

LendInvest plc

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Driving Strong Growth and Enhanced Efficiency in an Improved Market

LendInvest plc (AIM: LINV; the “Company” or the “Group”), the UK’s leading platform for mortgages, announces its unaudited results for the six months ended 30 September 2024.

CEO’s Statement (Rod Lockhart)

“As we pass the halfway mark of FY25, our results reflect good progress on our key strategic objectives: growing lending, reducing costs, and bringing down debt. These actions underpin our shift toward a capital-light, asset management-oriented model, which allows us to drive stable, recurring earnings.

We have made strides in lending, with volumes up by 30% to £539.1m, whilst maintaining underwriting discipline. Operating costs have been reduced through targeted efficiencies, including a shift of roles to Glasgow, which has opened up access to a broader talent pool. Additionally, our efforts to reduce the costs of our London office footprint will yield ongoing benefits in the coming periods. We remain committed to improving the Company’s financial strength and debt reduced 29% year-on-year to £601.7m.

The strong performance of our Net Fee Income, which has increased by 71% from £6.6m to £11.3m, is a key indicator of our progress toward more stable and simplified earnings and is the major contribution towards returning to profitability from an EBITDA perspective over the period. This growth reflects our focus on delivering strong returns for our investors through a less volatile, fee-driven revenue model. As we continue to grow our third-party capital, we expect to increase this figure further, positioning LendInvest as a scalable and resilient asset manager.

While recent performance - including achieving profitability in September - has been encouraging, ongoing interest rate volatility, triggered by both macro-economic and geopolitical uncertainty, could present headwinds in H2. However, we are reassured by supportive UK Government measures aimed at catalysing house building, improving energy efficiency and professionalising the Buy-to-Let sector. As such, we remain cautiously optimistic about achieving run-rate profitability during the rest of the year.

Overall, I am pleased with the significant progress we’ve made so far this year. Our focus will remain on executing our strategy with discipline, managing our growth carefully, and building a business that delivers sustainable value for our investors.”

Summary Financials

Unaudited	6 months ended 30 September 2024	6 months ended 30 September 2023 (restated)	Change
Funds under Management (FuM) (£m) ¹	4,670.0	4,167.4	12%
Platform Assets under Management (AuM) (£m) ¹	2,945.1	2,695.1	9%
Proportion of AuM on Principal Investments	19%	31%	(39%)
New lending (£m)	539.1	415.2	30%
Interest bearing liabilities (£m)	(601.7)	(853.3)	(29%)
Net assets (£m)	56.4	67.5	(16%)
Net interest income (£m)	6.0	5.7	5%
Net fee income (£m)	11.3	6.6	71%
Net operating income (£m)	17.4	12.5	39%
Total operating expenses (£m)	(19.1)	(28.2)	(32%)
Gain/(loss) in adjusted EBITDA (£m) ¹	0.3	(11.4)	103%
Loss before tax (£m)	(1.7)	(15.7)	(89%)
Loss after tax (£m)	(1.2)	(11.8)	(90%)
Diluted earnings per share ¹	(0.8)p	(8.5)p	(91%)
Cash & cash equivalents (£m)	71.6	88.0	(19%)

1 Definitions are consistent with the FY 2024 Annual Report

2 New lending includes all new lending originated for 3rd Party Funding and Principal Investments

Key Highlights

1. Continuing to Attract High-Quality Capital

Building on our FY strategy to secure sustainable growth by attracting third-party capital, we have continued to strengthen our funding base:

- **Growth in Funds Under Management (FuM):** Increased by 12% year-on-year to £4.67bn, driven by successful capital-raising projects.
- **Expanded Partnership with JP Morgan:** The Separate Account managed on behalf of JP Morgan was upsized by £500m to £1.5bn and extended for three years, bolstering growth for our Buy-to-Let (BTL) and owner-occupied products.
- **Renewed £300 Million Financing Syndicate with BNP Paribas, Barclays, and HSBC:** Extended for three years on improved terms to support growth in the Mortgages division, focusing on bridge financing and refurbishment products.
- **Assets Under Management (AuM):** Grew by 9% year-on-year to £2.95bn, as our focus on third-party managed assets drove a 71% rise in Net Fee Income, reaching £11.3m.

2. Lending Growth and Operational Efficiency

In line with our FY commitment to expand lending and improve operational efficiency, we have achieved solid growth in new lending and streamlined processes:

- **Increase in New Lending:** Lending volumes rose 30% year-on-year to £539.1m, demonstrating improved demand for our lending products.
- **Strong Growth in Mortgages Division:** Mortgages Division lending grew by 67% year-on-year, supported by strong enquiry volumes and an active pipeline - validating the improvements made to processing efficiency and our service proposition.
- **Technological Efficiency:** Efficiency initiatives this period have improved productivity and cut mortgage application-to-offer times by 20% to an average of 11 days — 39% to 72% faster than the industry average.

3. Fortifying the Balance Sheet and Reducing Debt

Following our FY objective to strengthen our balance sheet and manage costs, we have delivered:

- **Debt Reduction:** Debt fell by 29% year-on-year to £601.7m, underscoring our commitment to delivering more stable and simplified earnings.
- **Credit Risk Mitigation:** Balance sheet assets reduced to 19% (2023: 31%) as a proportion of total AuM, contributing to a 69% decrease in impairments year-on-year, now at £2.2m.
- **Improved Liquidity:** Cash and equivalents rose from FY to £71.6m (31 March 2024: £55.7m), strengthening our financial position.
- **Net Assets:** Stable, marginally reducing to £56.4m from £56.5m at 31 March 2024.

4. Path to Profitability

Reflecting the FY goal of returning to profitability, we have made substantial progress:

- **Reduced Loss Before Tax:** First-half loss before tax narrowed to £1.7m, an 89% improvement year-on-year.
- **Increased Net Operating Income:** Net operating income rose by 39% year-on-year to £17.4m, supported by record lending volumes for our mortgages division and increased fee generation.
- **Administrative Expense Reduction:** Administrative expenses fell 20% year-on-year to £16.9m, with a 22% reduction in staff costs following a 16% decrease in headcount.
- **Positive Adjusted EBITDA:** Adjusted EBITDA improved by 103% year-on-year to a gain of £0.3m, further demonstrating strong progress toward a return to profitability.
- **Run-Rate Profitability achieved in September from a PAT, PBT, and EBITDA perspective.** Anticipated savings contributing to a run-rate expense target in line with FY23 levels by FY25.

Analysts and investors presentation: 9.00am on 9th December 2024

A webcast for analysts and investors will be hosted by Rod Lockhart, Chief Executive Officer; Hugo Davies, Chief Capital Officer and MD Mortgages Division; and Stephen Shipley, Chief Financial Officer at 9.00am today, 9th December 2024. A playback facility will also be available in due course.

To access the webcast, please [register here](#)

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Forward-looking statements

Certain statements in this announcement are forward-looking statements. In some cases, these forward looking statements can be identified by the use of forward looking terminology including the terms "anticipate", "believe", "intend", "estimate", "expect", "may", "will", "seek", "continue", "aim", "target", "projected", "plan", "goal", "achieve" and words of similar meaning or in each case, their negative, or other variations or comparable terminology. Forward-looking statements are based on current expectations and assumptions and are subject to a number of known and unknown risks, uncertainties and other important factors that could cause results or events to differ material from what is expressed or implied by those statements. Many factors may cause actual results, performance or achievements of LendInvest to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of LendInvest to differ materially from the expectations of LendInvest, include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and changes in regulation and policy, changes in its business strategy, political and economic uncertainty and other factors. As such, undue reliance should not be placed on forward-looking statements. Any forward-looking statement is based on information available to LendInvest as of the date of the statement. All written or oral forward-looking statements attributable to LendInvest are qualified by this caution. Other than in accordance with legal and regulatory obligations, LendInvest undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement should be regarded as a profit forecast.

Market Backdrop

The housing market continues to face challenges and opportunities, but its performance supports our view that the "green shoots" mentioned in our FY24 results are starting to flourish. Much of this optimism is driven by shifting expectations around interest rates, which are helping restore confidence in our key segments. However, this optimism is tempered by caution due to recent fiscal policy changes and geopolitical uncertainty, such as potential conflicts in oil-rich regions and increased tariffs on large manufacturing hubs.

For the UK economy, 2024 has been a mixed year. Inflation cooled significantly, dropping to 1.7% in September - below the Bank of England's 2% target - offering relief to consumers and businesses after a period of rising costs and reduced spending. As domestic inflationary pressures ease, financial markets are now anticipating interest rate cuts through to 2026. Despite some market volatility, progress on inflation allowed the Bank of England to reduce the base rate from 5.25% to 5% in August, followed by a further cut to 4.75% in November, with further decreases expected.

As rates continue to fall, asset prices are stabilising, and activity is picking up across the mortgage finance landscape. Our lending products, including bridging, development, BTL and owner-occupied mortgages, are closely tied to market interest rates. In 2023/24, this dependency created challenges around balancing affordability for borrowers with margin protection. Now, in 2024/25, following improvements to our funding model and technology platform, we are better positioned to quickly adapt to market shifts and provide a stable service proposition, delivering stronger lending volumes, and improved margins.

That said, affordability remains a significant barrier, particularly in a product such as residential mortgages and it is therefore disappointing that the easing cycle through 2025 will be shallower than once thought and not unlock the pent-up supply of potential homeowners that we believe exists.

Looking ahead, the Bank of England is expected to continue lowering the base rate by 0.25% per quarter, potentially bringing it below 4% by early 2026, which is 0.50% higher than what was priced in by the market in September.

Although this projection is slightly higher than our previous forecast, the mortgage market remains resilient. Mortgage approvals have nearly returned to pre-pandemic levels, with remortgage approvals up 52% year-on-year as of September 2024. Additionally, two-year fixed mortgage rates have decreased from 5.15% in late September 2023 to 4.9% a year later, while house prices have risen by 2.2% over the same period, supported by easing inflation and stable household budgets.

Our robust technology and service offerings, combined with our flexible funding model, ensure that we can effectively compete and grow in this market without relying solely on pricing - a key advantage over many challenger banks.

Achievements

Mortgages Division

The Mortgages Division provides innovative mortgage solutions through our proprietary technology platform, passing the benefits of finely tuned front- and back-end processes to brokers and their customers. Our offerings include a comprehensive suite of products, from Buy-to-Let and Residential to short-term financing options.

- **Rebound in BTL:** New mortgage lending for the Mortgages division surged by 67% year-on-year, reaching £478m (2023: £287m). Notably, the Buy to Let segment has shown consistent growth, averaging £59m in new loan completions per month and £157m in monthly enquiries (+122% year-on-year), evidencing the strength of our mortgage offering in a highly competitive market. Our robust pipeline demonstrates our ability to capture new opportunities and respond effectively to market demand.

- **Strong Capital Raising Activity:** Post period-end we successfully securitised a £285m portfolio of prime residential and Buy-to-Let mortgages, achieving the tightest pricing in the sector in H2, again, for a 3 year securitisation of Buy-to-Let or non-conforming mortgages in the UK market. This included our first securitisation of owner-occupied loans since launching into this growing market in 2023.
- **Extended our JP Morgan Funding Partnership:** In September, we upsized the Separate Account with JP Morgan by £500m to £1.5bn, to support growth in the mortgages division.
- **Extended and Improved Revolving Finance Agreement:** Successfully extended financing arrangement with BNP Paribas, Barclays & HSBC on improved terms, in addition to improving the capital structure and the return profile.
- **New Products and Solutions:** Launched new Product Transfer functionality, providing brokers with a seamless journey to transfer reverting mortgages onto new offers, Bridge-to-Let, & Expat products.
- **Enhanced Short Term Mortgage Proposition:** We have enhanced Automated Valuation Models (AVM) functionality, delivered dual legal representation and iterated other operational processes, which has led to strong short-term mortgage application levels - up 15% March '24 - September '24, compared to October '23 to March '24.
- **Customer Satisfaction & Market Reputation:** Customer Experience remains central to LendInvest, with positive survey feedback from customers and intermediaries regarding our people, processes, and technology. Our progress in this area is reflected in a strong Trustpilot rating of 4.6 (as of 30th September 2024).

Capital Division

LendInvest Capital offers a range of investment products, providing diverse opportunities for exposure to the UK property finance market. Our products, tailored for both institutional and individual investors, span real estate debt funds, secured bonds, and co-investment opportunities, enabling access to various property-backed investment vehicles.

- **Launch of Secured Credit Fund III:** The recent launch of Fund III expands our product offerings, catering to market demand for bridging loans and targeting returns between 7-10% per annum.
- **Third-Party Capital and Syndication:** We continue to build strong relationships with institutional investors and syndication partners, increasing lending capacity while adhering to a capital-light strategy. Our co-investment and syndication models allow institutions to invest alongside others, supporting efficient capital growth and a scalable approach to the more bespoke nature of the Capital division's addressable markets.
- **Resilience in Uncertain Markets:** Despite economic volatility, our Capital Division has sustained robust pipeline activity and increased enquiries. As market dynamics stabilise, we are positioned to capture growth opportunities and deliver property-backed investment solutions aligned with changing market needs. Our development loan pipeline has increased by 50% from Q1 to Q2.

Group

Technology and Platform Enhancements: We have continued to evolve and enhance our market-leading, proprietary technology platform, even while managing development costs. This platform is a cornerstone of our service offering, enabling product expansion, improving customer engagement and NPS, and driving operational efficiencies across the business. During the period, we added £1.2m to Intangible Fixed Assets (2023: £2.2m).

Operational Efficiency Improvement: We continue to streamline processes to improve loan processing speed and reduce costs. Key initiatives this period include relocating staff to our new Glasgow office, enhancing operational flexibility and supporting a scalable, resilient business model. Significant productivity gains have been achieved, with operational changes and platform enhancements delivering over 50% efficiency improvement in our BTL lending team and 25% in our short-term mortgages team. For example, our technology platform now enables a single underwriter to support more than 100 new BTL applications per month - up from 70 previously. This focus on operational leverage is critical to driving growth while lowering origination costs.

Growth in Assets under Management (AuM) While Minimising Credit Risk: Our strategic approach to managing Assets under Management (AuM) continues to deliver strong results. As of 30 September 2024, AuM stood at £2.95bn, reflecting a £161.8m (+5.5%) increase from the end of FY24. This growth is a direct result of our focus on a "capital-light" business model, which minimises the capital deployed on the balance sheet while maximising revenue through third-party managed assets. This approach ensures the business remains nimble and well-positioned to capture new opportunities while effectively managing credit risk.

Outlook

Our recent performance has been encouraging with the Company achieving profitability in September. Looking ahead, we remain cautiously optimistic about continuing to deliver profitability during the rest of the year, whilst remaining mindful that ongoing interest rate volatility, triggered by both macro-economic and geopolitical uncertainty, could present headwinds in H2. However, we are reassured by supportive UK Government measures aimed at catalysing house building, improving energy efficiency and professionalising the Buy-to-Let sector.

Strategic Priorities

LendInvest remains committed to executing its growth strategy, with a focused approach to scaling lending, securing new third party capital, and improving operational efficiency. Our key priorities for the second half of FY24 and beyond include:

Expanding Lending and Enhancing Product Reach

- **Specialist Residential and Buy-to-Let (BTL) Mortgages:** We will relaunch a streamlined residential mortgage proposition in H2, made possible by our highly scalable lending infrastructure. This refined offering is designed to capture anticipated market opportunities driven by expected interest rate reductions, boosting broker engagement and growing our market share. To support this, we will strengthen partnerships with brokers and mortgage clubs, introduce roaming underwriters, raise our brand profile through industry engagement, and maintain an agile underwriting process. Following a strong H1 in Buy-to-Let, we remain committed to iterating our processes and products to respond swiftly to market changes, sustaining momentum and protecting margins through disciplined execution of our funding strategy.
- **Product Expansions:** While we continue to maximise the addressable market in our core segments, we are exploring ancillary, complimentary offerings, including foreign national BTL mortgages and second-charge lending for residential mortgages, which align well with our existing product mix. Over the next 12 months, we will focus on implementing a seamless bridge-to-let solution, increasing Product Transfer (PT) conversions in BTL and owner-occupied markets, and providing targeted support to SME house builders.

Securing Capital and Funding

- **Raising Capital for Growth:** To drive lending capacity, we are actively raising capital from around the world for our third fund, launched in October (“LendInvest Secured Credit Fund III”). We also have a strong pipeline of other capital raising projects, representing £1bn in notional deal value, with the majority focusing on third party funding solutions. Not only does this expand our lending capacity in a controlled way, but it will also support the growth of Net Fee Income. These capital initiatives are vital to supporting our structured approach to growth.

Driving Profitability, Managing Costs and Operational Leverage

- **Path to Profitability:** We achieved run-rate profitability in September, backed by our disciplined focus on lending expansion and expense management. Improved operational efficiency, supported by targeted technology investments, will continue to drive this goal. As lending volumes grow, additional fee-based revenue and our strategic shift towards third-party asset management are expected to strengthen our income stability. This transition aligns with our capital-light model and enhances resilience against varying market conditions. While we are cautiously optimistic about sustaining this performance through the rest of the year, market volatility, interest rate fluctuations, and broader economic factors may influence our ability to maintain this trend.
 - **Cost Optimisation and Structural Efficiencies:** Following the recent reduction in headcount to approximately 200 employees, we will continue to drive down administrative expenses. This includes relocating roles to Glasgow, where there is a deep talent pool and costs are more favourable, and reducing our London office footprint to further reduce overhead, with anticipated savings contributing to a run-rate expense target in line with FY23 levels by FY25. These efficiency measures are expected to reduce payroll by approximately 20%, with restructuring costs of £1.2m already accounted for in H2 FY24.
 - **Enhanced Technological Efficiency and AI Integration:** We will leverage our proprietary platform to streamline loan origination further, allowing for 'straight-through' processing for certain loan subsets with minimal manual intervention. Further planned AI integrations in underwriting and operations will improve cost-to-originate metrics and enable underwriters to focus on complex decision-making.
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Financial Statements

Condensed Consolidated Income Statement

The summary consolidated statement of profit and loss account for the 6 months' period ended 30 September 2024 is shown below. The prior year 6 months ended 30 September 2023 has been restated as described in note 1.4.

Unaudited	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m (restated)	Change
Net Interest Income	6.0	5.7	5%
Net fee income	11.3	6.6	71%
Net gains on derecognition of financial assets	0.0	0.1	(100%)
Net other operating income	0.1	0.1	0%
Net operating income	17.4	12.5	39%
Administrative expenses	(16.9)	(21.1)	20%
Impairment losses on financial assets	(2.2)	(7.1)	(69%)
Total operating expenses	(19.1)	(28.2)	(32%)
Loss before tax	(1.7)	(15.7)	(89%)
Losses from derivative hedge accounting	0.4	0.3	33%
Exceptional professional costs	0.0	0.9	100%
Underlying (loss) before tax	(1.3)	(14.5)	(91%)
Loss after tax	(1.2)	(11.8)	(90%)
Gain/(loss) in adjusted EBITDA	0.3	(11.4)	103%

Net Interest Income: Net Interest Income has increased 5% to £6m (2023: £5.7m), reflecting the ongoing implementation of our capital-light strategy. This increase is primarily attributed to both the decrease in on-balance sheet Assets under Management (AuM), which decreased by 32% year-on-year and improved margins. Consequently, only 19% (2023: 31%) of total Platform AuM remains on the balance sheet. This strategic shift toward a more capital-efficient model is designed to reduce risk exposure and enhance scalability, aligning with our long-term goals of maximising revenue generation from third-party managed assets while minimising capital deployment.

Net Fee Income: In contrast, Net Fee Income has experienced a significant 71% increase year-on-year. This growth reflects the successful execution of our strategy to shift focus toward third-party managed assets, which has not only enhanced our fee-based revenue streams but also strengthened the overall financial performance of the business. This strategic move towards a more capital-light, fee-driven model is enabling us to generate higher margins while reducing our risk profile.

Impairment losses on financial assets: The impairment charge for the period reduced significantly to £2.2m (2023: £7.1m), returning to more normalised levels. The prior year's higher impairment charge was largely driven by a small number of larger, more complex loans within the Capital Division, specifically in the Structured Bridging and Development Finance sectors, which were disproportionately impacted by the challenging macroeconomic conditions. Expected credit losses for our Mortgage Division have remained low, reflecting the strong credit quality of our mortgage portfolio and the continued resilience of the underlying property market.

Administrative Expenses: Administrative expenses were reduced by 20%, falling to £16.9m (2023: £21.1m), reflecting our ongoing focus on operational efficiency. This reduction demonstrates our disciplined cost management approach and commitment to maintaining a lean operational structure.

- **Wages & Salaries:** Employee-related costs were reduced by 23%, totalling £7.9m (2023: £10.2m). This decrease was driven by a 16% reduction in headcount year-on-year, which aligns our strategy to optimise workforce efficiency. Additionally, the prior period included £0.3m in redundancy costs.

Unaudited	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m	Change
Wages and salaries	7.9	10.2	(23%)
Share-based payments	(0.7)	1.0	(170%)
Depreciation and amortisation	2.2	1.9	16%
Fees payable to the auditors	1.4	0.8	75%
Lease finance expense	0.2	0.1	50%
Other operating expenses	5.9	7.1	(17%)
Total administrative expenses	16.9	21.1	(20%)

Adjusted EBITDA

The reconciliation between Loss before taxation and Adjusted EBITDA for the 6 months' period ended 30 September 2024 is show below.

Unaudited	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m (restated)	Change
Loss before tax	(1.7)	(15.7)	(89%)
Losses from derivative hedge accounting	0.4	0.3	(33%)
Share-based payment (credit) / expense	(0.7)	1.1	166%
Depreciation and amortisation	2.2	1.9	(16%)
Lease finance expense	0.2	0.1	(50%)
Exceptional operating expenses	0.0	0.9	(100%)
Gain/(loss) in adjusted EBITDA	0.3	(11.4)	103%

Segmental analysis

Our Mortgages Division provides mortgages to both professional BTL landlords and Residential homeowners as well as a range of Short-term Mortgages. The Capital Division provides larger, more structured finance primarily to property developers and large property companies. An analysis of the first half result based on these segments is presented below.

Unaudited	6 months ended 30 September 2024	6 months ended 30 September 2024	6 months ended 30 September 2024	6 months ended 30 September 2024
	Mortgages Division £'m	Capital Division £'m	Central £'m	Group £'m
Total AuM	2,455.0	490.1	0.0	2,945.1
Principal Investments	429.6	126.7	0.0	556.3
3rd Party Funds	2,025.4	363.4	0.0	2,388.8
New lending	478.3	60.8	0.0	539.1
Net interest income	2.6	3.4	0.0	6.0
Net fee income	7.0	4.3	0.0	11.3
Net other income	0.1	0.0	0.0	0.1
Net operating income	9.7	7.7	0.0	17.4
Administrative expenses	(7.6)	(0.9)	(8.4)	(16.9)
Impairment (losses)/gains on financial assets	(1.0)	(1.4)	0.2	(2.2)
Total operating expenses	(8.6)	(2.3)	(8.2)	(19.1)
Profit / (Loss) before tax	1.1	5.4	(8.2)	(1.7)

Funds under Management (FuM) reconciliation to and Platform Assets under Management (AuM)

The reconciliation between Funds under Management (FuM) and Platform Assets under Management (AuM) at 30 September 2024 is presented below.

Unaudited	At 30 September 2024	At 30 September 2024	At 30 September 2024
	Principal Investments £'m	3rd Party Funds £'m	Total £'m
Platform Assets under Management (AuM)	556.3	2,388.8	2,945.1
Unutilised Funding Facilities	409.7	1,315.2	1,724.9
Funds under Management (FuM)	966.0	3,704.0	4,670.0

Balance Sheet

Summary of assets, liabilities, and equity for the period.

Unaudited	As at 30 September 2024 £'m	As at 31 March 2024 £'m (restated)	Change
Cash and cash equivalents	71.6	55.7	29%
Trade and other receivables	8.2	8.1	1%
Loans and advances	556.3	477.0	17%
Investment securities	37.0	41.1	(10%)
Other assets	20.1	19.1	5%
Total assets	693.2	601.0	15%
Other payables	(29.0)	(25.6)	(13%)
Lease liabilities	(3.6)	(2.3)	(57%)
Derivative financial liability	(2.5)	(2.0)	(25%)
Interest bearing liabilities	(601.7)	(514.6)	(17%)
Total liabilities	(636.8)	(544.5)	17%
Net assets	56.4	56.5	(0%)
Share capital	0.1	0.1	0%
Share premium	55.2	55.2	0%
Other reserves	9.8	10.1	(3%)
Retained (losses)	(8.7)	(8.9)	(2%)
Total Equity	56.4	56.5	(0%)

Net Assets: Stable, marginally reducing from £56.5m on 31 March 2024 to £56.4m on 30 September 2024.

Loans & Advances: Loans and Advances rose by 17% to £556.3m as of 30 September 2024, up from £477m on 31 March 2024. This growth was primarily driven by a robust 30% increase in new lending year-on-year, reflecting our strategic efforts to strengthen the loan book.

Cash Flow Statement

As at 30 September 2024, the business held cash and cash equivalents of £71.6m, a 18.6% decrease during the 12 month period.

Cash and cash equivalents increased 29% to £71.6m (31 March 2024: £55.7m). £61.9m of the balance is restricted for loan funding purposes (31 March 2024: £38.5m) with unrestricted cash decreasing to £9.2m (31 March 2024: £16.8m).

Unaudited	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m (restated)
Cash (used in)/ generated from operating activities	(71.4)	113.0
Net cash generated from investing activities	2.8	12.7
Net cash generated/(used in) from financing activities	84.5	(84.4)
Net increase in cash and cash equivalents	15.9	41.3
Cash and cash equivalents at beginning of the period	55.7	46.7
Cash and cash equivalents at end of the period	71.6	88.0

Going Concern

The Group's business activities together with the factors likely to affect its future development and position are set out in the strategic report. The Directors also considered the impact of the funding lines maturing in the next 12 months from the date of approval of the financial statements.

In line with the normal operations of the Group, there are a number of facilities which mature during this period which are at an advanced stage of negotiation.

The Directors believe that the Group will be able to refinance these facilities either with the existing funding provider or with new third parties to continue its growth trajectory. If these facilities were not to be refinanced, the Group would be able to sell individual loans or portfolio of loans to facilitate the repayment of the outstanding amounts. This strategy is in line with the existing approach of the Group to both hold assets on its balance sheet and to sell to third parties.

The Directors do not consider that this creates a material uncertainty in the going concern assessment of the Group directors have a reasonable expectation that the Group will have adequate resources to continue to operate for a period of at least 12 months from the signing of these accounts and therefore it is on this basis that the directors have continued to prepare the accounts on a going concern basis. More information on the Directors' assessment of going concern is set out in the Directors' report.

INDEPENDENT REVIEW REPORT TO LENDINVEST PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the London Stock Exchange AIM Rules for Companies.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the Condensed consolidated interim statement of profit and loss, Condensed consolidated interim statement of other comprehensive income, Condensed consolidated interim statement of financial position, Condensed consolidated interim statement of changes in equity, condensed consolidated interim statements of cash flows and notes to the condensed consolidated interim financial statements.

Basis for conclusion

We conducted our review in accordance with Revised International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410 (Revised)"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1.2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the London Stock Exchange AIM Rules for Companies which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the half-yearly financial report, 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 review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK

DocuSigned by:
 06 December 2024
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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

	Note	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m (restated)
		(Unaudited)	(Unaudited)
Interest income calculated using the effective interest rate	4	28.9	33.5
Other interest and similar income	4	(0.3)	(0.3)
Interest expense and similar charges	5	(22.6)	(27.5)
Net interest income		6.0	5.7
Fee income	6	15.7	7.7
Fee expenses	6	(4.4)	(1.1)
Net fee income	6	11.3	6.6
Net gains on derecognition of financial assets	7	-	10.8
Profit/(loss) on sale of loan portfolio	7	-	(10.7)
Net other operating income		0.1	0.1
Net Operating Income		17.4	12.5
Administrative expenses		(16.9)	(21.1)
Impairment losses on financial assets		(2.2)	(7.1)
Total operating expenses		(19.1)	(28.2)
Loss before tax		(1.7)	(15.7)
Income tax credit		0.5	3.9
Loss after taxation		(1.2)	(11.8)
<i>Earnings per share for profit attributable to the ordinary equity holders of the Group:</i>			
<i>Basic earnings per share (pence/share)</i>	20	(0.8)	(8.5)
<i>Diluted earnings per share (pence/share)</i>	20	(0.8)	(8.5)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m (restated)
		(Unaudited)	(Unaudited)
Loss for the period		(1.2)	(11.8)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Cash flow hedge adjustment		-	(21.5)
Fair value gain on loans and advances measured at fair value through other comprehensive income	17	2.3	37.2
Cumulative loss on financial assets reclassified to profit or loss upon disposal and reclassification from FVTOCI to FVTPL	17	-	(7.2)
Deferred tax charge on gross movements through OCI	17	(0.6)	(2.1)
Other comprehensive income for the period		1.7	6.4
Total comprehensive income/(loss) for the period		0.5	(5.4)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2024 £'m	As at 31 March 2024 £'m (restated)
<u>Assets</u>		(Unaudited)	(Audited)
Cash and cash equivalents		71.6	55.7
Other receivables		8.2	8.1
Corporation tax receivable		3.0	3.2
Loans and advances	10	556.3	477.0
Investment securities	11	37.0	41.1
Property, plant and equipment	12	3.0	1.3
Intangible assets	14	10.2	10.7
Net investment in sublease		0.4	0.6
Deferred taxation asset		3.5	3.3
Total assets		693.2	601.0
<u>Liabilities</u>			
Other payables		(29.0)	(25.6)
Interest bearing liabilities	15	(601.7)	(514.6)
Lease liabilities	13	(3.6)	(2.3)
Derivative financial liability	18	(2.5)	(2.0)
Total liabilities		(636.8)	(544.5)
Net assets		56.4	56.5

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (continued)

<u>Equity</u>		As at 30 September 2024 £'m	As at 31 March 2024 £'m (restated)
Share capital	19	0.1	0.1
Share premium	19	55.2	55.2
Employee share reserve		1.8	3.8
Own Share Reserve		(0.1)	(0.1)
Fair value reserve		8.1	6.4
Retained losses		(8.7)	(8.9)
Total equity		56.4	56.5

These condensed consolidated interim financial statements of LendInvest plc, with registered number 08146929, were approved by the Board of Directors and authorised for issue on 6th December 2024. Signed on behalf of the Board of Directors by:



Rod Lockhart
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Own share reserve	Share capital	Share premium	Employee Share Reserve	Fair value reserve net of deferred tax	Retained (losses)	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
(Unaudited)							
Balance as at 31 March 2024 (as reported)	(0.1)	0.1	55.2	3.8	6.4	(6.1)	59.3
Prior period adjustment - under statement of net loss on disposal of financial assets during the year and over accrual of interest income	-	-	-	-	-	(2.8)	(2.8)
Balance as at 1 April 2024 (restated)	(0.1)	0.1	55.2	3.8	6.4	(8.9)	56.5
Loss after taxation	-	-	-	-	-	(1.2)	(1.2)
Fair value adjustments on loan & advances through OCI	-	-	-	-	3.2	-	3.2
Employee share scheme tax	-	-	-	-	-	0.1	0.1
Fair value hedge through OCI	-	-	-	-	(1.5)	-	(1.5)
Transfer of share option costs	-	-	-	(1.3)	-	1.3	-
Employee share options schemes	-	-	-	(0.7)	-	-	(0.7)
Balance as at 30 September 2024	(0.1)	0.1	55.2	1.8	8.1	(8.7)	56.4

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

	Own share reserve £'m	Share capital £'m	Share premium £'m	Employee share reserve £'m	Fair value reserve net of deferred tax £'m	Cash flow hedge reserve net of deferred tax £'m	Retained earnings £'m	Total £'m
	(Unaudited)							
Balance as at 1 April 2023	(0.6)	0.1	55.2	3.3	(16.5)	16.1	18.9	76.5
Restated Loss after taxation	-	-	-	-	-	-	(11.8)	(11.8)
Recognition of employee share options schemes	-	-	-	1.0	-	-	-	1.0
Deferred tax on employee share option scheme deduction	-	-	-	-	-	-	(0.7)	(0.7)
FY23 final dividend declared	-	-	-	-	-	-	(4.5)	(4.5)
Fair value adjustments on loan & advances through OCI	-	-	-	-	22.5	-	-	22.5
Cash flow hedge adjustments through OCI	-	-	-	-	-	(16.1)	-	(16.1)
Balance as at 30 September 2023	(0.6)	0.1	55.2	4.3	6.0	-	1.9	66.9

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	6 month period ended 30 September 2024 £'m	6 month period ended 30 September 2023 £'m (Restated)
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Loss after taxation:		(1.2)	(11.8)
Adjusted for:			
Depreciation of property, plant and equipment	12	-	0.1
Amortisation of intangible fixed assets	14	1.7	1.4
Share-based payment (credit)/expense	8	(0.7)	1.0
Income tax credit		(0.5)	(3.6)
Movement in accrued interest on interest bearing liabilities		0.5	(0.9)
Derivative, hedge accounting and committed facility fair value profits		(4.2)	(13.1)
Net fee and interest income and cost deferrals		2.2	1.8
Amortisation of Funding line costs		1.6	1.3
Impairment provision ¹	10	2.8	7.1
Income from sublease		(0.1)	(0.1)
Depreciation of right of use asset	12	0.4	0.3
Interest expense of lease liability		0.2	0.2
Loss on sale of loan portfolios		-	10.6
Gain on disposal of subsidiaries		-	(10.8)
Change in working capital			
Proceeds from sale of loan portfolios		-	220.4
Movement in loans and advances (New origination net of redemptions)	10	(80.1)	(119.9)
Increase in other receivables		-	(1.8)
Increase in other payables		3.4	4.8
Derivative settlements		0.8	26.8
Swap initial exchange expense/(credit)		1.8	(0.8)
Cash (used in)/ generated from operating activities		(71.4)	113.0

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)

Cash flow from investing activities			
Proceeds received from disposal of subsidiaries (sale of residuals notes) less cash and cash equivalents disposed off		-	2.3
Purchase of property, plant and equipment	12	(0.1)	-
Additions to Intangibles (Capitalisation of internally developed software)	14	(1.2)	(2.2)
Proceeds from disposal of investment securities	11	4.0	12.5
Income from sublease		0.1	0.1
Net cash generated from investing activities		2.8	12.7
Cash flow from financing activities			
Repayment of funder liabilities (excluding risk retention funding)	15	(84.9)	(286.8)
Funding received from Institutional lenders (excluding risk retention funding)		168.1	215.4
Repayments of funding obtained for risk retention notes		(4.0)	(12.1)
Proceeds from issuance of retail bonds		7.4	-
Payment of principal elements of finance leases	13	(0.4)	(0.5)
Payment of interest expense of finance leases	13	(0.2)	(0.2)
Payment of funding line costs		(1.5)	(0.2)
Net cash generated from/(used in) financing activities		84.5	(84.4)
Net increase in cash and cash equivalents		15.9	41.3
Cash and cash equivalents at beginning of the period		55.7	46.7
Cash and cash equivalents at end of the period²		71.6	88.0

¹The non-cash movement in the impairment provision differs from the charge to the statement of profit and loss in respect to the impairment provision for the 6 month period ended 30 September 2024. This is due to the charge to the statement of profit and loss including a credit of £0.2m (2023: £0.0m) in respect of cash amounts recovered in the period on loans that have previously been written off.

²Cash and cash equivalents include restricted cash of £3.1m (30 September 2023 £3.5m) received from Platform Investors and these are held on account for the benefit of investors in the Self-Select Platform, prior to then either investing in loans or withdrawing their capital. Operationally, the company does not treat the Trustees' balances as available funds and these are included within the payables balance.

Interest received was £23.9m during the six months ended 30 September 2024 (the six months ended September 2023: £ 31.0m) and interest paid was £20.7m during the six months ended 30 September 2024 (the six months ended September 2023: £28.4m).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

LendInvest plc is a public company incorporated on 17 July 2012 in the United Kingdom under the Companies Act. The company listed on AIM on 14 July 2021. The address of its registered office is Two Fitzroy Place, 8 Mortimer Street, London W1T 3JJ.

These condensed consolidated interim financial statements of LendInvest plc, for the six month period ended 30 September 2024, comprise the results of the Company and its subsidiaries (together referred to as “the Group”) (collectively “these financial statements”).

1.2 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and have been prepared on a historical cost basis, except as required in the valuation of certain financial instruments which are carried at fair value. These condensed consolidated interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group’s published financial statements for the year ended 31 March 2024 and should be read in conjunction with the March 2024 annual report.

These condensed consolidated interim financial statements are not statutory accounts. The Group statutory accounts for the year ended 31 March 2024 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

All amounts are presented in pounds sterling, which is the functional currency of the Company and all its subsidiaries. Amounts are rounded to the nearest million, except where otherwise indicated.

1.2.1 Going Concern

The Group’s business activities together with the factors likely to affect its future development and position are set out in the Strategic report. The Directors also considered the impact of the funding lines maturing in the next 12 months from the date of approval of the financial statements. In line with the normal operations of the Group, there are a number of facilities which mature during this period.

The Directors believe that the Group will be able to refinance these facilities either with the existing funding provider or with new third parties to continue its growth trajectory. If these facilities were not to be refinanced, the Group would be able to sell individual loans or portfolio of loans to facilitate the repayment of the outstanding amounts. This strategy is in line with the existing approach of the Group to both hold assets on its balance sheet and sell to the third parties.

The Directors do not consider that this creates a material uncertainty in the going concern assessment of the Group. Directors have a reasonable expectation that the Group will have adequate resources to continue to operate for a period of at least 12 months from the signing of these accounts and therefore it is on this basis that the Directors have continued to prepare the accounts on a going concern basis. More information on the Directors’ assessment of going concern is set out in the Directors’ report.

1.3 Accounting policies

The accounting policies and methods of computation are consistent with those set out in the Annual Report 2024.

1.4 - Prior Period Adjustments

The Group has restated its Condensed Consolidated Interim Statement of Cash Flows due to the following prior period adjustments (PPAs) which relate to errors and changes in accounting policy:

Errors

PPA 1

To reflect appropriate classifications and presentation of items within operating activities. Previous presentation of operating activities included some netting off and grossing up which have now been correctly set out to comply with IAS 7 - Statement of Cashflows:

1. The profit and loss impact of derivatives and hedge accounting (which is movement in fair value of derivative instruments and hedge risk value of hedge items) were erroneously netted off in the 'Decrease/(increase) in loans and advances' and 'Derivative settlements'. This has now been presented separately as 'Derivative, hedge accounting and committed facility fair value (profits)/losses' under operating activities.
2. During the period, Mortimer- 2021 Plc was deconsolidated by the Group. The deconsolidated balances in 'trade and other receivables' and 'trade and other payables' were erroneously netted off in the Decrease/(Increase) in loans and advances line. To correctly reflect the movement in these two lines, deconsolidated balances have now been adjusted from the movement in loans and advances.
3. An amount of £1.1m relating to loan origination was erroneously accounted for as 'Repayment of funder liabilities'. This has now been reclassified from Financing activities to Movement in loans and advances (New originations net of redemptions) under operating activities.

	Movement in loans and advances (New originations net of redemptions) Previously called 'Decrease/(Increase) in loans and advances' Operating activity	Derivative settlements Operating activity	Derivative, hedge accounting and committed facility fair value (profits)/losses Previously called 'Derivative fair value gains reclassified to profit and loss' Operating activity	Increase in trade and other receivables Operating activity	Increase/ (Decrease) in trade and other payables Operating activity	Loss after taxation Operating activity
September 2023 (Reported) £'m	81.5	27.6	-	1.7	2.4	(11.2)
Reclassification of movement in fair value of derivative instruments and 'hedge risk' value of hedge items	13.9	(0.8)	(13.1)			
Deconsolidated balance**	1.7			(4.1)	2.4	
Reclassification of loan origination from financing activities	(1.1)					
Correction of overaccrual of interest income^				0.6		(0.6)
Reclassification of cash consideration for sold residuals*	6.3					
Eliminating 'Fair value of recycled to line items' grossing up loss on sale of portfolio***	-					
Recognising Net fee and interest income and cost deferrals separately***	(1.8)					
Reclassification of proceeds from sale of loan portfolios***	(220.4)					
Reclassification of Swap initial exchange cost to operating activities ***	-					
September 2023 (Restated) £'m	(119.9)	26.8	(13.1)	(1.8)	4.8	(11.8)

*This is the net impact of prior period adjustment relating to Reclassification of cash consideration for sold residuals described in PPA 2.

** This error was earlier identified and corrected in the March 2024 financial statements. The adjustment is now being reflected in the interim financial statements.

*** These adjustments relate to change in accounting policy which is a change in the presentation format of the statement of cashflow adopted in March 2024 financial statements as described in PPA 4.

^ This adjustment relates to an over accrual of interest income in September 2023 as described in PPA 6

PPA 2

To reflect the correct balance for “Proceeds received on disposal of subsidiaries”.

During the year, the Group noted that as per the requirements of Section 42 of IAS 7, the proceeds received from disposal of a subsidiary need to be presented net of the cash and cash equivalents disposed as part of the transaction under investing activities. Historically, this has been disclosed on a Gross basis under operating activities. The error has been corrected by netting the cash and cash equivalents in Mortimer- 2021 Plc from residual sale consideration on the date of sale. This error was earlier identified and corrected in the March 2024 financial statements. The adjustments are now being reflected in the interim financial statements. The Group has restated its September 2023 Condensed Consolidated Interim Cash Flow Statement to update the correct balance £2.3 m as an investing activity.

	Cash consideration for sold residuals Operating activity	Proceeds received from disposal of subsidiaries (sale of residuals notes) less cash and cash equivalents disposed of Investing activity	Movement in loans and advances (New originations net of redemptions) Operating activity
September 2023 (Reported) £'m	8.6	-	81.5
Reclassification of cash consideration for sold residuals**	(8.6)	8.6	-
Accounting for deconsolidated cash balance as the point of sale of Mortimer 2021 residuals**	-	(6.3)	6.3
Recognising Net fee and interest income and cost deferrals separately****			(1.8)
Reclassification of movement in fair value of derivative instruments and 'hedge risk' value of hedge items****			13.9
Reclassification of proceeds from sale of loan portfolios****			(220.4)
Deconsolidated balance****			1.7
Reclassification of loan origination from financing activities****			(1.1)
September 2023 (Restated) £'m	-	2.3	(119.9)

** This error was earlier identified and corrected in the March 2024 financial statements. The adjustments are now being reflected in the interim financial statements.

**** These adjustments are discussed in PPA 1 above.

PPA 3

PPA 3

To reflect the funding movement in investing and financing activities on gross basis.

1. While the funding received and paid during the 6 month period had been attempted to be presented on a gross basis, some amounts were still netting off in both lines and have now been grossed up.

2. Funding activities directly linked to investments (risk retention notes) were omitted from the cashflow statements.

	Repayment of funder liabilities (excluding risk retention funding) Previously presented as 'Repayment of funder liabilities' Financing activities	Funding received from Institutional lenders (excluding risk retention funding) previously reported as Cash receipt from interest bearing liabilities Financing activities	Proceeds from disposal of investment securities Investing activities
September 2023 (Reported) £'m	(236.8)	164.9	-
Impact of grossing up financing receipts and payments	(50.5)	50.5	
Recognition of proceeds from disposal of investment securities**	(12.5)		12.5
Reclassification of loan origination from financing activities****	1.1		
Recognition of movement in accrued interest on interest bearing liabilities***	0.9		
Separately showing repayments of funding obtained for risk retention notes***	12.1		
Recognition of payment of funding line costs***	0.2		
Recognition of amortisation of funding line cost***	(1.3)		
September 2023 (Restated) £'m	(286.8)	215.4	12.5

** This error was earlier identified and corrected in the March 2024 financial statements. The adjustment is now being reflected in the interim financial statements.

*** These adjustments relate to change in accounting policy which is a change in the presentation format of the statement of cashflow adopted in March 2024 financial statements as described in PPA 4.

**** These adjustments are discussed in PPA 1 above.

As a result of the errors identified

- (a) Total cashflows on operating activities was overstated by £3.4 m because of PPA 1 and 2.
- (b) Total cashflows on investing activities was understated by £14.8m because of PPA 2 and 3.
- (c) Total cashflows on financing activities was overstated by £11.4 m because of PPA 1 and 3.

Change in accounting policy – Presentation format of the statement of cashflows

PPA 4

During the year ended 31 March 2024, the Group updated the presentation format of the cashflow statements while correcting errors identified in historic cashflow statements. This constitutes a change in accounting policy and has thus been reflected in the interim financial statements for consistency.

1. 'Net fee and interest income and cost deferrals' was previously netted off with the 'Decrease/(increase) in loans and advances'. This has now been presented separately to align the naming convention to the presentation format adopted by the Group for the March 2024 financial statements.
2. Proceeds from sale of loan portfolio was previous included in 'Decease/(increase in loans and advances'. This has now been presented separately following the change in the naming convention of the line to 'Movement in loans and advances (New originations net of redemptions)'.
3. Swap initial exchange cost was formerly presented as an investing activity and has now been reclassified to operating activities to reflect the purpose of the hedging relationship.
4. Movement in accrued interest on interest bearing liabilities was formerly included within 'Repayment of funder liabilities' and has now been reclassified and presented separately under operating activities.
5. Funding received and paid from external parties strictly for the purpose of holding risk retention notes have now been separated from other receipts and payments of funder liabilities.
6. Payment of funding line costs was formerly included within 'Repayment of funder liabilities' and has now been reclassified and presented separately under financing activities.
7. Amortisation of funding line costs was formerly included within 'Repayment of funder liabilities' and has now been reclassified and presented separately under operating activities.
8. 'Loss on sale of loan portfolio' was previously grossed up with 'Fair value recycled to line items (loss on sale of loan portfolio) in profit or loss'. This has now been shown separately and matches the 'Loss on sale of loan portfolio' presented in the statement of profit and loss.

	Movement in loans and advances (New originations net of redemptions) Previously called 'Decrease/(Increase) in loans and advances' Operating activities	Net fee and interest income and cost deferrals Operating activities	Swap initial exchange cost Investing Activities	Swap initial exchange cost Operating Activities	Proceeds from sale of loan portfolios Operating activities	Repayment of funder liabilities (excluding risk retention funding) Previously presented as 'Repayment of funder liabilities' Financing activities	Movement in accrued interest on interest bearing liabilities Operating activities	Repayments of funding obtained for risk retention notes Financing activities	Payment of funding line costs Financing activities	Amortisation of funding line cost Operating activities	Loss on sale of loan portfolio Operating activity	Fair value recycled to line items (loss on sale of loan portfolio) in profit or loss Operating activity
September 2023 (Reported) £'m	81.5	-	(0.8)	-	-	(236.8)	-	-	-	-	30.6	(20.0)
Recognising Net fee and interest income and cost deferrals separately	(1.8)	1.8										
Reclassification of proceeds from sale of loan portfolios	(220.4)				220.4							
Reclassification of Swap initial exchange cost to operating activities	-		0.8	(0.8)								
Recognition of movement in accrued interest on interest bearing liabilities						0.9	(0.9)					
Separately showing repayments of funding obtained for risk retention notes						12.1		(12.1)				
Recognition of payment of funding line costs						0.2			(0.2)			
Recognition of amortisation of funding line cost						(1.3)				1.3		
Eliminating 'Fair value of recycled to line items' grossing up loss on sale of portfolio***											(20.0)	20.0
Deconsolidated balance****	1.7											
Reclassification of loan origination from financing activities****	(1.1)					1.1						
Reclassification of movement in fair value of derivative instruments and 'hedge risk' value of hedge items****	13.9											
Reclassification of cash consideration for sold residuals~	6.3											
Impact of gross financing receipts and payments~~						(50.5)						
Recognition of proceeds from disposal of investment securities~~~						(12.5)						
September 2023 (Restated) £'m	(119.9)	1.8	-	(0.8)	220.4	(286.8)	(0.9)	(12.1)	(0.2)	1.3	10.6	-

*** These adjustments are discussed in PPA 1 above.

~ This adjustment is discussed in PPA 2 above.

~~These adjustments are discussed in PPA 3 above.

As a result of the change in accounting policy

- (a) Total cashflows on operating activities has reduced by £0.4m.
- (b) Total cashflows on investing activities has increased by £0.8m.
- (c) Total cashflows on financing activities has reduced by £0.4m.

Consolidating all 4 PPAs

- (a) Total cashflows on operating activities has decreased from net inflow of £116.8m to net inflows of £113m because of PPAs 1,2 and 4.
- (b) Total cashflows on investing activities has moved from net outflows of £2.9m to net inflows of £12.7 m because of PPAs 2,3 and 4.
- (c) Total cashflows on financing activities has increased from net outflows of £72.6m to net outflows of £84.4m because of PPAs 1,3 and 4.

The Group has restated its Condensed Consolidated Interim Statement of Profit and Loss, Condensed Consolidated Interim Statement of Other Comprehensive Income, Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Changes in Equity and Condensed Consolidated Interim Statement of Cashflows due to the following prior period adjustments:

PPA 5

Error

To reflect a misstatement of Other payables and Net gains on derecognition of financial assets.

As part of the securitisation and disposal of Mortimer BTL 2023 Plc in the year ended 31 March 2024, some specific proceeds of the Group were assigned to Mortimer BTL 2023 plc to augment its net assets. These proceeds were however not accrued promptly so at the time of disposal and deconsolidation of the Mortimer 2023- Plc in January 2024, the liabilities of the Group had been understated. This omission remained uncorrected in the March 2024 year-end financial statements.

Consequently, the recorded Net loss on derecognition of financial assets was understated by the value of the assigned proceeds of £2.2m.

To correct this, a prior period adjustment of £2.2m has been made to the financial results presented for 31 March 2024 in this Condensed Consolidated Interim Financial Statements

PPA 6

Error

To reflect the correction of an over accrual of interest income during the period.

The reset and sale of a development loan in September 2023 created an erroneous entry which incorrectly credited the profit and loss rather than the balance sheet. This entry resulted in the overstatement of interest income calculated using the effective interest rate and other receivables and remained uncorrected in the September 2023 half-year results and the March 2024 year-end financial statements

To correct the error, a prior period adjustment of £0.6m has been made to the financial results presented for 30 September 2023 and 31 March 2024 in this Condensed Consolidated Interim Financial Statements.

PPA5 and PPA 6 are reflected in the table which follows:

PPA 5 and PPA 6 adjustment table

	31 March 2024 (Reported) £'m	Impact of PPA 5 £'m	Impact of PPA 6	31 March 2024 (Restated) £'m		30 September 2023 (Reported)	Impact of PPA 1 (described above)	Impact of PPA 6	30 September 2023 (Restated)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS									
Interest income calculated using the effective interest rate	66.5		(0.6)	65.9		34.1		(0.6)	33.5
Net interest income	8.5		(0.6)	7.9		6.3		(0.6)	5.7
Net gains on derecognition of financial assets	(1.0)	(2.2)		(3.2)		10.8		-	10.8
Net Operating Income	23.5	(2.2)	(0.6)	20.7		13.1		(0.6)	12.5
(Loss) before tax	(27.3)	(2.2)	(0.6)	(30.1)		(15.1)		(0.6)	(15.7)
(Loss) after taxation	(20.1)	(2.2)	(0.6)	(22.9)		(11.2)		(0.6)	(11.8)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME									
(Loss) for the period	(20.1)	(2.2)	(0.6)	(22.9)		(11.2)		(0.6)	(11.8)
Total comprehensive income/(loss) for the period	(13.2)	(2.2)	(0.6)	(16.0)		(4.8)		(0.6)	(5.4)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION									
Assets									
Other receivables	8.7		(0.6)	8.1		4.5		(0.6)	3.9
Total assets	601.6		(0.6)	601.0		954.5		(0.6)	953.9
Liabilities									
Other Payables	(23.4)	(2.2)		(25.6)		(30.3)			(30.3)
Total liabilities	(542.3)	(2.2)		(544.5)		(887.0)			(887.0)
Net assets	59.3	(2.2)	(0.6)	56.5		67.5		(0.6)	66.9
Equity									
Retained (losses)/earnings	(6.1)	(2.2)	(0.6)	(8.9)		2.5		(0.6)	1.9
Total equity	59.3	(2.2)	(0.6)	56.5		67.5		(0.6)	66.9
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS									
Cash flows from operating activities									
Loss after taxation:	(20.1)	(2.2)	(0.6)	(22.9)		(11.2)		(0.6)	(11.8)
(Increase)/Decrease in other receivables	(8.9)		0.6	(8.3)		1.7	(4.1)	0.6	(1.8)
Increase in other payables	5.5	2.2		7.7		2.4	2.4		4.8

The impact of the restatement has been reflected in the Condensed Consolidated Interim Statement of Changes In Equity.

2. Financial risk management

General objectives, policies and processes

The Board has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management activities and exposure to credit, liquidity and market risk are consistent with those set out in the Annual Report 2024. The tables below analyse the Group's contractual undiscounted cash flows of its financial assets and liabilities:

As at 30 September 2024	Carrying amount £'m	Gross nominal inflow/ (outflow) £'m	Amounts due in less than 6 months £'m	Amounts due in 6 – 12 months £'m	Amounts due between one and five years £'m	Amounts due in more than 5 years £'m
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets						
Cash and cash equivalents	71.6	71.6	71.6	-	-	-
Other receivables	4.8	4.8	4.8	-	-	-
Loans and advances	556.3	963.3	192.8	91.3	72.4	606.8
Investment securities	37.0	67.3	0.4	0.5	3.9	62.5
	669.7	1107.0	269.6	91.8	76.3	669.3
Financial liabilities						
Other payables	(29.0)	(29.0)	(29.0)	-	-	-
Interest bearing liabilities	(601.7)	(670.7)	(448.7)	(11.8)	(150.3)	(59.9)
Lease liability	(3.6)	(4.4)	(0.9)	(0.9)	(1.8)	(0.8)
Derivative financial liability	(2.5)	(2.5)	(0.4)	(0.5)	(1.6)	-
	(636.8)	(706.6)	(479.0)	(13.2)	(153.7)	(60.7)

As at 31 March 2024 (restated)	Carrying amount £'m	Gross nominal inflow/ (outflow) £'m	Amounts due in less than 6 months £'m	Amounts due in 6 – 12 months £'m	Amounts due between one and five years £'m	Amounts due in more than 5 years £'m
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Financial assets						
Cash and cash equivalents	55.7	55.7	55.7	-	-	-
Other receivables	5.8	5.8	5.8	-	-	-
Loans and advances	477.0	739.3	218.5	97.8	48.7	374.3
Investment securities	41.1	46.8	1.3	1.3	44.2	-
	579.6	847.6	281.3	99.1	92.9	374.3
Financial liabilities						
Other payables	(25.6)	(25.6)	(25.6)	-	-	-
Interest bearing liabilities	(514.6)	(586.6)	(63.4)	(357.5)	(96.6)	(69.1)
Derivative financial liability	(2.0)	(2.0)	(0.3)	(0.3)	(1.4)	-
Lease liability	(2.3)	(2.6)	(0.7)	(0.7)	(1.2)	
	(544.5)	(616.8)	(90.0)	(358.5)	(99.2)	(69.1)

3. Segmental analysis

Current year

The Group's lending operations are carried out solely in the UK, under the Groups LendInvest Mortgages and Capital Divisions, reflective of the product offerings. The results and net assets of the Group are derived from the provision of property related loans only. The following describes the operations of the two reportable segments for the 6 months ended 30 September 2024:

LendInvest Mortgages

LendInvest Mortgages provides mortgages to both professional BTL landlords and Homeowners as well as a range of short-term mortgages.

LendInvest Capital

The LendInvest Capital division provides larger, more structured finance primarily to property developers and larger Bridging loans & houses the Fund and Self-Select Platform.

The segmental analysis of the condensed consolidated interim statement of profit and loss is as follows:

6 months to 30 September 2024	Mortgages £'m	Capital £'m	Central £'m	Total £'m
Statement of Profit and Loss Information	(Unaudited)			
Net interest income	2.6	3.4	-	6.0
Net fee income	7.0	4.3	-	11.3
Net other income	0.1	-	-	0.1
Net segment operating income	9.7	7.7	-	17.4
Administrative expenses	(7.6)	(0.9)	(8.4)	(16.9)
Impairment (losses)/gains on financial assets	(1.0)	(1.4)	0.2	(2.2)
Total segment operating expenses	(8.6)	(2.3)	(8.2)	(19.1)
Segment profit/(loss) before tax	1.1	5.4	(8.2)	(1.7)

Central administrative expenses represent the cost of providing central services that are not directly attributable to the operating segments.

The segmental analysis of the condensed consolidated interim statement of financial position is as follows:

As at 30 September 2024	Mortgages £'m	Capital £'m	Central £'m	Total £'m
Statement of Financial Position Information	(Unaudited)			
Loans and advances	429.6	126.7	-	556.3
Investment in securities	37.0	-	-	37.0
Total segment assets	466.6	126.7	-	593.3
Cash and cash equivalents			71.6	71.6
Other receivables	-	-	8.2	8.2
Corporation tax receivable	-	-	3.0	3.0
Property, plant and equipment	-	-	3.0	3.0
Net investment in sublease	-	-	0.4	0.4
Intangible fixed assets	-	-	10.2	10.2
Deferred taxation	-	-	3.5	3.5
Total Assets	466.6	126.7	99.9	693.2
Liabilities				
Interest bearing liabilities	(317.4)	(284.3)	-	(601.7)
Total segment liabilities	(317.4)	(284.3)	-	(601.7)
Other payables	-	-	(29.0)	(29.0)
Lease liabilities	-	-	(3.6)	(3.6)
Derivative financial liability	-	-	(2.5)	(2.5)
Total liabilities	(317.4)	(284.3)	(35.1)	(636.8)

4. Interest and similar income

	6 months to 30 September 2024 £'m	6 months to 30 September 2023 £'m
	(Unaudited)	(Unaudited)
Interest income calculated using the effective interest rate method		
On loans and advances to customers	27.0	32.1
On investment securities	1.3	0.9
On cash deposits	0.6	0.5
Total interest income calculated using the effective interest rate method	28.9	33.5
Other interest and similar income		
On derivative financial instruments and hedge accounting	(0.3)	(0.3)
Total other interest and similar income	(0.3)	(0.3)
Total interest and similar income	28.6	33.2

5. Interest expense and similar expense

	6 months to 30 September 2024 £'m	6 months to 30 September 2023 £'m
	(Unaudited)	(Unaudited)
On amounts due to funding partners	(16.2)	(22.6)
On debt securities in issue	(4.8)	(3.6)
Funding line cost amortisation	(1.6)	(1.3)
Total interest expense and similar charges	(22.6)	(27.5)

6. Net fee income

	6 months to 30 September 2024 £'m	6 months to 30 September 2023 £'m
	(Unaudited)	(Unaudited)
Fee income on loans and advances	5.3	1.7
Fee income on asset management	6.5	5.9
Fee income on origination of loans to third parties	3.9	0.2
Fee income	15.7	7.7
Fee expense on origination of loans to third parties	(0.2)	(0.5)
Fee expense on asset management	(4.2)	(0.6)
Fee expense	(4.4)	(1.1)
Net fee and commission income	11.3	6.6

7. Derecognition of financial assets

	6 months to 30 September 2024 £'m	6 months to 30 September 2023 £'m
	(Unaudited)	(Unaudited)
Net loss on sale of loans and loan portfolios	-	(10.7)
Net gains on derecognition of securitised loan portfolios	-	10.8
Net gains on derecognition of financial assets	-	0.1

8. Share-based payments

Company Share and Share Option Plans

During the period ended 30 September 2024, the Group granted awards under the Long Term Incentive Plan (LTIP) and the Deferred Bonus Plan (DBP, which forms part of the LTIP) to certain employees and granted a free share award under a Share Incentive Plan (SIP) to all eligible employees.

Share plan	Number of options/awards granted during the 6 months ended 30 September 24	Number of options/awards granted during the 12 months ended 31 March 24
LTIP	5,100,000	2,719,000
DBP	92,611	1,366,361
SIP	1,452,854	1,020,662

The grant of shares or options under these schemes may be made on an annual or on an ad hoc basis.

There were no options or awards which vested in the LTIP in the period. During the period a total of 1,219,454 awards vested under the DBP, a total of 167,034 awards vested under the SIP and a total of 355,500 awards vested under the Company Share Option Plan (CSOP). In the period to 30 September 2024 5,100,000 options/awards were granted in the LTIP (2023: 2,719,000), 92,611 were granted in the DBP (2023: 1,366,361) and 1,452,854 (2023: 1,020,662) granted in the SIP.

Share and Share Option expense recognised

During the six months ended 30 September 2024, the Group recognised £0.7 million credit in the income statement as a result of true-ups and expenses to the company share and share option plans.

	6 months ended 30 September 2024 £'m	6 months ended 30 September 2023 £'m
	(Unaudited)	(Unaudited)
The expense is included in administrative expenses	(0.7)	1.0

9. Taxation on (loss) on ordinary activities

The Group is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profits of the Group are subject to UK income tax at the prevailing basic rate of 25% (2023: 25%).

As of 30 September 2024, the Group had £3.5m in net deferred tax assets (DTAs) (31 March 2024: net deferred tax asset of £3.3m). These DTAs/DTLs include:

Assets of £0.3m (31 March 2024: Assets of £0.4m) related to temporary differences arising between the tax base of share-based payments and the carrying amount;

Liabilities of £0.1m (31 March 2024: Liabilities of £0.1m) related to temporary differences arising between the tax base of property, plant and equipment and the carrying amount;

Liabilities of £2.7m (31 March 2024: Liabilities of £2.1m) related to the fair value reserve on loans and advances, cash flow hedge reserve and fair value hedge reserve;

Assets of £0.1m (31 March 2024: Assets of £0.1m) related to the ECL provision on transition to IFRS 9;

Assets of £0.1m (31 March 2024: Assets of £0.1m) related to transition to IFRS 16; and

Liabilities of £0.1m (31 March 2024: Assets of £0.2m) related to accelerated deductions from research and development activity.

10. Loans and advances

	As at 30 September 2024 £'m	As at 31 March 2024 £'m
	(Unaudited)	(Audited)
Gross loans and advances	554.8	477.0
ECL provision	(11.3)	(8.5)
Fair value adjustment (*)	12.8	8.5
Loans and advances	556.3	477.0

(*) Fair value adjustment to gross loans and advances due to classification as FVTOCI. Fair value adjustments are a function of changes in discount rates on the Group's loan assets. The changes in the underlying variables during the period and effect on fair value is discussed in Note 20.

ECL provision

<i>Movement in the period</i>	£'m
Under IFRS 9 at 1 April 2024 (Audited)	(8.5)
Additional provisions made during the period ¹	(3.2)
Utilised in the period ²	0.4
Under IFRS 9 at 30 September 2024 (Unaudited)	(11.3)

<i>Movement in the period</i>	£'m
Under IFRS 9 at 1 April 2023 (Audited)	(9.1)
Additional provisions made during the period ¹	(8.1)
Utilised in the period ²	1.2
Recoveries of amounts previously written off	0.5
Under IFRS 9 at 30 September 2023 (Unaudited)	(15.5)

¹ The ECL provision of £11.3m (March 2024: £8.5m) is stated including the expected credit losses incurred on the interest income recognised on stage 3 loans and advances. The net ECL impact on the income statement for the period to 30 September 2024 is £2.2m (March 2024: £8.4m). This includes the £2.4m (March 2024: £15.9m) of impairment provisions shown in the income statement and the total impact of expected credit losses on income recognised on stage 3 loans and advances using the effective interest rate is £0.8m (March 2024: £1.4m).

² Loans that are written off can still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. The contractual amount outstanding on loans and advances that have previously been written off and are still subject to enforcement activity is £18.0m (March 2024: £4.8m).

Analysis of loans and advances by stage

As at 30 September 2024	Stage 1 £'m	Stage 2 £'m	Stage 3 £'m	Total £'m
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross loans and advances	350.9	122.0	81.9	554.8
ECL provision	(0.1)	(0.6)	(10.6)	(11.3)
Fair value adjustment	10.5	2.0	0.3	12.8
Loans and advances	361.3	123.4	71.6	556.3

The maximum LTV on stage 1 loans is 91%. The maximum LTV on stage 2 loans is 90%. The maximum LTV on Stage 3 loans is 165% and the total value of collateral (capped at the gross loan value) held on stage 3 loans is £80.7m.

As at 31 March 2024	Stage 1 £'m	Stage 2 £'m	Stage 3 £'m	Total £'m
	(Audited)	(Audited)	(Audited)	(Audited)
Gross loans and advances	305.2	89.1	82.7	477.0
ECL provision	(0.1)	(0.5)	(7.9)	(8.5)
Fair value adjustment	6.9	1.5	0.1	8.5
Loans and advances	312.0	90.1	74.9	477.0

The maximum LTV on stage 1 loans is 86%. The maximum LTV on stage 2 loans is 242%. The maximum LTV on stage 3 loans is 195%. The average LTV on stage 1 loans is 67%. The average LTV on stage 2 loans is 70%. The average LTV on stage 3 loans is 67% and the total value of collateral (capped at the gross loan value) held on stage 3 loans is £76.8 million.

Credit risk on gross loans and advances

The table below provides information on the Group's loans and advances by stage and risk grade.

Risk grades detailed in the table range from 1 to 10 with a risk grade of 1 being assigned to cases with the lowest credit risk and 10 representing cases in default. Equifax Risk Navigator (RN) scores are used to assign the initial Risk Grade score with additional SICR rules used to generate the final Risk Grade.

As at 30 September 2024	Stage 1 £'m	Stage 2 £'m	Stage 3 £'m	Total £'m
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Risk Grades 1 - 5	350.9	86.4	-	437.3
Risk Grades 6 - 9	-	35.6	-	35.6
Default	-	-	81.9	81.9
Total	350.9	122.0	81.9	554.8

As at 31 March 2024	Stage 1 £'m	Stage 2 £'m	Stage 3 £'m	Total £'m
	(Audited)	(Audited)	(Audited)	(Audited)
Risk Grades 1 - 5	305.2	81.0	-	386.2
Risk Grades 6 - 9	-	8.1	-	8.1
Default	-	-	82.7	82.7
Total	305.2	89.1	82.7	477.0

Impairment provisions are calculated on an expected credit loss ('ECL') basis. Financial assets are classified individually into one of the categories below:

Stage 1 – assets are allocated to this stage on initial recognition and remain in this stage if there is no significant increase in credit risk since initial recognition. Impairment provisions are recognised to cover 12-month ECL, being the proportion of lifetime ECL arising from default events expected within 12 months of the reporting date.

Stage 2 – assets where it is determined that there has been a significant increase in credit risk since initial recognition, but where there is no objective evidence of impairment. Impairment provisions are recognised to cover lifetime probability of default. An asset is deemed to have a significant increase in credit risk where:

- The creditworthiness of the borrower deteriorates such that their risk grade increases by at least one grade compared with that at origination;
- The borrower falls more than one month in arrears;
- LTV exceeds 85% for Bridging loans; and
- For Development assets, where a development will not meet practical completion by the date anticipated at origination.
- 30 days prior to maturity for bridging loans.

Stage 3 – assets where there is objective evidence of impairment, i.e. they are considered to be in default. Impairment provisions are recognised against lifetime ECL. For assets allocated to stage 3, interest income is recognised on the balance net of impairment provision.

Purchased or originated credit impaired ('POCI') – POCI assets are financial assets that are credit impaired on initial recognition. On initial recognition, they are recorded at fair value. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs. Their ECLs are always measured on a lifetime basis.

Where there is objective evidence that asset quality has improved, assets will be allocated to a lower risk category. For example, loans no longer in default (stage 3) will be allocated to either stage 2 or stage 1. Evidence that asset quality has improved will include:

- repayment of arrears;
- improved credit worthiness; and
- term extensions and the ability to service outstanding debt.

If a loss is ultimately realised, it is written off against the provision previously provided for with any excess charged to the impairment provision in the statement of profit and loss.

Critical accounting estimates relating to the impairment of financial assets:

The calculation of ECLs requires the Company to make a number of assumptions and estimates. The accuracy of the ECL calculation would be impacted by movements in the forward-looking economic scenarios used, or the probability weightings applied to these scenarios and by unanticipated changes to model assumptions that differ from actual outcomes.

The key assumptions and estimates that, depending on a range of factors, could result in a material adjustment in the next financial year relate to the use of forward-looking information in the calculation of ECLs and the inputs and assumptions used in the ECL models.

Additional information about both of these areas is set out below.

Forward-looking information

The Company incorporates forward-looking information into the calculation of ECLs and the assessment of whether there has been a significant increase in credit risk ('SICR'). The use of forward-looking information represents a key source of estimation uncertainty. The Company uses three forward-looking economic scenarios:

1. a central scenario aligned to the Company's business plan;
2. a downside scenario as modelled in the Company's risk management process; and
3. an upside scenario representing the impact of modest improvements to assumptions used in the central scenario.

The macroeconomic data inputs applied in determining the Group's expected credit losses are sourced from Oxford Economics (a third-party provider of global economic forecasting and analysis). Oxford Economics combines two decades of forecast errors with its quantitative assessment of the current risks facing the global and domestic economy to produce robust forward-looking distributions for the economy.

Using specific percentile points in the distribution of several key metrics such as GDP, unemployment, house prices and commercial real estate prices, we receive three alternative scenarios relating to a base case (most likely), downside (broadly equivalent to a 1-in-10 year event) and a moderate upside scenario. Our assumptions on the likely out turn represents a weighted average of these three scenarios provided by Oxford Economics, and are detailed below:

As at 30 September 2024

Macro Assumptions	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Real GDP Growth (% Growth YoY)										
Base	1.75%	1.72%	1.65%	1.63%	1.55%	1.51%	1.51%	1.48%	1.52%	
Upside	5.16%	2.82%	2.53%	1.48%	1.41%	1.36%	1.36%	1.33%	1.37%	
Downside	-0.86%	1.15%	1.43%	1.74%	1.67%	1.62%	1.62%	1.59%	1.63%	
Unemployment (%)										
Base	4.20%	3.98%	3.85%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	
Upside	2.78%	2.20%	2.04%	2.07%	2.19%	2.31%	2.44%	2.56%	2.68%	
Downside	5.82%	6.69%	6.82%	6.52%	6.32%	6.12%	5.93%	5.73%	5.53%	
House Price Inflation (Residential, % Growth YoY)										
Base	1.17%	2.42%	3.53%	4.24%	4.16%	3.22%	2.65%	2.64%	2.87%	
Upside	3.54%	6.49%	6.59%	4.02%	3.94%	3.00%	2.44%	2.42%	2.66%	
Downside	-6.80%	-2.43%	-0.25%	4.67%	4.59%	3.64%	3.07%	3.06%	3.29%	
Commercial Real Estate (% Growth YoY)										
Base	4.09%	3.59%	3.10%	2.15%	1.54%	1.37%	1.13%	1.01%	0.95%	
Upside	12.03%	4.64%	2.87%	-0.05%	-0.03%	0.00%	0.07%	0.16%	0.16%	
Downside	-1.72%	3.28%	3.97%	3.81%	2.86%	2.43%	1.98%	1.69%	1.50%	

As at 31 March 2024

Macro Assumptions	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Real GDP Growth (% Growth YoY)										
Base	0.52%	2.02%	1.96%	1.64%	1.61%	1.55%	1.54%	1.53%	1.51%	1.46%
Upside	3.39%	5.17%	3.10%	2.35%	1.46%	1.40%	1.39%	1.38%	1.37%	1.31%
Downside	-1.96%	-0.31%	1.41%	1.50%	1.72%	1.66%	1.65%	1.64%	1.63%	1.57%
Unemployment (%)										
Base	4.00%	3.90%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Upside	3.50%	2.40%	2.10%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%
Downside	4.60%	5.70%	6.63%	6.84%	6.63%	6.42%	6.21%	6.01%	5.80%	5.59%
House Price Inflation (Residential, % Growth YoY)										
Base	1.77%	2.22%	5.47%	5.12%	3.50%	2.82%	2.53%	2.74%	3.16%	3.44%
Upside	5.10%	6.27%	9.41%	6.19%	3.27%	2.59%	2.30%	2.52%	2.93%	3.21%
Downside	-4.80%	-3.26%	0.28%	4.19%	3.91%	3.22%	2.93%	3.14%	3.56%	3.84%
Commercial Real Estate (% Growth YoY)										
Base	3.25%	4.35%	4.02%	3.03%	2.07%	1.60%	1.30%	1.10%	0.95%	0.78%
Upside	14.19%	7.27%	4.99%	1.24%	0.12%	0.04%	0.05%	0.09%	0.13%	0.12%
Downside	-5.69%	3.17%	4.17%	4.34%	3.57%	2.79%	2.26%	1.87%	1.57%	1.29%

GDP, unemployment rates and HPI are key metrics that indicate the appetite for credit within the economy, the ability of borrowers to service debt and value of underlying securities that underpin credit risk management; all of which directly impact the Group's operational activities and success.

The probability weightings applied to the above scenarios are another area of estimation uncertainty. They are generally set to ensure that there is an asymmetry in the ECL. The probability weightings applied to the three economic scenarios used are as follows:

	6 months ended 30 September 2024	6 months ended 31 March 2024
Base	40%	40%
Upside	20%	20%
Downside	40%	40%

The Group undertakes a review of its economic scenarios and the probability weightings applied at least quarterly and more frequently if required. The results of this review are recommended to the Audit Committee and the Board prior to any changes being implemented.

Impairment charge sensitivity analysis

Analysis shows the sensitivity of the impairment charge under different macroeconomic scenarios.

Single factor scenarios	Overall impairment charge	Increase (£m)
A 20% increase in unemployment	11.4	0.1
10% increase in Forced Sale Discount	11.8	0.5
Systemic macroeconomic scenarios		
100% Downside	13.2	1.9
100% Upside	9.2	(2.1)

Model estimations

ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The Group considers the key assumptions impacting the ECL calculation to be within the PD and LGD. Sensitivity analysis is performed by the Group to assess the impact of changes in these key assumptions on the loss allowance recognised on loans and advances.

A summary of the key assumptions and sensitivity analysis as at 30 September 2024 is provided in the following table:

Assumption	Sensitivity analysis
Unemployment	A 20% increase in the unemployment rate would increase the total loss allowance by £0.1m
Forced sale discount	A 10% absolute increase in the forced sale discount would increase the loss allowance cost on loans and advances to customer by £0.5m

Critical judgements relating to the impairment of financial assets

The Company reviews and updates the key judgements relating to impairment of financial assets bi-annually, in advance of the Interim Financial Report and the Annual Report and Accounts. All key judgements are reviewed and recommended to the Audit & Risk Committee for approval prior to implementation.

Assessing whether there has been a significant increase in credit risk ('SICR')

If a financial asset shows a SICR, it is transferred to Stage 2 and the ECL recognised changes from a 12-month ECL to a lifetime ECL. The assessment of whether there has been a SICR requires a high level of judgement. The assessment of whether there has been a SICR also incorporates forward-looking information. The Company considers that a SICR has occurred when any of the following have occurred:

1. The overall creditworthiness of the borrower has materially worsened, indicated by a migration to a higher risk grade (see below for risk grades and probability of default ("PDs") by product);
2. Where a borrower is currently one month or more in arrears;
3. Where a borrower has sought some form of forbearance;
4. Where the overall leverage of the account has surpassed a predetermined level. 75% Loan to Gross Development Value for bridging loans and 85% for all other products;
5. Where a short-term bridging loan has less than one month before maturity; and
6. Where there is a material risk that a development loan will not reach practical completion on time.

These factors reflect the credit lifecycle for each product and are based on prior experience as well as insight gained from the development of risk ratings models (probability of default).

Stage 2 criteria are designed to be effective indicators of a SICR. As part of the bi-annual review of key impairment judgements, the Company undertakes detailed analysis to confirm that the Stage 2 criteria remain effective. This includes (but is not limited to):

- Criteria effectiveness: this includes the emergence to default for each Stage 2 criterion when compared to Stage 1; Stage 2 outflow as a percentage of Stage 2; percentage of new defaults that were in Stage 2 in the months prior to default; time in Stage 2 prior to default; and percentage of the book in Stage 2 that are not progressing to default or curing.
- Stage 2 stability: this includes stability of inflows and outflows from Stage 2 and 3.
- Portfolio analysis: this includes the percentage of the portfolio that is in Stage 2 and not defaulted; the percentage of the Stage 2 transfer driven by Stage 2 criterion other than the backstops; and back-testing of the defaulted accounts.

For low credit risk exposures, it is permitted to assume, without further analysis, that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. The Group has opted not to apply this low credit risk exemption.

A summary of the Risk grade distribution is provided in the table below. As the Company utilises three different risk rating models, three separate PDs have been provided for each portfolio. Risk Grades 1–9 are for non-defaulted accounts with 10 indicating default. Therefore, all Stage 3 loans are assigned to this grade. As stated above, degradation in a borrower's creditworthiness is an indication of SICR. Therefore, as shown in the table below, Stage 2 loan distributions are in the main assigned to risk grades higher than Risk Grade 1.

Risk Grade	Balances (£m)			ECL (£m)			Probability of default			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Bridging	Development	Buy to let	Residential
RG1	326.0	0.3	-	(0.1)	-	-	7%	0%	0%	0%
RG2	15.1	39.4	-	-	(0.1)	-	12%	1%	1%	1%
RG3	5.7	29.8	-	-	(0.1)	-	19%	1%	2%	2%
RG4	2.5	8.1	-	-	(0.1)	-	30%	2%	3%	3%
RG5	1.6	8.8	-	-	(0.1)	-	45%	4%	4%	4%
RG6	-	30.5	-	-	(0.2)	-	69%	8%	7%	7%
RG7	-	2.8	-	-	-	-	79%	13%	9%	9%
RG8	-	0.8	-	-	-	-	88%	22%	12%	12%
RG9	-	1.5	-	-	-	-	93%	36%	16%	16%
RG10	-	-	81.9	-	-	(10.6)	100%	100%	100%	100%
Total	350.9	122.0	81.9	(0.1)	(0.6)	(10.6)	-	-	-	-

Determining whether a financial asset is in default or credit impaired

When there is objective evidence of impairment and the financial asset is considered to be in default, or otherwise credit-impaired, it is transferred to Stage 3. The Company's definition of default follows product-specific characteristics allowing for the provision to reflect operational management of the portfolio. Below is a short description of each product type and the Company's definition of default as specific to each product.

Bridging Loans – Bridging loans are short-term loans designed for customers requiring timely access to funds to facilitate property purchases. Typically, loans involve residential securities, however, commercial, semi-commercial and land is also taken as security. A bridging loan is considered to be in default if a borrower fails to repay their loan after 30 days and does not seek an authorised extension; or it is structured and the loan is two months in arrears.

Development Loan – Development loans support borrowers looking to undertake a significant property or site development. The resulting site should be for residential purposes only. Loan terms are typically for the short term (less than three years) with no structured repayments. A development loan is defined as being in default if it has not been redeemed 60 days after the maturity of the loan.

The Company does not apply the rebuttable presumption that default does not occur later when a financial asset is 90 days past due. The Group does not apply the rebuttable presumption that default does not occur later when a financial asset is 90 days past due.

Residential Loans - These are longer term loans to borrowers looking to purchase or refinance their primary residence. Loan terms are typically for more than 20 years and will be repaid in monthly instalments of capital and interest. A residential loan is defined as being default when the level of arrears reaches the equivalent of 3 monthly instalments or the borrower is declared bankrupt.

Buy-To-Let Loans - These are longer term loans to borrowers looking to purchase or refinance an investment property. The loan must be secured against a residential property and the borrower must not reside in the property. Loan terms are typically for more than 20 years and will be repaid on an interest only basis with the principle being repaid at the end of the loan. A residential loan is defined as being default when the level of arrears reaches the equivalent of 3 monthly instalments or the borrower is declared bankrupt.

Improvement in credit risk or cure

There is no cure period assumed for loans showing improvement in credit risk. This means that any loan that does not meet the SICR criteria is assigned to Stage 1.

11. Investment securities

	As at 30 September 2024 £'m	As at 31 March 2024 £'m
	(Unaudited)	(Audited)
Investment securities	37.0	41.1
Total	37.0	41.1

The investment securities of £37.0m (2023: £41.1m) represent the retained risk retention in the form of debt securities issued by unconsolidated structured entities as part of the securitisation transactions of Mortimer 2021, Mortimer 2022 and Mortimer 2023 that are retained by the group. The £4m movement of investment securities is the repayment of the Class A notes for the occurred during the quarterly interest payment dates.

12. Property, plant and equipment

Cost	Computer equipment £'m	Furniture and fittings £'m	Leasehold improvements £'m	Right of use asset £'m	Total £'m
Balance as at 31 March 2024	0.4	0.1	0.4	5.2	6.1
Additions	-	-	0.1	2.0	2.1
Disposals	-	-	-	-	-
Balance as at 30 September 2024	0.4	0.1	0.5	7.2	8.2
Accumulated depreciation and impairment	Computer equipment £'m	Furniture and fittings £'m	Leasehold improvements £'m	Right of use asset £'m	Total £'m
Balance as at 31 March 2024	0.3	0.1	0.3	4.1	4.8
Charge for the period	-	-	-	0.4	0.4
Balance as at 30 September 2024	0.3	0.1	0.3	4.5	5.2
Net carrying value					
Balance as at 31 March 2024	0.1	-	0.1	1.1	1.3
Net additions	-	-	0.1	1.6	1.7
Disposals	-	-	-	-	-
Balance as at 30 September 2024	0.1	-	0.2	2.7	3.0

In June 2024, the company signed a new commercial lease for employee office space in Glasgow, with a lease term expiring in June 2032. The net increase in Right-of-Use (ROU) assets for the reporting period is £1.6 million, which reflects the initial recognition of the ROU asset for the Glasgow lease of £2.0 million, as well as

depreciation for the period of £0.4 million, split between £0.1 million for the Glasgow office space and £0.3 million for the London office space.

13. Lease arrangements

Future minimum payments under non-cancellable leases:

Premises	As at 30 September 2024 £'m	As at 31 March 2024 £'m
Due within a year	1.6	1.4
Due between 1-5 years	1.2	0.9
Due later than 5 years	0.8	-
	3.6	2.3

The Group has a dilapidation requirement to return the leased office to the specification as per the lease agreement. The dilapidation is expected to be £20.00 per square foot and the total dilapidation is expected to be £204k. The Group and the Company have no significant contingent liabilities at the period end.

14. Intangible fixed assets

Internally developed software has been capitalised as an intangible fixed asset and is being amortised over a useful economic life of five years. During this period, the Group capitalised internal costs of £1.2m (the six months ended 30 September 2023: £2.2m). Amortisation: During the six months ended 30 September 2024, the Group amortised £1.7m against intangible fixed assets (the six months ended 30 September 2023: £1.4m).

15. Interest bearing liabilities

	As at 30 September 2024 £'m	As at 31 March 2024 £'m
	(Unaudited)	(Audited)
Funds from investors and partners	600.5	514.0
Accrued interest	4 .4	3.9
Unamortised funding line costs	(3.2)	(3.3)
	601.7	514.6

Funds from investors and partners increased by net £86.5m primarily driven by repayment to existing funders of £83.8m and repayment to new funding from a global alternative investment manager of £5.2m offset by funding received from existing funders of £119.4m and new funding from a global alternative investment manager of £44.5m and a Credit fund of £4.2m.

Retail bond subscriptions of £7.4m were also received, and additional funding line professional fee costs incurred of £1.5m.

16. Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities £'m	Leases £'m	Derivatives (*) £'m
31 March 2023 (Audited)	(1,159.3)	(3.3)	46.0
Cash flows	(2.5)	1.4	(24.7)
Deconsolidation of subs	662.5	-	(25.9)
Movement in accrued interest	0.4	-	-
Fair value changes	-	-	2.6
Amortisation of funding line costs	(3.7)	-	-
Investment Securities	(12.0)	-	-
Lease liability interest		(0.3)	
Dilapidations provision		(0.1)	-
31 March 2024 (Audited)	(514.6)	(2.3)	(2.0)
Cash flows	(85.0)	0.9	(2.6)
Movement in accrued interest	(0.5)		
Amortisation of funding line costs	(1.6)		
Fair value changes	-	-	2.1
Leases finance expense	-	(0.3)	-
ROU asset – addition	-	(1.9)	
Other	-		-
30 September 2024 (Unaudited) confirm to BS	(601.7)	(3.6)	(2.5)

(*) Derivatives as at 31/03/23 was an asset

17. Financial instruments

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are loans and advances, other receivables, cash and cash equivalents, loans and borrowings, derivatives, and other payables.

Categorisation of financial assets and financial liabilities

With the exception of loan commitments classified as fair value through profit or loss, all financial assets of the Group are carried at amortised cost or fair value through other comprehensive income as at 30 September 2024 and 31 March 2024 depending on the business model under which the Group manages the financial assets. All financial liabilities of the Group are carried at amortised cost as at 30 September 2024 and 31 March 2024 due to the nature of the liability, with the exception of derivatives that are measured at fair value.

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents, other receivables, other payables and interest-bearing liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents, other receivables, and other payables approximates their fair value.

(a) Carrying amount of financial instruments

A summary of the financial instruments held by category is provided below:

	As at 30 September 2024 £'m	As at 31 March 2024 £'m (restated)
	(Unaudited)	(Audited)
Financial assets at amortised cost		
Cash and cash equivalents	71.6	55.7
Other receivables	8.2	5.8
Loans and advances ³	-	10.2
Investment securities	37.0	41.1
Financial assets at fair value through other comprehensive income		
Loans and advances	556.3	466.8
Financial assets at fair value through profit and loss		
Total financial assets	673.1	579.6
Financial liabilities at amortised cost		
Other payables	(29.0)	(25.6)
Interest bearing liabilities	(601.7)	(514.6)
Lease liabilities	(3.6)	(2.3)
Derivative financial liability	(2.5)	(2.0)
Total financial liabilities	(636.8)	(544.5)

³ As at 31 March 2024 the Group held these loans valued at amortised cost within the accounts. The portfolio of BTL loans that had previously been held at amortised costs as at 31 March 2024 are now being held at fair value through other comprehensive income as at 30 September 2024 as a result of a change in classification to 'hold to collect and sell'.

(b) Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities.

	As at 30 September 2024 £'m	As at 30 September 2024 £'m	As at 31 March 2024 £'m (restated)	As at 31 March 2024 £'m (restated)
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Financial assets				
Cash and cash equivalents	71.6	71.6	55.7	55.7
Other receivables	8.2	8.2	5.8	5.8
Loans and advances	556.3	556.3	477.0	477.0
Investment securities	37.0	37.2	41.1	41.2
Total financial assets	673.1	673.3	579.6	579.7
	As at 30 September 2024 £'000	As at 30 September 2024 £'000	As at 31 March 2024 £'000	As at 31 March 2024 £'000
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Financial liabilities				
Other payables	(29.0)	(29.0)	(25.6)	(25.6)
Interest bearing liabilities	(601.7)	(575.6)	(514.6)	(508.1)
Derivative financial liability	(2.5)	(2.5)	(2.0)	(2.0)
Lease liabilities	(3.6)	(3.6)	(2.3)	(2.3)
Total financial liabilities	(636.8)	(610.7)	(544.5)	(538.0)

The fair value of Retail Bond 3 interest bearing liabilities is calculated based on the mid-market price of 89.35 on 30 September 2024 (price of 86.3 on 31 March 2024).

The fair value of Retail Bond 4 interest bearing liabilities is calculated based on the mid-market price of 100.73 on 30 September 2024 (price of 100.1 on 31 March 2024).

Loans and advances are classified as fair value through other comprehensive income and any changes to fair value are calculated based on a fair value model using level 3 inputs and recognised through the Statement of Other Comprehensive Income. Interest bearing liabilities are classified at amortised cost and the fair value measured using either level 1 inputs or discounted cash flow valuations in the table above is for disclosure purposes only.

(c) Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into only one of the three levels. The fair value hierarchy has the following levels:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

	As at 30 September 2024	Level 1	Level 2	Level 3
Financial instruments	£'m	£'m	£'m	£'m
Interest rate swap * (Unaudited)	(2.5)	-	(2.5)	-
Loans and advances* (Unaudited)	556.3	-	-	556.3

*Measured at fair value

For all other financial instruments, the fair value is equal to the carrying value and has not been included in the table above.

	As at 31 March 2024	Level 1	Level 2	Level 3
Financial instruments	£'m	£'m	£'m	£'m
Interest rate swap* (Audited)	(2.0)	-	(2.0)	-
Loans and advances* (Audited)	466.8	-	-	466.8

*Measured at fair value

Level 2 instruments include interest rate swaps which are either two, three or five years in length. These lengths are aligned with the fixed interest periods of the underlying loan book. These interest rate swaps are valued using models used to calculate the present value of expected future cash flows and may be employed when there are no quoted prices available for similar instruments in active markets.

Level 3 instruments include loans and advances. The valuation of the asset is not based on observable market data (unobservable inputs). Valuation techniques include net present value and discounted cash flow methods. The assumptions used in such models include benchmark interest rates and borrower risk profile. The objective of the valuation technique is to determine a fair value that reflects the price of the financial instrument that would have been used by two counterparties in an arm's length transaction.

Financial instrument	Valuation techniques used	Significant unobservable inputs	Range
Loans and advances	Discounted cash flow valuation	Prepayment Rate Probability of default Discount Rate	1% - 16% 0% - 100% 5% - 11%

In the 6 month period to September 30th 2024 Lendinvest reclassified its loans and advances held at amortised costs to FVTOCI. This was due to the portfolio of loans changing from “held to collect” to “held to collect and sell” due to the loans being included in the Mortimer 2024 securitisation occurring post period end.

(d) Fair value reserve

Fair Value Reserve

Six months to 30 September 2024	Gross £'m	Deferred tax £'m	Net £'m
Balance as at 1 April 2024 (Audited)	8.5	(2.1)	6.4
Fair value movement during the period	4.3	(1.1)	3.2
Less : Release of fair value on hedged items to profit & loss	(2.0)	0.5	(1.5)
Fair value reserve at 30 September 2024 (Unaudited)	10.8	(2.7)	8.1

Information about sensitivity to change in significant unobservable inputs

The significant unobservable inputs used in the fair value measurement of the reporting entity's loans and advances are prepayment rates, probability of default and discount rates. Significant increase / (decrease) in any of those inputs in isolation would result in a lower / (higher) fair value measurement. A change in the assumption of these inputs will not correlate to a change in the other inputs.

Sensitivity Analysis

Impact of changes in unobservable inputs	Gain or (loss) at 30 September 2024 £'m	+100bps £'m	-100bps £'m
Prepayment rates (Unaudited)	0.3	(0.3)	0.3
Discount rate (Unaudited)	10.1	(10.1)	10.3

18. Derivatives held for risk management and hedge accounting

	As at 30 September 2024		As at 31 March 2024	
	Unaudited		Audited	
Instrument type	Asset £'m	Liability £'m	Asset £'m	Liability £'m
Interest rate swap		2.5	-	2.0

All derivatives are accounted for at fair value for the purpose of hedging fair value risk exposures associated with the BTL and Homeowner mortgage portfolios. The net notional principal amount of the outstanding interest rate swap contracts at 30 September 2024 was £263.5m (31 March 2024: £148.3m).

19. Share capital

	As at 30 September 2024 number	As at 31 March 2024 number
	(Unaudited)	(Audited)
Issued and fully paid up		
Ordinary shares of £0.0005 each	142,782,025	141,032,025
	142,782,025	141,032,025

	As at 30 September 2024 £'m	As at 31 March 2024 £'m
<u>Issued and fully paid up</u>	(Unaudited)	(Audited)
Ordinary Shares of £0.0005 each	0.1	0.1
	0.1	0.1

Share premium	As at 30 September 2024 £'m	As at 31 March 2024 £'m
	(Unaudited)	(Audited)
Closing balance	55.2	55.2

The balance on the share capital account represents the aggregate nominal value of all ordinary and preferred shares in issue. There is no maximum number of shares authorised by the articles of association.

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary and preferred shares. All ordinary and preferred shares have a nominal value of £0.0005.

Reconciliation of movements during the period

	Ordinary Shares
As at 1 April 2024	141,032,025
Shares issued on exercise of company share option scheme options	1,750,000
As at 30 September 2024	142,782,025

The shares granted under the SIP were sourced from the EBT.

On 20 August 2024, the company issued a further 1,750,000 ordinary shares into the EBT to satisfy the expected exercise of vested share options held by employees under the Company's share plans.

20. Earnings per share**(a)**

Basic earnings per share	6 months ended 30 September 2024 (Unaudited)	6 months ended 30 September 2023 (Unaudited)
	Pence/share	Pence/share
Total basic earnings per share attributable to the ordinary equity holders of the Group	(0.8)	(8.5)

(b)

Diluted earnings per share	6 months ended 30 September 2024 (Unaudited)	6 months ended 30 September 2023 (Unaudited)
	Pence/share	Pence/share
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(0.8)	(8.5)

(c) Number of shares used as denominator

	6 months ended 30 September 2024 (Unaudited)	6 months ended 30 September 2023 (Unaudited)
Number of ordinary shares used as the denominator in calculating basic earnings per share	141,282,696	137,965,198
Adjustments for calculations of diluted earnings per share: Options	-	-
Number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share	141,282,696	137,965,198

The loss after tax reported in the consolidated statement of profit and loss, £1.2m (30 September 2023: loss after tax £11.8m), is the numerator (earnings) used in calculating earnings per share.

21. Dividends

No dividends (2023: £0.0mil) were paid during the period but a dividend was paid out in October 2023 of £4.5m. No final dividend in respect of the year ended 31 March 2024 was paid during the period. The Board is not recommending the payment of an interim dividend in respect of the 6 months ended 30 September 2024.

22. Related party transactions

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management is defined as the directors of LendInvest plc.

	6 months ended 30 September 2024 £m	6 months ended 30 September 2023 £m
	(Unaudited)	(Unaudited)
Salary & bonus	0.5	0.5
Short-term non-monetary benefits	-	-
Defined contribution pension cost	-	-
Share based payments	-	-
Total	0.5	0.5

There were no other related party transactions during the period to 30 September 2024 that would materially affect the position or performance of the Group.

23. Events after reporting date

On 6 November 2024, the business successfully completed its sixth public market securitisation transaction in respect of a £290m mixed BTL and owner-occupied loan portfolio. This transaction generated a cash inflow of c£14m which is available for new lending and general business purposes. Due to the size of the transaction, the business intends to reduce the current surplus capacity in its warehouse facilities for lending by c£180m, thereby reducing ongoing commitment fees.

Glossary

Alternative Performance Measures

In the reporting of financial information, the Directors have adopted various alternative performance measures (APMs). APMs should be considered in addition to IFRS measurements. The Directors believe that these APMs assist in providing useful information on the underlying performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance. They are not necessarily comparable to other entities' APMs.

Assets under Management ('AuM')

The Group defines AuM as the sum of (i) the total amount of outstanding loans and advances (including accrued interest, before impairment provisions and fair value adjustments), as reported on an IFRS basis in the notes to the accounts in the Group's Financial Statements, and (ii) off-balance sheet assets, which represents the total amount of outstanding loans and advances (including accrued interest) that the Group originates but does not hold on its balance sheet, comprising those loans that are held by its off-balance sheet entities. Off-Balance Sheet Assets are not presented net of any impairment provisions relating thereto.

The Directors view AuM as a useful measure because it is used to analyse and evaluate the volume of revenue-generating assets of the platform on an aggregate basis and is therefore helpful for understanding the performance of the business.

The following table provides a reconciliation from the Group's reported gross loans and advances.

Unaudited	As at 30 September 2024 (£m)	As at 30 September 2023 (£m)
Gross Loans and advances	556.3	822.4
Off-Balance Sheet Assets	2,388.8	1,872.7
Platform AuM	2,945.1	2,695.1

Funds under Management ('FuM')

The Group defines FuM as the aggregate sum available to the Group under each of its funding lines. The Group's FuM are used to originate revenue generating AuM. The Directors view the difference between the Group's FuM and Platform AuM as the headroom for future growth.

New lending/loan origination -

The Group defines new lending as the total new money lent on loans which have originated in the period, or when an existing product has been refinanced with a new loan.

Diluted earnings per share -

The Group defines diluted earnings per share as earnings per share divided by the weighted average number of dilutive shares including adjustments for share options.