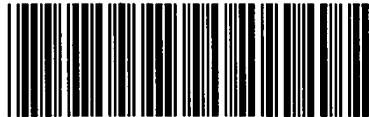


Company registration number 06113307 (England and Wales)

EVOLUTION LENDING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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EVOLUTION LENDING LIMITED

COMPANY INFORMATION

Directors	S Brilus M Montgomery B Guvenc K Pender S Daly
Company number	06113307
Registered office	9 Portland Street Manchester M1 3BE
Auditor	Deloitte LLP 1 City Square Leeds LS1 2AL
Bankers	NatWest PLC 250 Bishopsgate London EC2M 4AA

EVOLUTION LENDING LIMITED

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EVOLUTION LENDING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present the strategic report for the year ended 31 March 2025.

Principal activities

The principal activity of the Company is the provision of secured loans to UK homeowners who face challenges accessing high street credit. There is a continuing opportunity to offer appropriate lending solutions to customers requiring loans but who are unable to access credit either due to past credit impairment or complex credit circumstances. The Company provides financial inclusion by offering bespoke financial solutions to customers.

Business Review

The audited financial statements for the year ended 31 March 2025 are set out on pages 13 to 26.

Business activity is funded using a special purpose vehicle, Evo Sec Funding 22 Ltd, which holds debt via a private warehouse providing an asset backed loan facility to the Company. The Company sells receivables into the SPV for cash but substantially retains all the risks and rewards of the assets sold. The underlying receivables are therefore not derecognised and a deemed loan liability is held on the balance sheet of the Company to reflect the substance of the arrangement. The Company generated turnover of £48.72m (March 2024: £40.64m) and reported an operating profit of £34.17m (March 2024: £26.72m).

Evolution Lending Limited's strategy focuses on delivering good consumer outcomes whilst growing loan receivables, ensuring sustainable operating profits. This will be achieved by continuing to focus on offering a competitive range of products tailored to customers based on a detailed understanding of their financial circumstances. A key element of this strategy is to continue maintaining a market-leading customer service experience based upon clear communication and personalised guidance, as well as commitment to supporting vulnerable customers by offering appropriate forbearance measures to help them manage their financial challenges.

The Company has always been committed to the adherence of best practice and throughout the accounting period the Company continued to review its operating procedures and structures to ensure that it meets the high standards required by the Financial Conduct Authority ("FCA"). In particular it ensures that it is compliant with the Consumer Duty, putting good customer outcomes at the heart of its business.

Key Performance Indicators

The Company measures performance against several key financial and non-financial indicators, including new loan originations, profitability, and loan book size.

New business volumes increased compared to the previous year, with the average loan advance also increasing as the concentration of a new secured product range continued to scale.

The 17% increase in income was supported by the expansion of the loan book. This increase in income, despite the higher funding costs, has resulted in a 17% growth in profitability for the financial year.

The Company's profit before tax increased by 46% from £5.0m in the year to March 2024, to £7.3m in the year to March 2025.

	2025	2024
New Business Volumes	4,412	3,126
Loan Book £'000	269,894	207,291
Average Advance £'000	27	23
Income £'000	48,729	40,635
Cost to Income	29.87%	36.00%
Profit after tax £'000	5,446	4,667

EVOLUTION LENDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Social Responsibility

The Company is dedicated to promoting financial inclusion for UK homeowners underserved by mainstream lenders. Every aspect of the Company's activities is conducted with a commitment to social and environmental sustainability.

Evolution Lending Limited is committed to delivering value to its customers in a manner that is both socially and environmentally acceptable and sustainable.

The Company is a subsidiary of Evolution Money Group Limited (the "Group"). Likewise, the Group adheres to a socially responsible approach to employment policies, fostering an inclusive and supportive work environment. Family-friendly working arrangements are introduced wherever possible, demonstrating a commitment to a healthy work-life balance. The Group's comprehensive policy ensures that all employment applications are considered fairly. It also emphasises the importance of professional growth by providing access to extensive training programmes, career development pathways, and promotion opportunities. Employees are encouraged to enhance their skills and advance their careers within the Company.

The Company is dedicated to supporting local initiatives and charities in the Manchester area. It partners with local organisations to provide financial assistance, volunteer support, and resources for community projects. By fostering strong relationships with community leaders and residents, the Company ensures its contributions make a tangible and positive impact, reinforcing its role as a pillar of support and goodwill within the Manchester area.

Principal Risks & Uncertainties

The Company's financial instruments, other than short term debtors and creditors, comprise cash balances and secured loan facilities. In July 2022, the Company successfully refinanced its existing facilities into a 2-year warehouse facility (private securitisation), increasing the overall access to funding to a maximum of £280m. This facility was further refinanced and extended in May 2024, increasing the limit to £285 million with an additional extension in May 2025 to £400 million. The facility has a final maturity date of May 2029.

The main risks to the Company and the policies adopted by the Directors to minimise their effects on the Company, are as follows:

Interest rate and liquidity risk

Liquidity risk is diligently managed by the Company's treasury function, which strategically draws down cash available under the Company's secured loan facility. This balanced approach ensures optimal access to working capital while minimising borrowing costs.

The Directors maintain continuous oversight of the available loan facility and the Group's working capital needs. The interest rate risk, associated with the Company's debt facilities is mitigated by offering variable-rate products to customers, aligning both income and costs with Sterling Overnight Index Average (SONIA), thereby minimising exposure.

There has been no change to the anticipated risk since the prior year.

Credit Risk

Evolution Lending Limited has strong and effective control over credit risk whilst growing the customer base. It has robust underwriting and collection processes which minimise the risk of delinquency and arrears, including forbearance where a customer demonstrates that they are unable to maintain full contractual repayments.

The Company collaborates with external credit risk agencies to monitor the portfolio and produce reports reflecting the prevailing economic conditions. Recent stress test analysis demonstrates that even under extreme inflation and interest rate shock scenarios, most customers maintain a positive disposable income position, reinforcing the strength and resilience of the Company's underwriting practices.

There has been no change to the anticipated risk since the prior year.

EVOLUTION LENDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Regulatory and taxation risk

The Directors continuously monitor the external environment and adapt business practices to ensure that such risks are effectively managed, and that the Company remains fully compliant with all relevant laws and regulations.

The Company is committed to upholding the highest standards of customer care, engaging external advisors to ensure adherence to Customer Duty principles. No significant findings have been raised.

Operational risk

The Company employs robust internal processes and frequent audits to mitigate operational risks. Comprehensive policies, procedures, and controls are in place to proactively identify and address any risks. Cybersecurity threats, such as data breaches, ransomware, and phishing attacks, are countered with rigorous cybersecurity measures, regular security audits, and a detailed incident response plan. By proactively identifying and managing these risks, the Company aims to ensure financial stability and operational resilience, thereby safeguarding the interests of its stakeholders and maintaining a strong, sustainable growth trajectory.

Section 172 Statement

Under Section 172 (i) of the Companies Act 2006, the directors of Evolution Money Group are required to outline how they consider and engage a broad range of stakeholders as part of their strategy.

Key stakeholders are an integral consideration in all major strategic decisions within the business, and the directors have engendered a culture amongst all employees that promotes the inclusion of their viewpoint in day-to-day decisions.

The engagement of key stakeholders is outlined in the following section.

Customers

At the heart of Evolution's business is its customer base, and their needs are at the centre of the operation. Guided by a regulatory framework, significant efforts are made to ensure the business has a product and service that meets the requirements of its target market. Some examples of customer engagement can be found below

- **Regular surveys:** Customers are regularly surveyed, and findings shared with the wider business to promote best practice and identify areas for improvement.
- **Effective communication:** The business ensures customers have all the information they need to make a financial decision and, once onboarded, can be in contact with ease via several channels. The comprehensive underwriting process means a member of the Evolution team considers the customer at all points, and this is fortified by a quality review process.
- **Social Financing Framework:** See "Environmental, Social and Governance" in the Directors' Report.

Community and Environment

Evolution thoroughly considers the impact of its activities in all respects, striving to deliver value to its customers in a socially and environmentally sustainable manner. The Company is committed to ensuring its operations are both socially and environmentally responsible. Examples of engagement can be found below:-

- **Volunteering days:** Each Evolution employee provides at least one day of volunteering for a local community organisation, and can take an additional paid day to volunteer for a cause of their choosing.
- **Supporting of charities:** The business supports several local charities chosen to fit with the values of the business and help causes in the local community. This support is through monetary donations and ad hoc volunteering days outside of the initiative outlined above.
- **Supplier selection:** New supplier procurement policy incorporates a business' proximity to head office and considers whether their ESG policies are aligned with the values of Evolution.
- **Social Financing Framework:** See "Environmental, Social and Governance" in the Directors' Report.

EVOLUTION LENDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Employees

Evolution Lending Limited has no employees, but its sister company Evolution Money Limited had a diverse team of 166 employees at the balance sheet date, who have access to regular training to enable career development and to ensure a best in class service is delivered to its customers. The business offers maternity, paternity and sickness pay above the statutory minimum for all employees, and it holds a Level 1 Disability Confident status. Engagement with employees can be seen in the examples below

- **Employee surveys:** The business regularly surveys its workforce to capture opinions on various matters, shaping its people strategy for the benefit of both the business and its employees. It also surveys the team on diversity, to ensure its recruitment strategy is enabling opportunities from a range of backgrounds
- **Regular performance appraisals:** All team members have regular one to one performance appraisals with line managers to ensure any training needs are addressed and to help employees achieve their career ambitions.
- **Annual conference:** Business strategy, an update on performance and feedback from team members are discussed at an annual all-employee event.
- **Training programmes:** These ensure team members are suitably qualified from a regulatory perspective and provide personal growth and development. The business also supports employees who wish to pursue a professional qualification relevant to their role.
- **Social Financing Framework:** See "Environmental, Social and Governance" in the Directors' Report.

Regulators

The business promotes a culture of high standards for compliance and conduct with the FCA and adheres to all regulation it is required to as a core part of its business model. Engagement is maintained via:-

- **Horizon scanning:** Directors and senior management keep abreast of changes to the regulatory environment to allow for quick adoption of any change relevant to the operation. This is ensured through professional advice, attendance at seminars, dialogue with industry bodies and direct communication with the FCA

Lenders

The financial institutions that invest in Evolution Money Group are key stakeholders and are a key part of the continued growth of the operation. The directors consider the relationships with lenders essential for the success of the business. Post year end, a refinance of the existing facilities was completed with incumbent lenders – this process required close engagement between directors and the facility providers. In addition, director engagement took the following forms:-

Shareholders

The principal shareholder of the business is not actively involved in its management, however regular dialogue is maintained with the directors to communicate performance and agree strategic direction.

Approved by the Board of Directors and signed on behalf of the Board



B Guvenc
Director

24 July 2025

EVOLUTION LENDING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present their annual report and financial statements for the year ended 31 March 2025.

Results and dividends

The results for the year are set out on page 13.

Ordinary dividends were paid amounting to £11,600,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Brilus
M Montgomery
B Guvenc
K Pender
S Daly

Directors' insurance

The Company and Group have made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Financial instruments

Information about the use of financial instruments by the Company is given in note 12

Future developments

The directors have adjusted new business forecasts to reflect a conservative estimate of the increased opportunity seen from the tightening of high street lending criteria.

The Company observes a good level of opportunity in a benign economic environment; however, the recent *Geopolitical uncertainty has impacted economic stability and the risk appetite of many financial institutions*. Given that Evolution offers a much more granular assessment of affordability and wider underwriting considerations, the Company has already helped more customers access credit by promoting financial inclusion, and the Directors expect this to continue for the foreseeable future.

The Group has strong levels of liquidity, supportive funding partners, a scalable platform and diversified routes to market, and is therefore very well positioned in the marketplace to continue creating financial inclusion by providing bespoke lending solutions to UK homeowners.

The Group will continue to invest in technology to improve services for both new and existing customers, with significant investment made in the year on improving the digital customer journey. This will improve customer outcomes and provide more opportunity for the Group.

EVOLUTION LENDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Energy and carbon report

Summary

UK energy use (in kilowatt-hours, kWh) and SECR-required carbon emissions (in tonnes of carbon dioxide equivalents, tCO₂e) of Evolution Money Group has decreased from the baseline year of 2021/22 to the current reporting year (2024/25) by 2.1% and 4.1% respectively. Normalised to turnover, UK energy intensity has decreased by 52.1% and SECR-required emissions intensity has decreased by 53.1% since the baseline year. Between 2023/24 and 2024/25, UK energy use and SECR-required emissions fell by 17.4% and 16.5% respectively and have decreased on an intensity-basis by 29.9% and 29.2%. Evolution Money Group has reduced premises electricity consumption by 27.5% between 2023/24 and 2024/25, and by 12.0% between 2024/25 and the baseline year.

As a services-based company, the majority of Evolution Money Group's emissions lie within its supply chains. Total Scope 1, 2 and upstream Scope 3 emissions have increased in absolute terms since the baseline year by 66.0%, but normalised to turnover Evolution Money Group's emissions intensity has decreased by 18.8%. Between 2023/24 and 2024/25, total Scope 1, 2 and upstream Scope 3 emissions rose by 5.8%, but decreased by 10.3% on an intensity basis.

	2025	2024
Energy consumption	kWh	kWh
Aggregate of energy consumption in the year		
Electricity purchased	90,764	117,901
Fuel consumed for transport	12,402	6,961
	<u>103,166</u>	<u>124,862</u>
	2025	2024
Emissions of CO₂ equivalent	metric tonnes	metric tonnes
Scope 1 - direct emissions		
Gas combustion	-	-
Fuel consumed for owned transport	-	-
Refrigerant leakages	-	35.03
	<u>-</u>	<u>35.03</u>
Scope 2 - indirect emissions		
Electricity purchased	18.79	24.41
	<u>18.79</u>	<u>24.41</u>
Scope 3 - other indirect emissions		
Purchased goods & services	727.93	789.47
Capital Goods	271.72	68.53
Fuel and energy-related activities	6.07	7.99
Upstream transportation & distribution	0.01	0.01
Waste generated in operations	0.22	0.32
Business travel	11.34	6.91
Employee commuting	75.69	118.43
	<u>1,092.97</u>	<u>991.69</u>
Total gross emissions	<u>1,111.76</u>	<u>1,051.13</u>

EVOLUTION LENDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Intensity ratio

Tonnes CO2e per £m Turnover	25.9	30.1
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Quantification and reporting methodology

The data has been compiled and developed in accordance with the 2019 UK Government environmental reporting guidance (see 1 below). The GHG Protocol – Corporate Accounting and Reporting Standard (see 2 below) methodology has been used to calculate energy use and greenhouse gas emissions.

All GHG emissions conversion factors used have been taken from the UK Government conversion factors for company reporting for the relevant year (see 3 below). The conversion factors for the net calorific value of transport fuels have been applied to fuels used in personal/hire cars on business. Electricity use by company electric vehicles was estimated from expenditure using the ZapMap Charging Price Index (see 4 below) for the period (assumed 50:50 Slow/Fast to Rapid/Ultra Rapid charger use). Where spend-based conversion has been utilised (principally in relation to Scope 3, Category 1), conversion factors for SIC codes have been taken from those published by the Department for Environment, Food & Rural Affairs alongside the Carbon footprint for the UK and England (see 5 below).

1. <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>
2. <https://ghgprotocol.org/corporate-standard>
3. <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>
4. <https://www.zap-map.com/ev-stats/charging-price-index>
5. <https://www.gov.uk/government/statistics/uks-carbon-footprint>

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m Turnover, the recommended ratio for the sector.

Energy efficiency action

In the current reporting year, Evolution Money Group has improved its overall energy efficiency through upgrading the lighting in the office, by changing the type of bulbs used. Previously the light fittings were 55W compact fluorescent lamps, and they have since been upgraded to 25W LED panels.

The air conditioning system has been reprogrammed to operate in the office only during working hours (i.e. not early mornings, evenings or weekends) and must now be manually switched on in meeting rooms.

As a result of the above changes, Evolution Money Group has seen a 27.5% reduction in premises electricity consumption between 2023/24 and 2024/25.

Statement of disclosure to auditor

A resolution for the reappointment of the auditor will be proposed at the next Annual General Meeting.

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

EVOLUTION LENDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Going Concern

Having considered the impact of the factors outlined below, including economic uncertainty and liquidity requirements, the Directors expect that the Company will continue to trade for a period of at least twelve months from the date of approval of the financial statements and will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

The Directors consider the following matters are relevant in reaching the conclusion that the Company will continue as a going concern for at least the next 12 months:

- £10.0m of Group cash balances as at 31 March 2025 of which £1.8m is instantly accessible to Evolution Lending Limited.
- Committed private securitisation warehouse with a final maturity date of May 2029 with access to total commitment of £400m.
- Stress testing built into budgets showing a profitable business with no cash required from shareholders.

Environmental, Social and Governance

Evolution Money Group has developed an ESG strategy underpinned by specific policies which include an *Environment Policy*, an *Environmental Purchasing Policy*, a *Corporate Travel Policy*, and a *Code of Ethics*. The Group continues to be Certified by Green Small Business and has undertaken its latest annual carbon audit in May 2025. A comprehensive review of suppliers has been undertaken to understand their own approach to ESG and Diversity.

The Group continues to support two local charities, Wood Street Mission who it supports financially and through direct activities, and Manchester Urban Diggers who it supports via employee volunteering days.

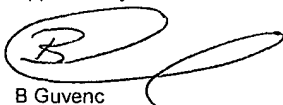
An impact report has been published which contains a balanced and comprehensive analysis of how the business is making a material positive effect on society and the environment, proportionate to its size and complexity. The report can be found here <https://www.evolutionmoney.co.uk/wp-content/uploads/2025/06/Impact-report.pdf>.

Since February 2024, Evolution Money has held the B Corp certification, recognising the Group for meeting high standards of social, environmental, corporate responsibility and performance. This certification underpins the Group's commitment to using business as a force for good, benefiting all stakeholders.

The Group finalised its Social Financing Framework in December 2024 and received external validation from Sustainable Fitch. The framework is another way Evolution Money Group can evidence the bringing of its purpose to life: creating financial inclusion by providing bespoke lending solutions to UK homeowners. The Framework demonstrates engagement across several stakeholders, namely customers, employees, regulators, community, environment and lenders. More details on stakeholder engagement can be found in the Section 172 Statement.

The Group remains dedicated to ethical lending, sustainability, and making a positive impact.

Approved by the Board of Directors and signed on behalf of the Board



B Guvenc
Director

24 July 2025

EVOLUTION LENDING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EVOLUTION LENDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVOLUTION LENDING LIMITED

Opinion

In our opinion the financial statements of Evolution Lending Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

EVOLUTION LENDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVOLUTION LENDING LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- We presume a risk of material misstatement due to fraud relating to loan loss provisioning, specifically in respect of the management overlay relating to the increased cost of living and borrowing experienced by the company's customers. To address the risk of fraud identified, we obtained an understanding of the relevant controls, we challenged the key assumptions within the loan impairment model including those underpinning managements uplift for the increased cost of living and borrowing, and we tested the completeness and accuracy of the relevant underlying loan data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

EVOLUTION LENDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVOLUTION LENDING LIMITED (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

George Williams

George Williams FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

24 July 2025

EVOLUTION LENDING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
Turnover	3	48,728,575	40,635,078
Administrative expenses		<u>(14,556,399)</u>	<u>(13,912,848)</u>
Operating profit		34,172,176	26,722,230
Interest payable and similar expenses	5	<u>(26,908,136)</u>	<u>(21,714,674)</u>
Profit before taxation		7,264,040	5,007,556
Tax on profit	7	<u>(1,817,564)</u>	<u>(340,109)</u>
Profit for the financial year		<u><u>5,446,476</u></u>	<u><u>4,667,447</u></u>

All results are derived from continuing operations.

There are no recognised gains and losses for the current or preceding financial year, other than as stated above.

There is no other comprehensive income for the current or preceding financial year, as such no statement of other comprehensive income has been presented.

The accompanying notes are an integral part of these financial statements.

EVOLUTION LENDING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Current assets					
Debtors falling due after more than one year	9	283,596,659		215,954,704	
Debtors falling due within one year	9	10,891,287		10,943,599	
Cash at bank and in hand		1,836,449		847,479	
		<u>296,324,395</u>		<u>227,745,782</u>	
Creditors: amounts falling due within one year	10	<u>(6,678,089)</u>		<u>(5,992,033)</u>	
Total assets less current liabilities		289,646,306		221,753,749	
Creditors: amounts falling due after more than one year	11	<u>(276,447,491)</u>		<u>(202,401,410)</u>	
Net assets		<u>13,198,815</u>		<u>19,352,339</u>	
Capital and reserves					
Share capital	13		10		10
Profit and loss account		<u>13,198,805</u>		<u>19,352,329</u>	
Total equity		<u>13,198,815</u>		<u>19,352,339</u>	

The financial statements were approved by the board of directors and authorised for issue on 24 July 2025 and are signed on its behalf by:



B Guvenc
Director

Company registration number 06113307 (England and Wales)

EVOLUTION LENDING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Creditors: Amounts falling due after more than one year £	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2023		2,718,714	10	14,684,882	17,403,606
Year ended 31 March 2024:					
Profit for the financial period		-	-	4,667,447	4,667,447
Repayment of intercompany loan notes		(2,718,714)	-	-	(2,718,714)
Balance at 31 March 2024		-	10	19,352,329	19,352,339
Year ended 31 March 2025:					
Profit for the financial period		-	-	5,446,476	5,446,476
Dividends	8	-	-	(11,600,000)	(11,600,000)
Balance at 31 March 2025		-	10	13,198,805	13,198,815

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Company information

Evolution Lending Limited is a private company limited by shares incorporated in England and Wales. The registered office is 9 Portland Street, Manchester, M1 3BE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Evolution Money Group Limited. These consolidated financial statements are available from its registered office, 9 Portland Street, Manchester. M1 3BE.

1.2 Going concern

As at 31 March 2025 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:-

- £10.0m of Group cash balances as at 31 March 2025 of which £1.8m is instantly accessible to Evolution Lending Limited.
- Committed private securitisation warehouse with a final maturity date of May 2029 with access to total commitment of £400m.
- Stress testing built into budgets showing a profitable business with no cash required from shareholders.

Having considered the impact of the points detailed above, including cash flow and liquidity requirements of the company, and the company's forecasts which reflect the economic uncertainty arising from the increased cost of living, the directors expect that the business will continue for a period of at least twelve months from the date of approval of the financial statements and the company will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies (Continued)

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of any applicable VAT. Turnover on customer receivables consists of interest and net customer fees. Net customer fees are the sum of upfront fees charged to each customer less any introduction commission or fees paid by the business. Interest and net fee income is incorporated into the total value of the loan and is spread over the expected life of the loan in line with the Effective Interest Rate ("EIR").

1.4 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial assets, which include debtors, prepayments, amounts owed from group and bank balances are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of future receipts discounted at a market rate of interest.

Basic financial liabilities, which include creditors, amounts owed to group, amounts owed to SPV and accruals are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of future receipts discounted at a market rate of interest.

The net loans and receivables are measured at amortised cost using the effective interest rate method. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, plus outstanding interest minus principal repayments, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability. The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade debtors and trade creditors are measured at undiscounted cost in accordance with FRS102 section 11.14, as these are due within one year.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

Arrangement with Evo Sec Funding 22 Ltd

The Company sells receivables to Evo Sec Funding 22 Ltd, a special purpose vehicle created for the purposes of debt funding. The substance of the arrangement is such that Evolution Lending retains substantially all the risks and rewards of the underlying receivables sold to the Evo Sec Funding 22 Ltd, and therefore, continues to recognise the underlying receivables on its balance sheet. The cash flows relating to the receivables are owned by Evo Sec Funding 22 Ltd which is held as a deemed loan liability.

Evolution Lending Limited provides a subordinated loan to Evo Sec Funding 22 Ltd. The subordinated loan is a separate instrument to the deemed loan liability.

Impairment of receivables

Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment of one or more loss events that have occurred after the initial recognition of assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial assets that can be reliably estimated. For loans and receivables, the amount of the loss is recognised as the difference between the loan's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. Impairment losses and any subsequent reversals are recognised in the profit and loss account.

The Company regularly assesses whether there is evidence that financial assets are impaired.

The Company determines a provision for customers in arrears buckets between 1 and 7 contractual payments, using historic roll rates. An assessment of arrears cases is made by analysing the historic behavioural patterns of delinquent loans passing through the arrears bands over a 12-month rolling period. This enables the business to establish the propensity of those accounts, currently in arrears, to flow through to charge-off based on actual historical trends.

The roll rates determined are applied to the carrying value of the loan for each bucket of arrears cases to generate a provision that reduces the carrying amount of the loan.

The Company considers that when loans are more than 7 monthly contractual payments in arrears they are charged off and the carrying amount of the loan is reduced directly through impairment charges applied to the profit and loss account. This results in the charged off loan assets being presented at the value of its expected recoverable amount (net presentation in contract to a gross loan being reduced by a provision as detailed in note 9) with any change in the value of the recoverable assets recognised directly in the profit and loss account.

The Company determined that a post model adjustment (PMA) was required to capture the risk that customer's ability to afford loan repayments had deteriorated since loan origination due to recent periods of high inflation and continuing higher interest rates on first charge mortgages which had yet to be reflected in arrears and BAU roll rates.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies (Continued)

1.5 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and the laws that have been enacted or substantively enacted by the balance sheet date.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

a) Impairment of loan receivables

Determining whether loan receivables are impaired requires an estimation of the amount the Company expects to recover in future. The calculation requires the entity to estimate the future cash flows expected to arise from the loan book. The amount of impairment loss is calculated on a portfolio basis by reference to the most recent 12 months performance data. This data is used to derive charge off roll rates which are then applied to individual loans to determine the level of impairment required.

The Company has made a judgement that loans that are more than 7 months in arrears to be charged off due to the expected levels of recovery and therefore presents these "charged off" loans at their recoverable amount (net presentation rather than gross loan reduced by a provision). If all of these loans were to be presented gross with the addition of charged off loans in the period, the total gross debtor balance for the loan book would be £291,126k (2024: £223,353k) reduced by a provision inclusive of charge offs of £22,478k (2024: £19,086k).

The Company uses roll rates to charge off based on historic performance data to estimate the likelihood of a loan receivable becoming impaired. A 10% reduction in roll rate estimates would decrease the impairment provision by £573k at 31 March 2025; conversely a 10% increase would result in an increase in the impairment provision by £573k at 31 March 2025.

A post model adjustment (PMA) has been made in the year-ended 31 March 2025, and the prior year, to estimate the impact of an uplift in losses due to the ongoing uncertain economic climate.

The Company provision for the period ending 31 March 2025 was £6.4m (2024: £6.2m), which includes a PMA of £682k (2024: £505k).

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

2 Judgements and key sources of estimation uncertainty

(Continued)

b) Amounts due from customers

Recognition of the customer fees added to the loan by customers relies on an estimation of the behavioural life of the loan, using historical data on settlements by time on book. The estimation is computed by considering the number of accounts open, by plan type, after 'n' number of months following origination. This expressed as a percentage of all loans originated after n months gives the proportion of the book still open and hence provides an estimate for the expected behavioural life of each loan in the portfolio.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a) Impairment of loan receivables

The calculation of loan impairment draws upon key judgements. This includes determining when a loan is deemed to be credit impaired, the timing of expected recoveries on impaired loans, and judging the appropriateness of assumptions where limited incurred loss data exists for the portfolio. Collateral held against each loan receivable is not considered when quantifying impairment as historic performance data demonstrates that this has not been a significant influencing factor.

b) Derecognition of loan receivables

The assessment of the recognition of receivables in Evolution Lending Limited also involves critical judgments. The company sells receivables to Evo Sec Funding 22 Ltd, a special purpose vehicle created for the purposes of debt funding. The substance of the arrangement is such that Evolution Lending Limited can extract any residual proceeds left in the SPV and holds the entire subordinated loan which absorbs any losses incurred on the securitised contracts. Evolution Lending Limited retains substantially all the risks and rewards of the underlying receivables sold to the Evo Sec Funding 22 Ltd, therefore is judged not to meet the derecognition criteria and continues to recognise the underlying receivables on its balance sheet.

3 Turnover

	2025	2024
	£	£
Turnover analysed by class of business		
Interest Income	45,058,146	38,232,796
Subordinated loan interest	3,670,429	2,402,282
	<u>48,728,575</u>	<u>40,635,078</u>

4 Staff costs

The Company did not employ any staff directly in the current or prior year, but instead was a party to an originating and servicing agreement with a related party, Evolution Money Limited under which that Company provides administrative and marketing services. There were no Directors' emoluments for the year as the Directors were remunerated through Evolution Money Limited.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

5 Interest payable and similar expenses	2025	2024
	£	£
Interest on bank overdrafts and loans	1,805,513	1,864,905
Interest on deemed loan notes	25,102,623	19,771,941
Interest payable to group undertakings	-	77,828
	<u>26,908,136</u>	<u>21,714,674</u>

6 Profit on ordinary activities before taxation

There were no audit fees for the year as these were borne and not recharged through Evolution Money Limited.

There are no operating lease commitments as these are paid through Evolution Money Limited.

Evolution Money Limited is the servicer for the Company. All overhead costs are borne by the servicer and recharged to Evolution Lending Limited with a 3% margin.

7 Taxation	2025	2024
	£	£
Current tax		
UK corporation tax on profits for the current period	1,816,010	340,109
Adjustments in respect of prior periods	1,554	-
	<u>1,817,564</u>	<u>340,109</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2025	2024
	£	£
Profit before taxation	<u>7,264,040</u>	<u>5,007,556</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	1,816,010	1,251,889
Adjustments in respect of prior years	1,554	-
Group relief	-	(911,780)
Taxation charge for the year	<u>1,817,564</u>	<u>340,109</u>

8 Dividends	2025	2024
	£	£
Interim paid	<u>11,600,000</u>	<u>-</u>

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

9 Debtors	2025	2024
	£	£
Gross amounts receivable from secured loan customers	2,611,604	6,049,633
Gross amounts receivable from intercompany securitised contracts	278,059,131	208,446,163
Fee Liability	(5,610,434)	(4,028,768)
Allowance for doubtful debts	(6,412,336)	(6,200,464)
Net amount receivable from secured loan customers	268,647,965	204,266,564
Subordinated loan	25,664,884	22,599,744
Prepayments	10,811	31,995
Corporation tax	164,286	-
	<u>294,487,946</u>	<u>226,898,303</u>

Included within the debtors is an amount of £279,251,983 (2024: £215,954,704) which is due after more than one year.

Amounts receivable from secured loan customers are classified as loans and receivables and are therefore measured at amortised cost.

Business activity is funded using a special purpose vehicle, Evo Sec Funding 22 Ltd, which holds debt via a private warehouse. The Company sells receivables into the SPV for cash but substantially retains all the risks and rewards of the assets sold. The underlying receivables are therefore not derecognised and a deemed loan liability is held on the balance sheet of the Company to reflect the substance of the arrangement.

The amounts receivable under intercompany securitised contracts relate to the secured loan customers that have been sold into the SPV.

The fee liability relates to the customer fee charged in the loan set up which is capitalised and amortised according to the behavioural life of the loan.

The subordinated loan represents amounts due to the Company from the SPV and has a final maturity date of August 2028.

Amounts owed from group are unsecured, have no fixed date of repayment and are repayable by cash on demand.

Movement in the allowance for doubtful debts:

	2025	2024
	£	£
Balance at the beginning of the period	6,200,464	4,810,150
Net Impairment recognised in the year	5,274,729	6,914,475
Utilisation of prior year allowance	(5,062,857)	(5,524,161)
Balance at the end of the period	<u>6,412,336</u>	<u>6,200,464</u>

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

9 Debtors

(Continued)

The presentation of movements in the allowance for doubtful debts has been updated in the year to reflect the amounts written off during the year as uncollectible (as explained in notes 1 and 2). The prior year comparatives have been restated accordingly.

In determining the recoverability of a loan receivable, the Company considers any change in the credit quality of the loan receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

10 Creditors: amounts falling due within one year

	2025	2024
	£	£
Amounts owed to group	5,000,125	3,254,678
Amounts owed to SPV	1,578,646	1,977,645
Corporation tax	-	565,201
Accruals and deferred income	99,318	194,509
	<u>6,678,089</u>	<u>5,992,033</u>

Amounts owed to group are unsecured, have no fixed date of repayment and are repayable by cash on demand.

11 Creditors: amounts falling due after more than one year

	2025	2024
	£	£
Deemed Loan Payable	268,761,851	202,401,410
Bank loan	7,685,640	-
	<u>276,447,491</u>	<u>202,401,410</u>

The bank loan net of transaction costs of £564,360 (2024: £423,232)

The loan notes are presented within equity in the Balance Sheet as they are subordinated to all other creditors and are held with its parent undertaking.

The deemed loan and loan notes are repayable as follows:

	2025	2024
	£	£
Between two and five years	<u>276,447,491</u>	<u>202,401,410</u>

The deemed loan repayable represents the Company's liability under the arrangement it has to sell receivables into the SPV.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

12 Financial Instruments

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 31 March 2024.

As part of the bank funding arrangement the Group is required to maintain a minimum tangible net worth and a minimum primary servicer available cash balance.

Categories of financial instruments

	2025	2024
	£	£
Financial assets		
Cash and bank balances	1,836,449	847,479
Net Loans and receivables	294,312,849	226,866,310
Financial Liabilities		
Bank Loan	7,685,640	-
Deemed Loan payable	268,761,851	202,824,642
Amounts owed to group	6,578,771	1,277,033

The Directors monitor and manage the financial risks relating to the operations of the Company. These risks include market risk, credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates on its debt instruments that are linked to the Sterling Overnight Index Average (SONIA). In order to reduce its exposure to this risk the Company continues to assess rates offered on loans made to customers taking into account anticipated changes in wholesale interest rates and the consumer credit environment. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Transactions denominated in foreign currencies are not undertaken by the Company and it is not exposed to any foreign currency risk.

Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The Company has robust underwriting processes which minimise the risk of delinquency and sound collection processes to manage arrears, including forbearance where a customer demonstrates that they are unable to maintain full contractual payments.

Loan receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of loans receivable.

The Company does not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics. The Company defines customers as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no other credit enhancements are held.

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

12 Financial Instruments (Continued)

Gross Loan Book Group	2025	2024
	£	£
Up to date	251,114,721	188,373,090
Up to one month past due and impaired	8,615,335	8,541,677
Greater than one month past due and impaired	11,523,162	13,552,261
	<u>271,253,218</u>	<u>210,467,028</u>

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the management of the Company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay

The debt facilities held in the SPV which relate to the deemed loan repayable, were due to mature in May 2028 as at the balance sheet date. Post balance sheet, these facilities were extended with a final maturity date of May 2029.

	1-3 years	3+ years	Total
31 March 2024			
Deemed loan payable	(202,824,642)	-	(202,824,642)
Loan Receivables	42,618,691	184,247,619	226,866,310
	<u>(160,205,951)</u>	<u>184,247,619</u>	<u>24,041,668</u>
31 March 2025			
Deemed loan payable	(268,761,851)	-	(268,761,851)
Bank Loan		(7,685,640)	(7,685,640)
Loan Receivables	55,878,590	238,434,259	294,312,849
	<u>(212,883,261)</u>	<u>246,119,899</u>	<u>17,865,358</u>

13 Share capital

	2025	2024	2025	2024
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	10	10	10	10
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

EVOLUTION LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

14 Ultimate controlling party

The Company is a 100% subsidiary of Evolution Money Group Limited, a company under the control of T J O'Neill. Evolution Money Group Limited is the parent of both the smallest and largest group that includes the Company's results in its consolidated financial statements, which are available to the public from Companies House, Crown Way, Cardiff. The Company has not disclosed those balances arising from transactions with Evolution Money Group Limited or its fellow 100% owned subsidiaries. The ultimate controlling party has the same address as the Company.

Evolution Money Group Limited is party to cross guarantee agreements with its subsidiary undertakings (including the Company) in respect of secured loans made by the Company. As at 31 March 2025 the balance on the secured loan was £249,885,640 (2024: £188,026,768). This loan is secured on a fixed and floating charge over the assets of the Group.