     |
| Funding Circle CE                      | —                                | —                                                               | —                        | —                       | —                           | —                                  | —                                | —                                     |
| <b>Total</b>                           | <b>310.6</b>                     | <b>2.6</b>                                                      | <b>—</b>                 | <b>(50.6)</b>           | <b>—</b>                    | <b>(4.4)</b>                       | <b>258.2</b>                     | <b>1.0</b>                            |

During the year ended 31 December 2024 the Company sold its investment in the US business for cash consideration of £32.6 million relative to a carrying value of £4.4 million. Associated selling costs and related costs of disposal were £2.3 million, resulting in a net gain on disposal of £25.9 million treated as being exceptional in nature.

During the year the Company received £nil cash capital redemptions (2024: £0.8 million) and £0.7 million cash dividends (2024: £1.0 million) from Funding Circle Global Partners Limited. The Company received £nil non-cash capital redemptions (2024: £49.8 million) from Funding Circle USA, Inc. in exchange for a receivable from Funding Circle Ltd.

In addition to the above, the Company recognised a capital contribution of £3.4 million (2024: £2.6 million), representing the service cost for the employees of its subsidiaries, under the Company's share option schemes.

The cumulative amount of impairment losses in relation to investment in subsidiaries is £80.2 million (2024: £80.2 million).

There were no indicators of further impairment as at 31 December 2025.

| Details of the sale of the US subsidiary investment:         | £m           |
|--------------------------------------------------------------|--------------|
| Consideration received:                                      |              |
| Cash consideration at prevailing exchange rate               | 32.6         |
| Carrying value of investment disposed of                     | (4.4)        |
| <b>Gross gain on sale</b>                                    | <b>28.2</b>  |
| Direct transaction costs for legal, advisory and other costs | (2.3)        |
| <b>Other disposal-related costs</b>                          | <b>(2.3)</b> |
| <b>Gain on sale</b>                                          | <b>25.9</b>  |



## Notes forming part of the Company financial statements continued

for the year ended 31 December 2025

### 6. Trade and other receivables

|                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|---------------------------------------|---------------------------|---------------------------|
| Amounts due from related undertakings | —                         | 0.1                       |
| Prepayments                           | 0.2                       | 0.1                       |
| Accrued income                        | 0.2                       | 0.4                       |
|                                       | <b>0.4</b>                | 0.6                       |

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

### 7. Loans due from subsidiary undertakings

|                                       | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|---------------------------------------|---------------------------|---------------------------|
| Stichting Derdengelden Funding Circle | 0.1                       | 0.1                       |
| Current portion                       | 0.1                       | 0.1                       |

#### Amount due from Group undertakings

| Group undertaking                     | Facility size and type                     | Term      | Expiry                       | 31 December 2025    |                      |                                                |                                               | 31 December 2024    |                                   |                                   |                                               |
|---------------------------------------|--------------------------------------------|-----------|------------------------------|---------------------|----------------------|------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------------------------|
|                                       |                                            |           |                              | Drawn in year<br>£m | Repaid in year<br>£m | Interest recognised in year <sup>1</sup><br>£m | Drawn balance at the balance sheet date<br>£m | Drawn in year<br>£m | Repaid in year <sup>1</sup><br>£m | Interest recognised in year<br>£m | Drawn balance at the balance sheet date<br>£m |
| Stichting Derdengelden Funding Circle | Loan facility<br>€0.1 million              | Undefined | None but repayable on demand | —                   | —                    | —                                              | 0.1                                           | —                   | —                                 | —                                 | 0.1                                           |
| Funding Circle Ltd                    | Loan facility<br>£20.0 million             | 5 years   | 5 August 2025                | —                   | —                    | —                                              | —                                             | —                   | —                                 | —                                 | —                                             |
| Funding Circle CE GmbH                | Revolving credit facility<br>€2.0 million  | 5 years   | 18 July 2024                 | —                   | —                    | —                                              | —                                             | —                   | —                                 | —                                 | —                                             |
| Funding Circle USA, Inc. <sup>2</sup> | Term loan facility<br>£7.7 million         | 5 years   | 13 January 2025              | —                   | —                    | —                                              | —                                             | —                   | —                                 | —                                 | —                                             |
| Funding Circle USA, Inc. <sup>2</sup> | Revolving credit facility<br>\$3.0 million | 5 years   | 27 January 2025              | —                   | —                    | —                                              | —                                             | —                   | —                                 | —                                 | —                                             |
| Funding Circle USA, Inc. <sup>2</sup> | Revolving credit facility<br>£10.0 million | 5 years   | 21 January 2026              | —                   | —                    | —                                              | —                                             | —                   | —                                 | —                                 | —                                             |

1. All drawn balances on loan facilities bear interest at 3.5% above the base rate of the Bank of England (except Stichting Derdengelden Funding Circle which is 4% above the base rate) and are repayable with the principal amount at the end of the facility's term.

2. All loans to Funding Circle USA, Inc. were terminated prior to the sale of the subsidiary business in 2024.

### 8. Trade and other payables

|                                     | 31 December<br>2025<br>£m | 31 December<br>2024<br>£m |
|-------------------------------------|---------------------------|---------------------------|
| Accruals                            | 1.4                       | 1.3                       |
| Taxes and social security costs     | 1.3                       | 1.1                       |
| Other creditors                     | —                         | —                         |
| Amounts due to related undertakings | 0.1                       | —                         |
|                                     | <b>2.8</b>                | 2.4                       |

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 9. Share capital and share premium account

The movement on these items is disclosed in notes 17 and 18 to the consolidated financial statements.

## 10. Retained earnings

|                                | £m           |
|--------------------------------|--------------|
| At 1 January 2024              | 40.0         |
| Transfer of share option costs | 6.6          |
| Buyback of own shares          | (33.6)       |
| Capital reduction              | 293.5        |
| Profit for the year            | 26.2         |
| At 31 December 2024            | 332.7        |
| Transfer of share option costs | 4.2          |
| Buyback of own shares          | (30.6)       |
| Purchase of own shares by EBT  | (8.6)        |
| Loss for the year              | (2.4)        |
| <b>At 31 December 2025</b>     | <b>295.3</b> |

Details related to the buyback of own shares and purchase of own shares are disclosed in note 20 of the consolidated financial statements.

## 11. Notes to the Company statement of cash flows

### Cash (outflow)/inflow from operating activities

|                                                           | Year ended<br>31 December<br>2025<br>£m | Year ended<br>31 December<br>2024<br>£m |
|-----------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| (Loss)/profit before taxation                             | <b>(2.4)</b>                            | 26.2                                    |
| <b>Adjustments for:</b>                                   |                                         |                                         |
| Non-cash employee benefits expense – share-based payments | <b>1.6</b>                              | 1.4                                     |
| Net proceeds from sale of US subsidiary (see note 5)      | <b>—</b>                                | (25.9)                                  |
| <b>Changes in working capital</b>                         |                                         |                                         |
| Movement in trade and other receivables                   | <b>0.3</b>                              | (0.3)                                   |
| Movement in trade and other payables                      | <b>—</b>                                | (0.4)                                   |
| Net cash (outflow)/inflow from operating activities       | <b>(0.5)</b>                            | 1.0                                     |
| <b>Cash and cash equivalents</b>                          |                                         |                                         |
|                                                           | <b>2025<br/>£m</b>                      | 2024<br>£m                              |
| Balance at 1 January                                      | <b>97.2</b>                             | 48.2                                    |
| Cash flow                                                 | <b>(39.3)</b>                           | 49.0                                    |
| Balance at 31 December                                    | <b>57.9</b>                             | 97.2                                    |

These comprise cash held by the Company, short-term bank deposits with an original maturity of three months or less and money market funds. The carrying amount of cash balances approximates their fair value. As at 31 December 2025, money market funds totalled £57.3 million (2024: £96.3 million).



## Notes forming part of the Company financial statements continued

for the year ended 31 December 2025

### 12. Related parties

|                                          | Amounts owed by related parties |                        | Amounts owed to related parties |                        |
|------------------------------------------|---------------------------------|------------------------|---------------------------------|------------------------|
|                                          | 31 December 2025<br>£m          | 31 December 2024<br>£m | 31 December 2025<br>£m          | 31 December 2024<br>£m |
| <b>Short-term (payables)/receivables</b> |                                 |                        |                                 |                        |
| Funding Circle Ltd                       | —                               | 0.1                    | (0.1)                           | —                      |
| <b>Intercompany loans</b>                |                                 |                        |                                 |                        |
| Stichting Derdengelden Funding Circle    | 0.1                             | 0.1                    | —                               | —                      |
|                                          | <b>0.1</b>                      | 0.2                    | <b>(0.1)</b>                    | —                      |

During the year, the Company made payment of expenses for amounts of £0.8 million (2024: made payment of expenses for amounts of £0.1 million) from Funding Circle Ltd.

During the year, the Company received a return of capital of £nil (2024: £0.8 million) from Funding Circle Global Partners Limited and dividends of £0.7 million (2024: £1.0 million).

During the previous year ended 31 December 2024, Funding Circle USA, Inc. made a non-cash return of capital to the Company of £49.8 million in exchange for the assignment of the subsidiary's intercompany receivable from Funding Circle Ltd. The intercompany balance was subsequently cash settled by Funding Circle Ltd during the same year in full.

As at the year end, the Company was owed a cumulative amount of £0.1 million (2024: £0.1 million) from loans with Stichting Derdengelden Funding Circle.

See note 14 in relation to remuneration of key management personnel.

### 13. Parent Company guarantee – exemption from audit for subsidiary companies

The following UK entities, all of which are 100% owned by the Group, are not subject to an audit by virtue of section 479A of the Companies Act 2006 relating to subsidiary companies:

| Company                                    | Registration number |
|--------------------------------------------|---------------------|
| Funding Circle BB Limited                  | 12593368            |
| Funding Circle Eclipse Lending Limited     | 12570773            |
| Funding Circle Focal Point Lending Limited | 12407296            |
| Funding Circle Global Partners Limited     | 10554628            |
| Made To Do More Limited                    | 10575978            |
| Funding Circle Polaris Lending Limited     | 13216286            |
| Funding Circle Trustee Limited             | 07239092            |

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

### 14. Remuneration of key management personnel

The remuneration of key management personnel is disclosed in note 25 to the consolidated financial statements.

### 15. Ultimate controlling party

In the opinion of the Directors, the Group does not have a single ultimate controlling party.

## 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.

The Group has discontinued the used of the non-GAAP measure of Adjusted EBITDA, which was defined as profit/loss for the year before finance costs (being the discount unwind on lease liabilities), taxation, depreciation, amortisation and impairments ("AEBITDA"), and additionally excluded share-based payment charges and associated social security costs, foreign exchange and exceptional items. The Group discontinued the measure in order to simplify reporting metrics and focus on profit-based measures.

| APM                                                           | Closest equivalent IFRS measure                                            | Adjustments to reconcile to IFRS measure                             | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Income statement</b>                                       |                                                                            |                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Profit/(loss) before tax (before exceptional items)</b>    | Profit before tax.                                                         | Refer to Financial Review.                                           | Profit for the year before taxation and exceptional items.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Adjusted earnings per share from continuing operations</b> | Earnings per share.                                                        | Refer to note 9.                                                     | Adjusted earnings per share from continuing operations excludes the impact of exceptional items and excludes the impact of recognition of deferred tax assets from the profit for the year used in the calculation of EPS.                                                                                                                                                                                                                                                                     |
| <b>Adjusted EBITDA</b>                                        | EBITDA, while not defined under IFRS, is a widely accepted profit measure. | Measure is discontinued and therefore not reconciled in this report. | <p>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.</p> <p>The Group primarily uses profit before tax in its resource allocation and decision making and has therefore discontinued disclosing AEBITDA as an additional non-GAAP measure.</p> |
| <b>Cash flow</b>                                              |                                                                            |                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Unrestricted free cash flow</b>                            | Cash generated from operating activities.                                  | Refer to Financial 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 drawdowns and repayment of FlexiPay lines of credit. This excludes restricted cash.                                                                                                                                      |



## Glossary

| Term                                   | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Amortisation</b>                    | In lending terms, the process by which the outstanding balance on a loan reduces through repayments made by the borrower, until the loan is fully repaid. Not to be confused with the general accounting term relating to the equivalent form of depreciation for intangible assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Assets under Management ("AuM")</b> | The total value of Term Loan outstanding principal and interest from borrowers; includes amounts that are overdue (delinquencies), but not loans that have defaulted and excludes unallocated cash collections. Also includes drawn lines of credit balances along with Cashback card spend balances. It excludes defaulted balances and excludes unallocated cash collections. It is a measure of the balances serviced by the Group at a point in time.                                                                                                                                                                                                                                                                                                                           |
| <b>BBB</b>                             | British Business Bank. A state-owned economic development bank established by the UK government. Its aim is to increase the supply of credit to small and medium-sized enterprises as well as providing business advice services. The BBB has administered all the recent government-backed loan schemes in the UK on behalf of the Secretary of State for Business, Energy & Industrial Strategy.                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Borrowers</b>                       | Actual or prospective borrowers participating on the Group's lending platform.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Cashback card</b>                   | Cashback card refers to Funding Circle's Cashback business credit card offering launched in H2 2024. Cardholders can spend and earn cashback of 2% for an introductory period before reducing to 1% thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Capital Markets</b>                 | A functional division within Funding Circle that deals with all relations and activities associated with institutional investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>CBILS</b>                           | Coronavirus Business Interruption Loan Scheme. UK government-backed loan scheme intended to provide support for SMEs (up to £45 million annual turnover) through the Covid-19 pandemic. The scheme facilitated loans from £1,000 to £5 million for up to six years, with the first 12 months of interest charges and lender levied fees covered by the government. The loans were initially 80% backed by government guarantee for the lender, reducing later to 70%, but the borrower always remained fully liable for the debt. CBILS closed to new applications on 31 March 2021. Funding Circle was the third largest approver through the scheme among 90 accredited providers, facilitating c.£3 billion of loans. Transaction fee yields on CBILS loans were fixed at 4.75%. |
| <b>Circlers</b>                        | A term used by the Group to refer to its employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Cohorts</b>                         | A term used to denote loan groupings. Loan cohorts are determined by their year of origination. Investor cohorts denote loan groupings according to the loan funding institution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Company</b>                         | When capitalised, "Company" refers to Funding Circle Holdings plc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Credit bureau ("bureau")</b>        | A company that collects information relating to credit ratings of companies and/or individuals and makes this available to other financial institutions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Credit extended</b>                 | This includes Term Loan Originations and FlexiPay line of credit and Cashback card transactions. It is a measure of the volume of new transactions and lending to SMEs over a period of time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Credit model</b>                    | A mathematical model used to estimate the probability for a customer to default on a loan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Default</b>                         | A term used to describe loans where the customer has failed to repay a loan in accordance with the terms of the agreement. Loans are placed into default when it is deemed likely the customer can no longer meet the terms of the scheduled loan repayments (e.g. due to company liquidations and insolvencies) or when the borrower has consistently failed to pay in accordance with the terms and it has not been possible to arrange an alternative repayment schedule. A default affects the credit score of the borrower.                                                                                                                                                                                                                                                    |
| <b>Delinquencies</b>                   | A term used to describe loans where the borrower is late making payment(s). This need not affect a customer's credit score if the borrower is able to agree and meet a revised schedule for repayments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>EBT</b>                             | Employee Benefit Trust. A trust under which shares in the Company are held on behalf of the employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Employee engagement score/index</b> | Employee engagement is a function of the relationship between the Group and its employees. We measure this through surveys designed to help understand and improve the workplace and culture so that our employees feel more connected and dedicated to the Group goals and values.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>ERMF</b>                            | Enterprise Risk Management Framework.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>FCA</b>                             | Financial Conduct Authority. The UK institution responsible for regulating financial institutions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>FlexiPay</b>                        | FlexiPay is Funding Circle's line of credit product that allows businesses to make purchases and then spread the cost over between three and twelve months, paying back in three equal monthly instalments. It's designed to satisfy the working capital needs of SMEs and is currently available in the UK.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Term                                   | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FlexiPay card</b>                   | FlexiPay card is another way for customers to use their FlexiPay line of credit, helping them to pay for everyday business expenses and make purchases.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Forward flow agreements</b>         | Agreements made between Funding Circle and institutional investors that indicate the lending funds they intend to provide for borrowers. Agreements generally stipulate the key lending terms, target borrower metrics, total funds earmarked for lending and the period over which they will be deployed.                                                                                                                                                                                                                                                                                         |
| <b>FVTPL</b>                           | Fair value through profit or loss. A term used to describe those securities where the business model under which these investments are held by the Group remains for these to be sold, and hence the fair value of these investments is reported through the P&L.                                                                                                                                                                                                                                                                                                                                  |
| <b>Government-backed loan schemes</b>  | A term used to describe the various schemes deployed by governments to support their economies through economic shocks, most recently the Covid-19 pandemic. These include CBILS, BBLS and RLS in the UK and PPP in the US (see definitions). Invariably, government-backed loan schemes have conferred various advantages to either or both the institutional investors and the borrowers making them more attractive products compared to normal commercial lending. Lenders and lending platforms normally require formal accreditation to be able to provide the loans under these schemes.    |
| <b>Growth Guarantee Scheme ("GGS")</b> | A UK government-backed loan scheme and successor to RLS with similar terms (see below). The government provided lenders under the scheme with 70% guarantees against the outstanding balance of the facility after normal recovery processes. The borrower always remains fully liable for the debt.                                                                                                                                                                                                                                                                                               |
| <b>IFRS</b>                            | International Financial Reporting Standards, as adopted by the European Union.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Institutional investors</b>         | Actual or prospective institutional investors participating on the Group's platform who provide the funds to lend to SME borrowers, and who also take the credit risk associated with the loans.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Invested capital</b>                | Investment in Funding Circle lending products the Group has strategically made and retains on its balance sheet net of related borrowing liabilities. Invested capital can be monetised if liquidity needs arise. Invested capital excludes operational buybacks of loans the Group may continue to hold.                                                                                                                                                                                                                                                                                          |
| <b>LTIP</b>                            | Long-Term Incentive Plan. A scheme used to reward employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Marketplace</b>                     | A term used to describe our referral of borrowers (who fall outside our credit risk or service capability) to specialist lenders who can meet their needs. Funding Circle generally receives a fee for such referrals.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Ninth generation</b>                | We use generational factors at Funding Circle to describe the number of fundamental enhancements/ revisions that have been made to the credit modelling used to determine borrower creditworthiness for lending. In the UK we are currently using a ninth-generation credit model.                                                                                                                                                                                                                                                                                                                 |
| <b>NPS</b>                             | Net Promoter Score. An index ranging from -100 to +100 that measures the willingness of customers to recommend a company's products or services to others. The more positive the score, the more likely a customer is to recommend the service.                                                                                                                                                                                                                                                                                                                                                    |
| <b>Origination</b>                     | A term used to describe the process of a loan taken out by a borrower.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>RLS</b>                             | Recovery Loan Scheme. A UK government-backed loan scheme to help businesses recover from the effects of Covid-19. To date, there have been three different RLS schemes, designed to support access to finance for UK businesses as they looked to invest and grow. Term Loans of up to £2 million and six months have been available through the scheme at improved commercial terms. The government provided lenders under the scheme with 70% guarantees against the outstanding balance of the facility after normal recovery processes. The borrower always remains fully liable for the debt. |
| <b>Securitisation</b>                  | The process by which multiple loans are pooled and packaged into interest-bearing securities (bonds).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Segment</b>                         | The principal reporting segments of our operations, representing the divisional structure through which the business is currently managed, namely Term Loans and FlexiPay being the continuing operations segments and US Term Loans being the discontinued operation segment, presented separately in discontinued operations.                                                                                                                                                                                                                                                                    |
| <b>Servicing yield</b>                 | The ratio of the servicing fee (the fee charged to institutional investors for managing their loans) to the amortised loan balance. Typically, the servicing yield is between 1% and 1.25% p.a. of the loan balance.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>SME</b>                             | Small and medium-sized enterprises. A term used in the UK to represent smaller businesses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>SONIA</b>                           | Sterling Overnight Index Average. A UK interest rate benchmark that came in as a replacement for the London Interbank Offer Rate ("LIBOR").                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>SPV</b>                             | Special purpose vehicle. A subsidiary created by a company to isolate a financial risk. The Group has held a number of SPVs housing securitised or warehoused loans.                                                                                                                                                                                                                                                                                                                                                                                                                               |



## Glossary continued

| Term                     | Definition                                                                                                                                                                                                    |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Unrestricted cash</b> | A term used to describe the cash on the balance sheet that is available for use by Funding Circle. This excludes cash balances being held on behalf of third parties, like governments and bondholders.       |
| <b>Warehousing</b>       | A process whereby loans that have been issued to borrowers are pooled into a holding warehouse with the intention that these are ultimately being held for packaging and reselling to a third party investor. |

## Shareholder information

Receiving shareholder information by email:

You can opt to receive shareholder information from us by email rather than by post. We will then email you whenever we add shareholder communications to the Company website. To set this up, please visit [www.shareview.co.uk](http://www.shareview.co.uk) and register for electronic communications ("e-comms").

If you subsequently wish to change this instruction or revert to receiving documents or information by post, you can do so by contacting the Company's registrars at the address shown in the Company information opposite. You can also change your communication method back to post by logging in to your Shareview account and going to "update my communication preferences" within the "Quick links" section.

### Registrar

The Company's registrar is Equiniti Limited.

Equiniti provides a range of services to shareholders.



Extensive information including many answers to frequently asked questions can be found online.

Use the QR code to register for FREE or visit [www.shareview.co.uk](http://www.shareview.co.uk)

Equiniti's registered address is:

Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH

Tel\*: +44 (0) 371 384 2030

\* Lines are open from 8.30am to 5.30pm, UK time Monday to Friday (excluding public holidays in England and Wales).

Please use the country code when dialling from outside the UK.

### Shareholder enquiries

If you have any queries relating to your shareholding, dividend payments or lost share certificates, or if any of your details change, please contact the Company's registrars by visiting [www.shareview.co.uk](http://www.shareview.co.uk) or by using the telephone number above.

### Annual shareholder calendar

Final results announced 5 March 2026

Annual Report published April 2026

Annual General Meeting 21 May 2026

### Interim Report

As part of our e-comms programme, we have decided not to produce a printed copy of our Interim Report. We will instead publish the report on our website. It is expected that this year's report will be available on our website in September.

### Cautionary statement

Certain statements included in our 2025 Annual Report, or incorporated by reference to it, may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition.

Forward-looking statements involve known and unknown risks and uncertainties because they are beyond the Group's control and are based on current beliefs and expectations about future events about the Group and the industry in which the Group operates.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward-looking statements contained in this report reflect knowledge and information available at the date of this Annual Report and the Group undertakes no obligation to update these forward-looking statements except as required by law.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to, any shares or other securities in the Company, and nothing in this report should be construed as a profit forecast.



## Company information

### Directors

#### Executive Directors

L Jacobs (Chief Executive Officer)

T Nicol (Chief Financial Officer)

#### Non-Executive Directors

K Stannard (Chair)

H W Nelis

N A Rimer

H Beck

M A Byrne

R J Harvey

#### Company Secretary

S Whiteley

#### Independent statutory auditors

##### PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

#### Bankers

##### Barclays Bank UK plc

1 Churchill Place

London E14 5HP

### Registrars

#### Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex BN99 6DA

#### Brokers

##### Investec

30 Gresham Street

London EC2V 7QN

#### Deutsche Numis

The London Stock Exchange Building

10 Paternoster Square

London EC4M 7LT

#### Registered office

71 Queen Victoria Street

London EC4V 4AY

#### Registered number

07123934



Funding Circle Holdings plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Magno Digital Satin, an FSC® certified material.

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**Funding  
Circle**

**Funding Circle Holdings plc**  
71 Queen Victoria Street  
London  
EC4V 4AY  
[corporate.fundingcircle.com](http://corporate.fundingcircle.com)