



Funding Circle Holdings plc
Full Year 2025 Results

**FY 2026 REVENUE GUIDANCE ACHIEVED A YEAR EARLY
UPGRADED FY 2026 GUIDANCE & ATTRACTIVE NEW MEDIUM-TERM TARGETS**

Funding Circle Holdings plc ("Funding Circle" or the "Group") today announces results for the twelve months ended 31 December 2025.

Lisa Jacobs, Funding Circle CEO, commented:

"We delivered a standout performance in 2025, exceeding our expectations and hitting our 2026 revenue guidance a year early, and we supported more SMEs than ever before. Strong growth in the credit we extended led to revenue growth of 28% to £204m and profit before tax increasing to £20m, demonstrating the strong operating leverage and profitability of our platform.

"We've successfully executed against our strategy to deepen our engagement with SMEs and expand our multi-product offering, enabling us to meet more of our customers' needs. We now interact with a customer once every 38 seconds, putting us at the heart of their businesses as a trusted financial partner. Our 15 years of proprietary data and technology expertise are the foundation of our competitive advantage, allowing us to deliver a superior customer experience.

"Looking ahead, we see a significant opportunity to further grow our share of the SME finance market. Our confidence in the strength and scalability of our platform is reflected in the attractive new medium-term targets we are setting today. By becoming a more meaningful partner to our customers, we aim to not only grow our business but to support the next phase of growth across the UK's SME economy."

Group	FY 2025	FY 2024
	£m	£m
Credit extended ¹	2,453	1,899
Assets under Management ²	2,961	2,833
Revenue ³	204.3	160.1
Profit before taxation (before exceptional items)	20.3	3.4
Profit before taxation (after exceptional items)	20.3	0.8
Profit for the year (after exceptional items)	46.0	8.6
Unrestricted Cash ⁴	100.9	150.5

Financial Highlights

- **Group Revenue:** Increased 28% to **£204.3m** (2024: £160.1m), achieving 2026 revenue guidance a year early.
- **Profitability:** Significant 6x growth in Profit Before Tax (PBT) to **£20.3m**, up from £3.4m pre-exceptionals and £0.8m post exceptionals in 2024 demonstrating the business' operating leverage. Profit for the year (after exceptional items) of £46.0m (2024: £8.6m).
- **Credit Extended:** Increased 29% to **£2,453m** (2024: £1,899m).
- **Assets under Management (AuM):** Increased to **£2,961m** (2024: £2,833m).
- **Active customers:** Increased 10% to 52.7k (2024: 47.9k).

Business Unit Performance

Term Loans

- **Originations:** Grew 16% to **£1,638m** (2024: £1,407m) driven by product innovation and borrower demand.
- **AuM:** Increased to **£2,755m** (2024: £2,714m) as new lending outpaced the repayment of legacy Covid-19 government-guaranteed loans.
- **Profitability:** PBT increased to **£32.2m** (2024: £19.0m before exceptional items), reflecting strong operating leverage which led to margins improving to **19.2%** (2024: 13.3%).
- **Robust and attractive returns through the cycle:** Annualised net returns to institutional investors continued to be ~5% above cost of capital, resulting in continued investor demand with £2.2bn in committed forward flows.

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1. Credit extended includes Term Loan originations and FlexiPay and Cashback card transactions.
 2. Assets under Management ("AuM") is the total value of term loan principal and interest due from borrowers and drawn lines of credit and Cashback card spend balances (excluding defaulted balances) previously referred to as Loans under Management and balances outstanding.
 3. Net income is also referred to as "Revenue".
 4. Unrestricted cash refers to total cash less cash that is restricted in use.

FlexiPay & Card

- **Transactions:** Strong momentum with transactions growing 66% to **£815m** (2024: £492m), reflecting good customer engagement and roll-out of new features. >80% revenue from prior cohorts.
- **AuM:** Increased 73% to **£206m** (2024: £119m) as a result of new and repeat usage from customers.
- **Performance:** Continued progress toward profitability with a reduced loss before tax of **£11.9m** (2024: £15.6m loss before exceptional items). Expected credit losses remain in line with our expectations.

Capital Allocation & Cash

Unrestricted cash remained healthy at **£100.9m** (2024: £150.5m) following proactive deployment aligned to our capital allocation framework:

- **Deliver:** Group cash generative; Term Loan profits successfully funded continued FlexiPay investment.
- **Invest:** R&D for development of new shorter-term loan product within our Term Loans business, which has resulted in an institutional investor onboarded in January 2026 to fund future originations. The existing shorter-term loan portfolio was sold in line with its carrying value.
- **Distribute:** A third share buyback of up to **£25m** was announced in 2025. Combined with earlier programmes, **£64m** has been returned to shareholders across 2024 and 2025, with **£11m** remaining. In 2025 specifically, £30m was deployed for buybacks and £9m for the employee benefit trust.

Operational & Strategic Progress

- **Powerful data driving risk discrimination:** Our AI-powered credit models are 3x better at discriminating risk than traditional bureau scores. 15 years of proprietary data including 10 billion data points feeds our model development, deepens the competitive moat around the business, and enables us to say "yes" to more businesses.
- **Differentiated technology:** Our instant decision technology enhances the customer experience and our platform allows for fast product development and new feature launches.
- **High customer satisfaction & strong brand awareness:** With an NPS (Term Loans) of 79 and Trustpilot score of 4.6, our brand reputation drives consideration amongst our target market of 80%.
- **Strong track record and funding pipeline:** Our capital-light platform is built for scale. We have delivered consistent and robust loan returns to our institutional funders, with whom we have long-standing arrangements and £2.2bn of future forward flow capacity in place.
- **Multi-product capabilities:** We have diversified and expanded our product suite beyond our longer-term loan offering, with c.50% of our credit extended in H2 2025 coming from other products. Nearly 70% of our FlexiPay revenue comes from our existing Term Loan customers, as we deepen engagement and capture a larger share of our customers' financing needs. We are also attracting new audiences to the Funding Circle ecosystem. 50% of our Card customers are new to Funding Circle and our new shorter-term lending product has unlocked previously untapped segments of the SME market.
- **Engaged and talented team:** Our mission-led culture is a differentiator. We achieved a record engagement of 74% in 2025 and our teams received 11 industry awards, including the NACFB Unsecured Lender of the Year for the seventh consecutive year.
- **Meaningful impact:** In 2025, lending through Funding Circle supported over 117,000 jobs and contributed £7.9bn to UK GDP. Every £1 million of lending through our platform contributed £2.7 million to GDP, 39 jobs and £700,000 in tax revenue.

Looking ahead

Our strategic priorities are focused on customer-led profitable growth:

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

These will deliver customer-led top-line growth and increased profit within our current product set over the coming years, while enabling the next phase of longer-term growth with continued investment in our product and technology capabilities. We are building powerful insights into our customers that provide a strong platform for growth beyond our existing product set as we become our customers' trusted financial partner.

Guidance

We have upgraded our FY26 guidance having achieved our previous revenue target a year early. We are also establishing new medium-term targets through to FY29:

Period	Growth	Profit
FY26 Guidance	Upgraded to revenue of c.£235m	PBT of at least £35m
Medium term (FY29)	Revenue of c.£300m–£350m	PBT margins of low to mid-20s (%)

Analyst presentation

Management will host a presentation and conference call for institutional investors and analysts at 9:30am UK time (GMT), on Thursday 5 March 2026.

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

For conference call access, please dial +44 33 0551 0200 or +1 786 697 3501 Quote 'Funding Circle FY25' when prompted by the operator.

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

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Forward looking statements and other important information:

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

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

About us:

Funding Circle (LSE: FCH) is the UK's leading SME finance platform. Since 2010, we have extended more than £17bn in credit to over 125,000 UK businesses, helping them power the economy and their communities.

By combining proprietary AI-powered credit models with a human touch, we provide a seamless experience that allows SMEs to borrow, pay later, and spend through a single ecosystem. For institutional investors, Funding Circle offers access to an attractive, underserved asset class through a platform built on deep data and a proven track record of robust returns.

Business Review

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, 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.

As we have diversified our product set, it has been pleasing 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 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 we 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 means we continue to help more SMEs thrive. 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

We are excited by the potential that we have to continue 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.

Financial review

Outperforming expectations and delivering growing PBT

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 (Originations and Transactions)		Assets under Management	
	FY 2025 £m	FY 2024 £m	31 December 2025 £m	31 December 2024 £m
Continuing operations				
Term Loans	1,638	1,407	2,755	2,714
FlexiPay	815	492	206	119
Total	2,453	1,899	2,961	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).

Segmental highlights¹

	31 December 2025			31 December 2024 ²		
	Continuing operations			Continuing operations		
	Term Loans £m	FlexiPay £m	Total £m	Term Loans £m	FlexiPay £m	Total £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
Total income	176.6	45.9	222.5	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)
Net income ("revenue")	167.4	36.9	204.3	142.6	17.5	160.1

Profit/(loss) before tax (before exceptional items)	32.2	(11.9)	20.3	19.0	(15.6)	3.4
Exceptional items	—	—	—	(2.3)	(0.3)	(2.6)
Profit/(loss) before tax	32.2	(11.9)	20.3	16.7	(15.9)	0.8

1. The Group primarily uses profit before tax in its resource allocation and decision making and has therefore discontinued disclosing Adjusted EBITDA as an additional non-GAAP measure.

2. 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.£2.2bn 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.

Profit and loss	31 December	31 December	31 December	31 December
	2025	2024	2024	2024
		Before	Exceptional	Total
	£m	exceptional	items	
		items		£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
Operating income	198.2	158.9	—	158.9
Investment income	24.3	2.8	—	2.8
Total income	222.5	161.7	—	161.7
Fair value (losses)/gains	(6.7)	4.2	—	4.2
Cost of funds	(11.5)	(5.8)	—	(5.8)
Net income ("revenue")	204.3	160.1	—	160.1
Expected credit loss charge	(18.3)	(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)
Operating expenses	(165.7)	(148.1)	(2.6)	(150.7)
Profit/(loss) before tax from continuing operations	20.3	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:
 - i) 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.
 - ii) 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 2025	31 December 2024	Change	
	£m	£m		%
Continuing operations				
Salary costs	71.3	69.3		3
Less capitalised development spend ("CDS")	(8.8)	(9.0)		(2)
Salary costs net of CDS	62.5	60.3		4
Share-based payments	5.9	7.8		(24)
Total people costs	68.4	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.

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		
	Term Loans business £m	FlexiPay £m	Shorter-term loans £m	CBILS/ RLS/GGS co- investments £m	31 December 2025 Total £m	31 December 2024 Total £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)
Cash and net investments	102.9	56.2	26.0	16.0	201.1	210.8
Other assets	65.7	—	—	—	65.7	45.3
Other liabilities	(34.7)	—	—	(3.7)	(38.4)	(39.6)
Equity	133.9	56.2	26.0	12.3	228.4	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 ¹	12	18
2. Shorter-term loans ¹	26	—
3. Other	—	2
Net invested	38	20
FlexiPay ¹	56	34
Total net invested capital	94	54

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

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

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 balance sheet post sale impact ¹ £m	31 December 2025 £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)
Cash and net investments	201.1	201.1
Other assets	65.7	65.7
Other liabilities	(38.4)	(38.4)
Equity	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.

Principal risks and uncertainties

The principal risks and uncertainties for the Group are as follows:

Strategic risk
Strategic risk is defined as the failure to plan or build a sustainable, diversified and profitable business.
<i>i) Strategy execution</i> 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.
<i>ii) Environmental, social and governance risk</i> Environment, social and/or governance events or circumstances could cause an actual or potential material negative impact on our financial performance or reputation.
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.
<i>i) Funding risk</i> Risk that demand from borrowers for credit cannot be met by institutional investors providing the funding. 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.
<i>ii) Corporate liquidity</i> 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.
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.
<i>i) Conduct risk</i> Failure to satisfactorily deliver fair customer outcomes leading to regulatory censure, and reputation damage.
<i>ii) Regulatory risk</i> 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.
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.
<i>i) Process risk</i> 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. 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.
<i>ii) Financial crime</i> 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.
<i>a) Fraud Risk</i> 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.
<i>iii) Change Risk</i> 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.
<i>iv) People Risk</i> 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.

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.

i) Credit risk

a) Borrower acquisition

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..

b) Portfolio management

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. 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.

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.

i) Technology resilience

Failure of the technology platform could have a material adverse impact on our business, results of operations, financial condition or prospects.

ii) Cybersecurity

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.

Emerging Risks

i) New technology risk

Including AI and cybersecurity

ii) Economic and geopolitical risks

Including financial instability, disruptions in trade and supply chains and political and social fragmentation.

iii) Exogenous risks

Including climate related risks/ global shocks (pandemics, wars, etc.)

Consolidated statement of comprehensive income

for the year ended 31 December 2025

		31 December 2025	31 December 2024 Before exceptional items	31 December 2024 Exceptional Items ¹	31 December 2024
	Note	£m	£m	£m	£m
Transaction fees		107.0	85.3	—	85.3
Servicing fees		35.9	37.5	—	37.5
Interest income ²		50.2	30.9	—	30.9
Other fees		5.1	5.2	—	5.2
Operating income		198.2	158.9	—	158.9
Investment income		24.3	2.8	—	2.8
Total income		222.5	161.7	—	161.7
Fair value (losses)/gains		(6.7)	4.2	—	4.2
Cost of funds		(11.5)	(5.8)	—	(5.8)
Net income³	5	204.3	160.1	—	160.1
Expected credit loss charge	3, 14, 15, 17	(18.3)	(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	(11.1)	(13.2)	(0.3)	(13.5)
Other costs	6	(24.2)	(21.2)	—	(21.2)
Operating expenses	6	(165.7)	(148.1)	(2.6)	(150.7)
Profit/(loss) before taxation	5	20.3	3.4	(2.6)	0.8
Income tax credit/(charge)	8	25.7	(0.5)	—	(0.5)
Profit/(loss) for the year from continuing operations		46.0	2.9	(2.6)	0.3
(Loss)/profit for the year from discontinued operations		—	(10.2)	18.5	8.3
Profit/(loss) for the year		46.0	(7.3)	15.9	8.6
Other comprehensive expense					
Items that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations – discontinued operations		—	(0.2)	(8.7)	(8.9)
Total comprehensive income/(expense) for the year		46.0	(7.5)	7.2	(0.3)
Total comprehensive income/(expense) attributable to:					
Owners of the Parent					
Income/(expense) from continuing operations		46.0	2.9	(2.6)	0.3
(Expense)/income from discontinued operations		—	(10.4)	9.8	(0.6)
Total comprehensive income/(expense) attributable to the owners of the Parent		46.0	(7.5)	7.2	(0.3)
Earnings per share					
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	9	—	(3.0)p		2.4p
Diluted (loss)/earnings per share from discontinued operations	9	—	(3.0)p		2.2p
Basic total earnings/(loss) per share	9	14.6p	(2.1)p		2.5p
Diluted total earnings/(loss) per share from all operations	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 form part of these financial statements.

Consolidated balance sheet

as at 31 December 2025

		31 December 2025	31 December 2024
	Note	£m	£m
Non-current assets			
Intangible assets	10	21.3	21.2
Property, plant and equipment		7.9	9.6
Investment in associates		—	0.6
Investment in trusts and co-investments	11, 15	11.9	17.8
Deferred tax asset	8	26.1	—
SME loans held at amortised cost	11, 15	1.2	1.4
		68.4	50.6
Current assets			
SME loans held at amortised cost	11, 15	0.9	0.7
SME loans held at fair value through profit and loss	11, 15	120.8	1.2
Lines of credit	11, 15	172.9	97.1
Trade and other receivables	12	20.5	20.8
Cash and cash equivalents	16	152.4	187.6
		467.5	307.4
Total assets		535.9	358.0
Current liabilities			
Trade and other payables	13	30.8	27.8
Bank borrowings	15, 16	267.3	101.9
Short-term provisions and other liabilities	14, 17	2.5	3.6
Lease liabilities	16	1.8	1.8
		302.4	135.1
Non-current liabilities			
Long-term provisions and other liabilities	14	0.6	0.6
Lease liabilities	16	4.5	5.8
Total liabilities		307.5	141.5
Equity			
Share capital		0.3	0.3
Share premium account		0.5	0.1
Foreign exchange reserve		5.3	5.3
Share options reserve		21.1	20.6
Retained earnings		201.2	190.2
Total equity		228.4	216.5
Total equity and liabilities		535.9	358.0

The financial statements were approved by the Board and authorised for issue on 05 March 2026. They were signed on behalf of the Board by:

Tony Nicol

Director

Company registration number 07123934

The notes form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Note	Share capital £m	Share premium account £m	Foreign exchange reserve £m	Share options reserve £m	Retained earnings/ (accumulated losses) £m	Total equity £m
Balance at 1 January 2024		0.4	293.1	14.2	24.0	(84.9)	246.8
Profit for the year		—	—	—	—	8.6	8.6
Other comprehensive expense							
Exchange differences on translation of foreign operations		—	—	(8.9)	—	—	(8.9)
Total comprehensive (expense)/income		—	—	(8.9)	—	8.6	(0.3)
Transactions with owners							
Transfer of share option costs		—	—	—	(6.6)	6.6	—
Buyback of own shares	2	(0.1)	—	—	—	(33.6)	(33.7)
Capital reduction	2	—	(293.5)	—	—	293.5	—
Issue of share capital/exercise of share options		—	0.5	—	—	—	0.5
Employee share schemes – value of employee services		—	—	—	3.2	—	3.2
Balance at 31 December 2024		0.3	0.1	5.3	20.6	190.2	216.5
Profit for the year		—	—	—	—	46.0	46.0
Other comprehensive income							
Exchange differences on translation of foreign operations		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	46.0	46.0
Transactions with owners							
Transfer of share option costs		—	—	—	(4.2)	4.2	—
Buyback of own shares	2	—	—	—	—	(30.6)	(30.6)
Purchase of own shares by Employee Benefit Trust (“EBT”)	2	—	—	—	—	(8.6)	(8.6)
Issue of share capital/exercise of share options		—	0.4	—	—	—	0.4
Employee share schemes – value of employee services		—	—	—	4.7	—	4.7
Balance at 31 December 2025		0.3	0.5	5.3	21.1	201.2	228.4

The notes form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2025

		31 December 2025	31 December 2024
	Note	£m	£m
Net cash outflow from operating activities	16	(33.8)	(67.4)
Investing activities			
Purchase of intangible assets	10	(8.9)	(9.0)
Purchase of property, plant and equipment		(0.6)	(2.9)
Originations/purchase of SME loans held at amortised cost	15	(2.4)	(0.2)
Proceeds from sale of SME loans held at amortised cost	15	0.7	—
Cash receipts from SME loans held at amortised cost	15	1.9	3.0
Originations/purchase of SME loans held at fair value through profit and loss	15	(180.6)	—
Cash receipts from SME loans held at fair value through profit and loss	15	51.8	13.5
Proceeds from sale of SME loans held at fair value through profit and loss	15	3.9	—
Investment in trusts and co-investments	15	(0.8)	(4.1)
Cash receipts from investments in trusts and co-investments	15	8.2	14.6
Redemption in associates		0.6	0.9
Proceeds from sale of subsidiary	4	—	32.6
Direct costs of selling subsidiary		—	(2.0)
Cash disposed of on sale of subsidiary	4	—	(23.1)
Net cash (outflow)/inflow from investing activities		(126.2)	23.3
Financing activities			
Proceeds from bank borrowings	16	176.8	52.6
Repayment of bank borrowings	16	(11.4)	(6.0)
Proceeds from the exercise of share options		0.4	0.5
Purchase of own shares by EBT	2	(8.6)	—
Buyback of own shares	2	(30.6)	(33.7)
Proceeds from subleases		—	0.4
Payment of lease liabilities	16	(1.9)	(3.6)
Net cash inflow from financing activities		124.7	10.2
Net decrease in cash and cash equivalents		(35.3)	(33.9)
Cash and cash equivalents at the beginning of the year		187.6	221.4
Effect of foreign exchange rate changes		0.1	0.1
Cash and cash equivalents at the end of the year	16	152.4	187.6

The notes form part of these financial statements.

Cash flows from discontinued operations are not shown above.

Notes forming part of the consolidated financial statements

for the year ended 31 December 2025

1. Basis of accounting

The consolidated financial statements are prepared under the historical cost basis except for certain financial instruments that are carried at fair value through profit and loss ("FVTPL").

2. Basis of preparation

The financial statements included in this preliminary announcement have been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority, and the principles of UK-adopted international accounting standards, but do not comply with the full disclosure requirements of these standards. The financial information for the year ended 31 December 2024 is derived from the statutory financial statements for that year which have been delivered to the Registrar of Companies. The auditor reported on those financial statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The financial information contained in this announcement does not constitute the statutory financial statements of the Group as at and for the year ended 31 December 2025, but is derived from those financial statements, which have been prepared in accordance with UK-adopted international accounting standards. The financial statements themselves have been approved by the Board of Directors and reported on by the auditor and will be delivered to the Registrar of Companies in due course.

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 until December 2025 when we expect to sell the assets and switch to operating under a platform model;
- costs are controlled with any growth driven by marketing, expected credit losses ("ECL") and cost of funds. Remaining costs grow but predominantly through inflation. Strict control of headcount, with limited increases;
- the current share buyback programme concludes in April 2026 with no additional buyback or dividend assumed; and
- corporation tax begins to be paid 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, loans under management resulting in reduced servicing fees;
- a downside scenario applied to the on-balance sheet lines of credit results in reduced net interest margins with higher cost of funds; and
- an operational event occurs, such as impacts on critical suppliers and lower corporate cash levels resulting in lost revenues and cash outlays.

The severe but plausible downside scenario results in a 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.

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 condensed 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 18.

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. The UK business is in, and is forecast to remain in, a taxable profit making position, and as a result past losses are anticipated to be utilised against these taxable profits resulting in the recognition of a deferred tax asset. There remains risk and uncertainty as to the amount and timing of forecast taxable profits and so the future profits are probability weighted in the calculation of the deferred tax asset. 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. The recognition of the deferred tax asset has not been classified as an exceptional item; however, to highlight the impact of first time recognition of the asset we have added a disclosure of earnings per share excluding the recognition of deferred tax in note 9.

3. 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 15).

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 by usage of its own capital. Judgement is required to determine whether these loans should be recognised on the Group's balance sheet. Where the Group, its subsidiaries or SPVs which it consolidates have legal and beneficial ownership to the title of those SME loans, they are recognised on the Group's balance sheet. Where this is not the case, the loans are not recognised at the point of origination.

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 14, 15 and 17)

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		Average PD %	ECL £	Change in	Change in ECL
		scenario	scenario			average PD	
						blended scenario	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.

SME loans held at fair value through profit and loss (note 15)

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 £m	Unobservable input	Inputs	Relationship of 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 £m	Unobservable input	Inputs	Relationship of 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 18, 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 of deferred tax asset value (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.

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 below which were treated as exceptional items related to discontinued operations.

	31 December 2024 £m
Consideration received:	
Cash consideration at prevailing exchange rate	32.6
Net assets disposed on (including cash and cash equivalents of £23.1 million)	(22.2)
Gross gain on sale	10.4
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)
Gain on sale	9.8
Reclassification of foreign currency translation reserve	8.7
Total gain as a result of disposal after reclassification of foreign currency translation reserve	18.5

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.

	31 December 2025			31 December 2024 ¹		
	Continuing operations			Continuing operations		
	Term Loans £m	FlexiPay £m	Total £m	Term Loans £m	FlexiPay £m	Total £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
Total income	176.6	45.9	222.5	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)
Net income ("revenue")	167.4	36.9	204.3	142.6	17.5	160.1

Profit/(loss) before tax	32.2	(11.9)	20.3	16.7	(15.9)	0.8
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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.

6. Operating expenses

		31 December 2025	Before exceptional items	Exceptional items ¹	31 December 2024
	Note	£m	£m	£m	£m
Continuing operations					
Depreciation		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		—	(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
Total operating expenses from continuing operations		165.7	148.1	2.6	150.7

1. See note 4 for details on exceptional items.

7. Employees

The average monthly number of employees (including Directors) during the year was:

	2025 Number	2024 Number
Continuing operations		
Term Loans	600	628
FlexiPay	83	88
Other	2	5
Total continuing operations	685	721
Discontinued operations¹		
US	—	106
Total discontinued operations	—	106
Total	685	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 US¹.

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 2025	31 December 2024		Total £m
	Total £m	Before exceptional items ¹ £m	Exceptional items ¹ £m	
Continuing operations				
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
	72.5	72.2	2.3	74.5
Contractor costs	4.7	4.9	—	4.9
Less: capitalised development costs	(8.8)	(9.0)	—	(9.0)
Employment costs net of capitalised development costs	68.4	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 2025 £m	31 December 2024 £m
Current tax		
Continuing operations		
UK		
Current tax on profits/(losses) for the year	0.4	0.5
	0.4	0.5
Total current tax charge from continuing operations	0.4	0.5
Discontinued operations		
US		
Current tax on (losses)/profits for the year	—	0.1
Total current tax charge from discontinued operations	—	0.1
Total current tax charge	0.4	0.6
Deferred tax		
Continuing operations		
UK		
Deferred tax on profits/(losses) for the year	(26.1)	—
	(26.1)	—
Total deferred tax credit from continuing operations	(26.1)	—
Total deferred tax credit	(26.1)	—
Total tax (credit)/charge	(25.7)	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.

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 2025 £m	31 December 2024 £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)
Total tax (credit)/charge	(25.7)	0.6
Total tax (credit)/charge from continuing operations	(25.7)	0.5
Total tax charge from discontinued operations	—	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 2025 £m	31 December 2024 £m
Carry forward losses (UK)	23.6	—
RDEC Step 2 credits	2.5	—
Recognised deferred tax	26.1	—

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.

The judgements and assumptions used in the estimated recognition of the deferred tax asset are disclosed within note 3. 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

	31 December 2025 £m	31 December 2024 £m
Property, plant and equipment	8.5	6.9
Carry forward losses	34.5	125.0
Deferred stock options	22.7	22.5
RDEC Step 2 credits	—	8.0
Other	0.6	0.2
Unrecognised deferred tax¹	66.3	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:

	31 December 2025 Total £m	31 December 2024 Total £m	31 December 2024 Before exceptional items £m
Earnings per share from continuing operations			
Profit for the year from continuing operations	46.0	0.3	2.9
Basic weighted average number of ordinary shares in issue (million)	314.6	342.4	342.4
Basic earnings per share from continuing operations	14.6p	0.1p	0.8p
Profit for the year from continuing operations	46.0	0.3	2.9
Diluted weighted average number of ordinary shares in issue (million)	328.6	382.2	382.2
Diluted earnings per share from continuing operations	14.0p	0.1p	0.8p

	31 December 2025 Total £m	31 December 2024 Total £m	31 December 2024 Before exceptional items £m
Earnings/(loss) per share from discontinued operations			
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 2025	31 December 2024	31 December 2024 Before exceptional items
	Total	Total	
	£m	£m	£m
Earnings/(loss) per share from all operations			
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 2025	31 December 2024
	Adjusted Total	Before exceptional items Total
	£m	£m
Adjusted earnings per share from continuing operations		
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 earnings per share from continuing operations	6.1p	0.8p

10. Intangible assets

	Capitalised development costs £m	Computer software £m	Other intangibles £m	Total £m
Cost				
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	—	—	—	—
At 31 December 2025	55.7	0.2	1.2	57.1
Accumulated amortisation				
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)
At 31 December 2025	34.5	0.1	1.2	35.8
Carrying amount				
At 31 December 2025	21.2	0.1	—	21.3
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.

11. SME loans and lines of credit

	31 December 2025 £m	31 December 2024 £m
Non-current		
SME loans – amortised cost	1.2	1.4
Investment in trusts and co-investments – FVTPL	11.9	17.8
Total non-current	13.1	19.2
Current		
SME loans – amortised cost	0.9	0.7
Lines of credit – amortised cost ¹	172.9	97.1
SME loans – FVTPL	120.8	1.2
Total current	294.6	99.0
Total	307.7	118.2

1. Included in lines of credit is £24.0 million (2024: £7.2 million) related to Cashback card balances net of ECL impairment.

12. Trade and other receivables

	31 December 2025 £m	31 December 2024 £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
Current trade and other receivables	20.5	20.8

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.

13. Trade and other payables

	31 December 2025 £m	31 December 2024 £m
Trade payables	0.8	1.8
Other taxes and social security costs	7.5	7.0
Other creditors ¹	5.9	6.5
Accruals and deferred income	16.6	12.5
	30.8	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.

14. Provisions and other liabilities

	Dilapidation £m	Loan repurchase £m	Restructuring ¹ £m	ECL on undrawn lines of credit and other ² £m	Total £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)
At 31 December 2025	0.6	—	—	2.5	3.1

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 15 and 17.

	31 December 2025 £m	31 December 2024 £m
Current provisions and other liabilities	2.5	3.6
Non-current provisions and other liabilities	0.6	0.6
	3.1	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.

15. 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 £m	Amortised cost £m	Total £m	Fair value through profit and loss £m	Amortised cost £m	Total £m
Assets						
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 ¹	0.3	11.8	12.1	0.6	10.7	11.3
Cash and cash equivalents ¹	84.8	67.6	152.4	136.3	51.3	187.6
	217.8	254.4	472.2	155.9	161.2	317.1
Liabilities						
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)
	—	(280.3)	(280.3)	—	(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.

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)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
	£m	£m	£m	£m	£m	£m
Financial assets						
SME loans held at fair value through profit and loss	—	—	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 3 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.

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 have been paid down. The repayment of senior debt and the passage of time has additionally led to fair value gains, as a result of the discount unwind, as projected future cash flows of the investments which tend to be backloaded in the structure become nearer in time to the balance sheet date. This, in turn, has led to a higher relative estimation of fair value in the period.

The 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 3.

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 held at fair value through profit and loss £m	Investment in trusts and co-investments £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
Accrual of interest	2.9	—
Additions	180.6	0.8
Repayments	(51.8)	(8.2)
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)	—
Balance at 31 December 2025	120.8	11.9

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 2025 £m	31 December 2024 £m
Non-current		
SME loans held at amortised cost	1.2	1.4
Investment in trusts and co-investments	11.9	17.8
Current		
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
Total gross credit risk exposure	472.2	317.1
Less bank borrowings ¹	(267.3)	(101.9)
Total net credit risk exposure	204.9	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.

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.

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 utilises the same default definition and probability of default under IFRS 9; however, they are assessed based on 12-month probability of default at the overall available line of credit level, estimating the expected utilisation of the line of credit at the estimated point of default. The expected credit loss impairment associated with undrawn lines of credit is disclosed within other liabilities in note 14.</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 14 and 17.

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.

Reconciliation of opening to closing gross carrying amounts	Stage 1	Stage 2	Stage 3	POCI	Total
	Performing	Underperforming	Non-performing		
	£m	£m	£m	£m	£m
At 1 January 2024	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)
At 31 December 2024	99.1	3.2	10.4	8.6	121.3
New lending and purchased assets	778.6	0.8	—	0.9	780.3
Exchange differences	—	—	—	0.3	0.3
Change in SICR definition	(7.2)	7.2	—	—	—
Loans transferred between stages	(25.9)	15.1	10.8	—	—
Sale of loans	—	—	—	(4.6)	(4.6)
Loans repaid	(680.0)	(3.4)	(0.4)	(0.3)	(684.1)
Written off loans	—	—	(0.4)	(3.7)	(4.1)
At 31 December 2025	164.6	22.9	20.4	1.2	209.1

	Stage 1	Stage 2	Stage 3	POCI:	Total
	Performing: 12-month ECL	Underperforming: Lifetime ECL	Non-performing: Lifetime ECL	Lifetime ECL	
	£m	£m	£m	£m	£m
Reconciliation of opening to closing ECL					
At 1 January 2024	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)
At 31 December 2024	2.8	1.4	9.4	8.5	22.1
Impairment against new lending and purchased assets	21.7	—	—	0.6	22.3
Exchange differences	—	—	—	0.3	0.3
Change in SICR definition	(0.2)	3.3	—	—	3.1
Impairment against loans transferred between stages	(0.7)	6.9	8.5	—	14.7
Loans repaid	(19.1)	(1.5)	(0.3)	(0.2)	(21.1)
Impairment provision derecognised related to written off loans	—	—	(0.3)	(3.8)	(4.1)
Sale of loans	—	—	—	(4.6)	(4.6)
Change in probability of default or loss given default assumptions	3.6	(5.3)	2.9	0.2	1.4
At 31 December 2025	8.1	4.8	20.2	1.0	34.1

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).

	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
At 31 December 2024					
Stage 1 – Performing	2.8	12-month ECL	99.1	(2.8)	96.3
Stage 2 – Underperforming	43.8	Lifetime ECL	3.2	(1.4)	1.8
Stage 3 – Non-performing	90.4	Lifetime ECL	10.4	(9.4)	1.0
POCI	98.8	Lifetime ECL	8.6	(8.5)	0.1
		Total	121.3	(22.1)	99.2

At 31 December 2025					
Stage 1 – Performing	4.9	12-month ECL	164.6	(8.1)	156.5
Stage 2 – Underperforming	21.0	Lifetime ECL	22.9	(4.8)	18.1
Stage 3 – Non-performing	99.0	Lifetime ECL	20.4	(20.2)	0.2
POCI	83.3	Lifetime ECL	1.2	(1.0)	0.2
		Total	209.1	(34.1)	175.0

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
At 31 December 2024					
Stage 1 – Performing	2.8	12-month ECL	97.0	(2.7)	94.3
Stage 2 – Underperforming	43.8	Lifetime ECL	3.2	(1.4)	1.8
Stage 3 – Non-performing	89.8	Lifetime ECL	9.8	(8.8)	1.0
POCI	—	Lifetime ECL	—	—	—
		Total	110.0	(12.9)	97.1

At 31 December 2025					
Stage 1 – Performing	4.9	12-month ECL	162.6	(8.0)	154.6
Stage 2 – Underperforming	21.0	Lifetime ECL	22.9	(4.8)	18.1
Stage 3 – Non-performing	99.0	Lifetime ECL	19.6	(19.4)	0.2
POCI	—	Lifetime ECL	—	—	—
		Total	205.1	(32.2)	172.9

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

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

Key changes to macro scenarios used in 2025

UK-specific forecast data is obtained from a third party economics provider. A number of data points were obtained and considered by Funding Circle including GDP, real estate prices, risk-free rates, 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 %	2027 %	2028 %	2029 %	2030 %
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 31 December 2025 %	Probability weighting applied at 31 December 2024 %
Base case	70	60
Upside	15	10
Downside	15	30

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

16. Notes to the consolidated statement of cash flows

Cash outflow from operating activities

	31 December 2025 £m	31 December 2024 £m
Profit before taxation		
Continuing operations	20.3	0.8
Discontinued operations	—	8.4
Total operations	20.3	9.2
Adjustments for:		
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)
Changes in working capital		
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
Net cash outflow from operating activities	(33.8)	(67.4)

Cash and cash equivalents

	31 December 2025 £m	31 December 2024 £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).

Analysis of changes in liabilities from financing activities

	1 January 2024 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	Derecognition of liabilities related to discontinued operations £m	31 December 2024 £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)
Liabilities from financing activities	(69.5)	(43.0)	(0.3)	(5.8)	9.1	(109.5)

	1 January 2025 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	Derecognition of liabilities related to discontinued operations £m	31 December 2025 £m
Bank borrowings	(101.9)	(165.4)	—	—	—	(267.3)
Lease liabilities	(7.6)	1.9	—	(0.6)	—	(6.3)
Liabilities from financing activities	(109.5)	(163.5)	—	(0.6)	—	(273.6)

17. 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.

18. 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.