



Distribution Finance Capital Holdings plc

Interim Results for the six months ended 30 June 2025

September 2025



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Introductions



Carl D'Ammassa
Chief Executive Officer



Sameera Khaliq
Chief Financial Officer



1. H1 2025 Review

Carl D'Ammassa

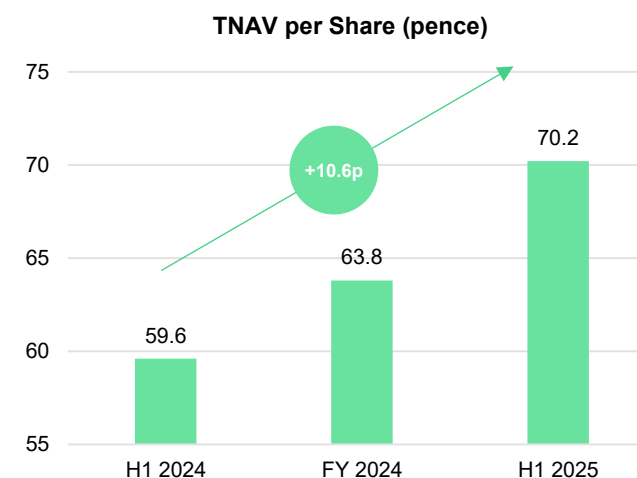
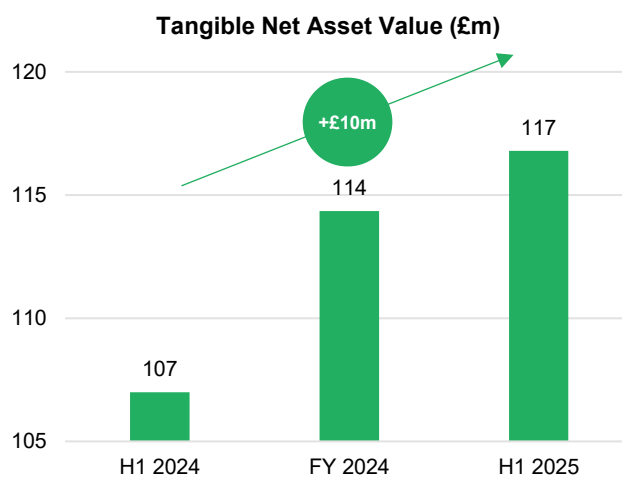
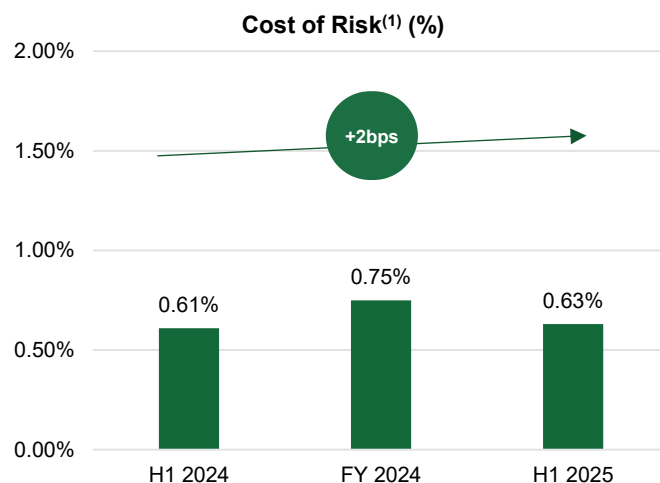
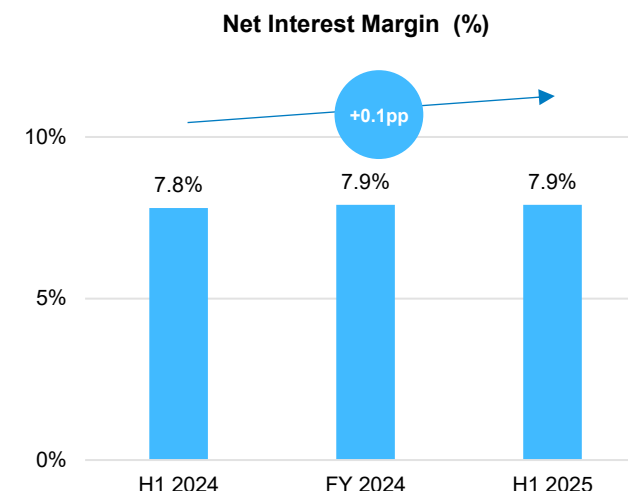
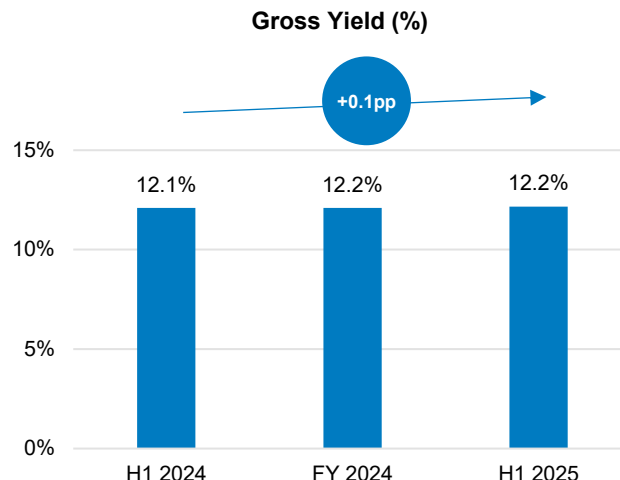
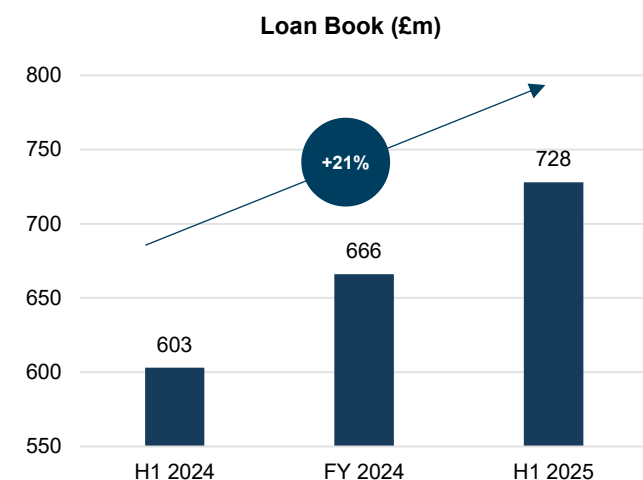
Another period of significant momentum; launch of asset finance to drive next phase of growth

- Record financial performance
 - Profit before tax: £9.0m for H1 2025 (H1 2024 profit before tax⁽¹⁾: £7.5m)
 - New lending: £828m, up c.£118m or c.17% (H1 2024: £710m)
 - Loan book: £728m, up £125m or c.21% (30th June 2024: £603m)
 - Tangible net asset value per share⁽²⁾ : 70.2p, up c.18% (H1 2024⁽¹⁾:59.6p)
- Net interest margin remained strong at 7.9% (H1 2024: 7.8%) through disciplined pricing approach and despite the falling base rate
- Strong arrears management resulted in stable cost of risk at 0.63% (H1 2024⁽¹⁾: 0.61%) with total arrears (1 day+ past due including legal recoveries) remaining low at 0.9% of total book (H1 2024⁽¹⁾: 0.5%)
- Cost-to-income ratio improved to 57% (H1 2024: 59%) despite investment in the new asset finance product
- Successful consumer lending authorisation and launch of asset finance product with over 75 dealers onboarded, and first loans originated
- Growth in tangible net assets to c.£117m (H1 2024: £107m)
- Return on equity of 11.3% (H1 2024⁽²⁾: 10.5%) increasing steadily towards the mid-teens target
- An exceptional period of execution and financial delivery; full year outlook materially ahead of current market expectations

Notes: (1) 1H24 and FY24 figures presented exclusive of extraordinary impairment recoveries made, (2) number of shares adjusted for treasury shares,



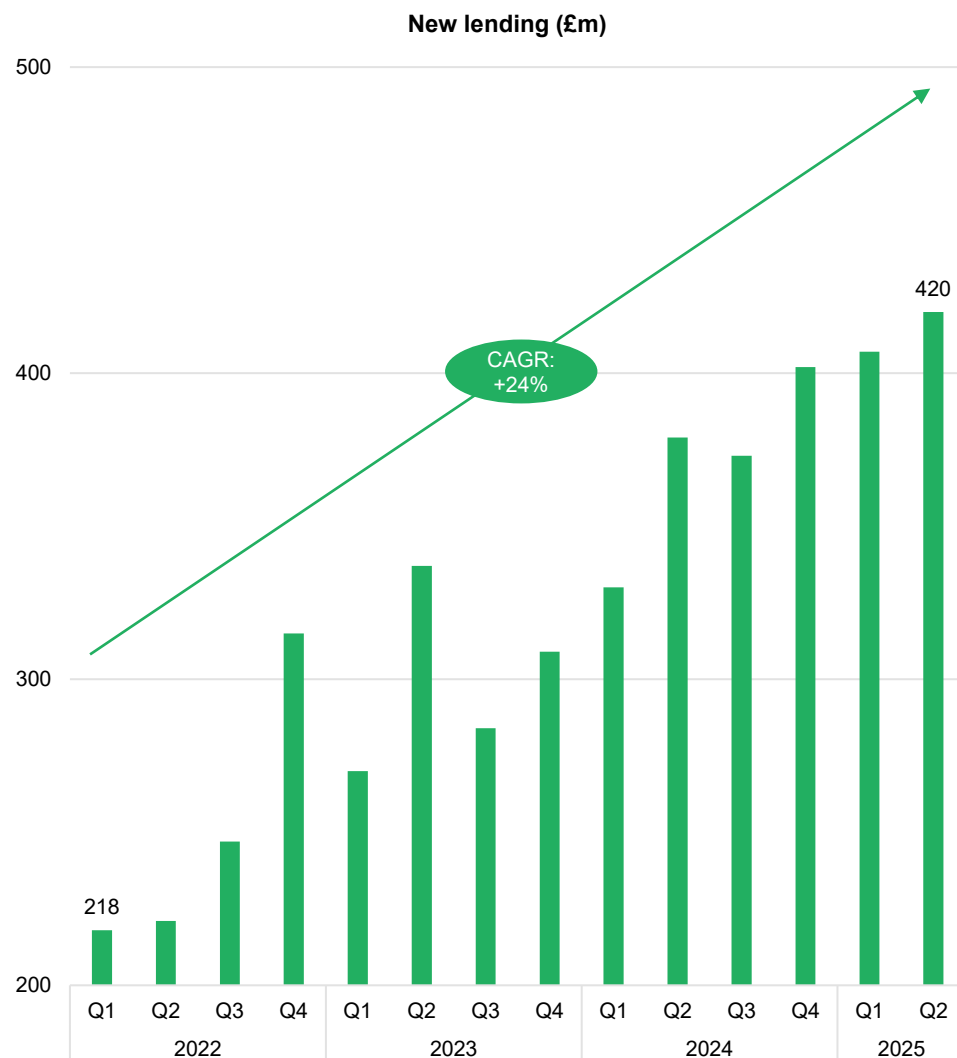
Progress towards delivery of medium-term targets



Notes: (1) 1H24 and FY24 figures presented exclusive of extraordinary impairment recoveries made



Record origination volumes; supporting more customers than ever before



- Record origination volumes of £828m in H1 2025 (H1 2024: £710m) achieved despite challenging macroeconomic circumstances
- Growth in core inventory product driven by:
 - Share-of-wallet increases away from competitors;
 - Onboarding of new manufacturer partners (now 97) and distributor partners (now almost 1,500); and
 - Supporting existing manufacturers with European programmes
- Normalisation of seasonality with stock turn accelerating slightly to 128 days at 30th June 2025 (30th June 2024: 149 days)
- Increase in tailored lending through innovative product offerings, including Structured Finance portfolio growing by £11m (up 14%) in H1 2025

Notes: (1) 1H24 and FY24 figures presented exclusive of extraordinary impairment recoveries made



2. H1 2025 Financials

Sameera Khaliq

Strong, sustainable profit and improving efficiency through scale

Summarised income statement

	30 June 2025 6 months £'000s	30 June 2024 6 months £'000	Change %
Interest income and fee income	43,254	37,889	14.2%
Interest expense	(16,942)	(15,383)	10.1%
1 Net income	26,312	22,506	16.9%
2 Staff costs	(9,499)	(7,823)	21.4%
3 Other operating expenses	(5,588)	(5,403)	3.4%
4 Impairment charges⁽¹⁾	(2,187)	(1,802)	21.4%
Profit before taxation⁽¹⁾	9,038	7,478	20.1%
Impact of extraordinary impairment recovery	-	1,696	n/a
Statutory profit before taxation	9,038	9,174	(1.5%)
KPIs			
Net interest margin (%)	7.9%	7.8%	0.1%
5 Cost-to-income ratio (%)	57.3%	58.8%	(1.5%)
Return on assets ⁽¹⁾ (before taxation) (%)	2.6%	2.5%	0.1%
Return on equity ⁽¹⁾ (before taxation) (%)	15.5%	13.7%	2.2%
6 Return on equity⁽¹⁾ (after taxation) (%)	11.3%	10.5%	0.8%

- 1 Net income up c.17%, driven largely by the equivalent growth in the loan book
- 2 Staff costs well controlled despite investment in new headcount to support launch of asset finance proposition
- 3 c.3% increase in other operating expenses driven by ongoing investment in technology and cyber security
- 4 Impairment charge increasing as the loan book grows; £2.2m impairment charge equivalent to a 0.63% cost of risk (H1 2024: 0.61%) remaining stable and well below through-the-cycle target of 1%
- 5 Despite investment in the launch of the asset finance proposition, the cost-to-income ratio improved by 1.5% percent to 57.3%
- 6 Return on equity improved to 11.3%, driven by loan book growth and increasing capital efficiency

Notes: (1) 1H24 figures and KPIs presented exclusive of extraordinary impairment recoveries made



Organic capital generation continues to unlock incremental growth

Balance sheet extracts and KPIs

	30 June 2025	30 June 2024	% Change
1 Loan book principal (£m)	728	603	20.7%
2 Customer deposits (£m)	688	579	18.8%
Net assets (£m)	117.6	107.6	9.3%
Tier 1 capital (£m)	101.7	90.0	13.0%
3 Tier 2 capital - (£m)	10.2	10.2	-
4 Total capital (£m)	111.9	100.2	11.7%
Common Equity Tier 1 capital ratio (%)	19.7%	23.2%	
Regulatory capital (as a % of RWAs)	21.7%	25.9%	
KPIs			
5 Impairment coverage on loans book ⁽¹⁾⁽²⁾ (%)	1.1%	1.3%	
Loan to wholesale value of assets (%)	86%	83%	
6 Tangible net asset value per share ⁽¹⁾ (pence)	70.2	59.6	17.8%

- 1 Strong growth in loan book driven by increasing share and broadening suite of products
- 2 Growth in deposit balances supporting loan book, with primary source of funding still retail deposits
- 3 Tier 2: Further £10m available under current British Business Investment agreement
- 4 Capital headroom to support c.£950m loan book in near term; current capital + expected profit generation sufficient to hit loan book of c.£1.3bn by end of FY28
- 5 Stable impairment provision coverage reflecting the secured nature of all products and consistency in borrower risk profile
- 6 Tangible net asset value per share increased by 10.6p over the 12-month period to 70.2p

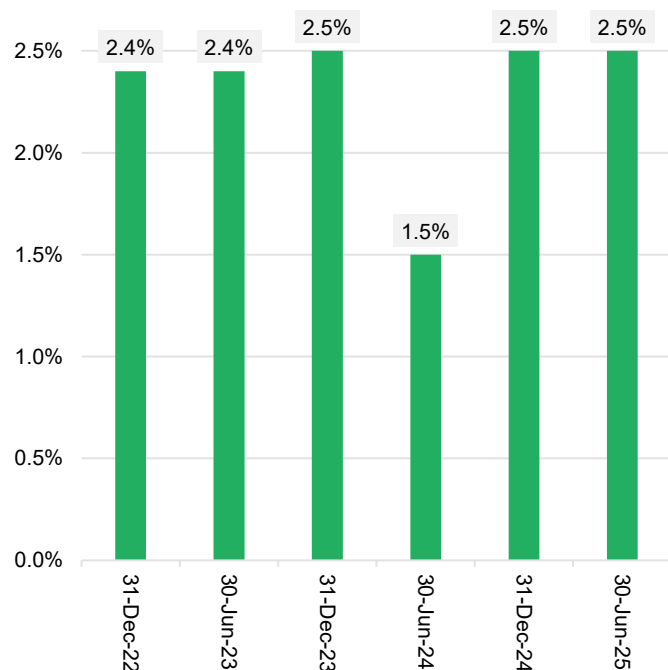
Notes: (1) 1H24 and FY24 figures and KPIs presented exclusive of extraordinary impairment recoveries made (2) calculated as the impairment provision relating to the gross principal outstanding divided by the gross principal outstanding



Diligent management of customer arrears has resulted in well-controlled and stable impairment costs

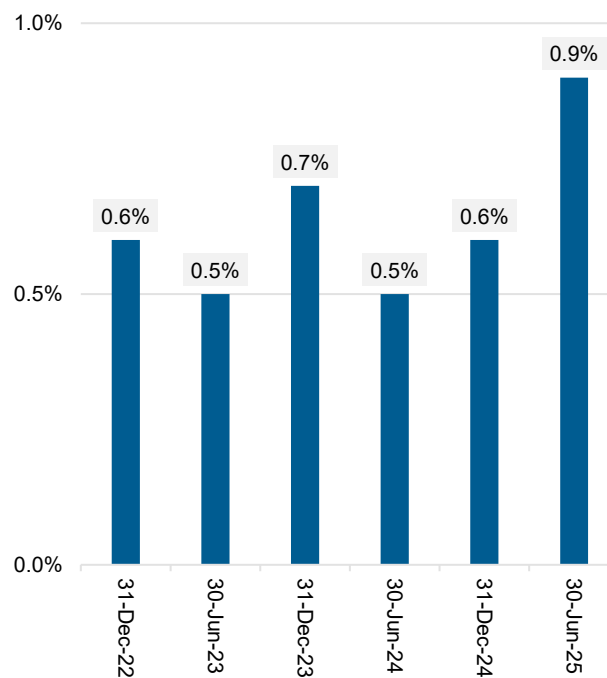
Percentage
of customers in arrears by number⁽¹⁾

The number of dealers in arrears (meaning 1 day past due or more) has remained low, reflecting consistent application of credit risk appetite and credit management strategies.



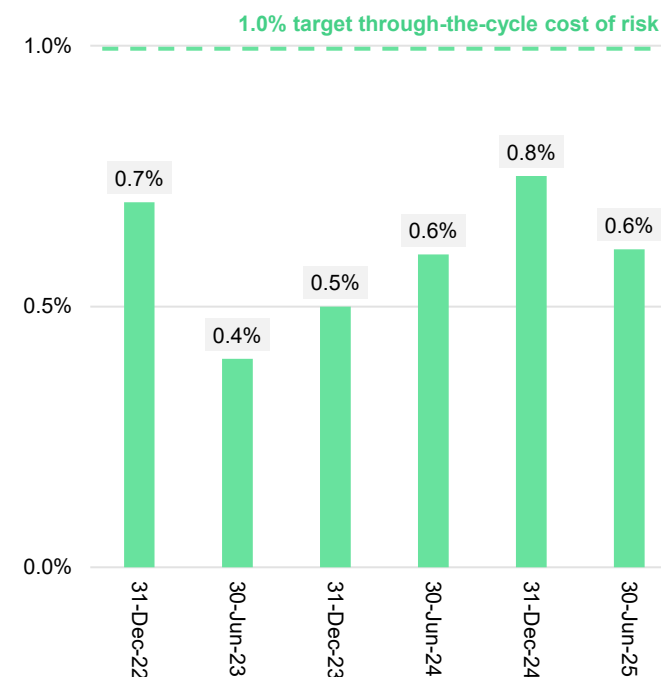
Percentage
of loan book in arrears by value⁽¹⁾

An increase to 0.9% of the value of the loan book in arrears as at 30 June 2025 vs. 0.5% in the prior period is driven by a small number of higher-value dealers falling into arrears.



Cost of risk⁽¹⁾⁽²⁾

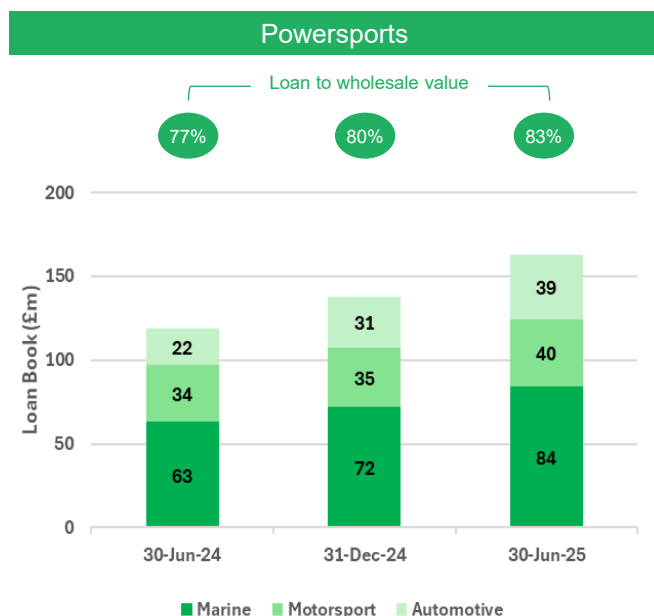
Cost of risk is flat period-on-period at 0.6% and remains within the credit risk tolerance level. We remain vigilant and proactive in the management of our loan portfolio.



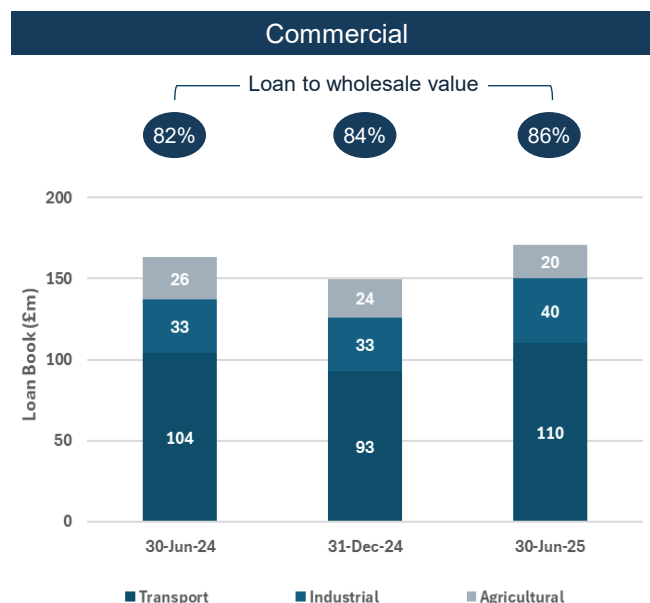
Notes: (1) 1H24 and FY24 figures presented exclusive of extraordinary impairment recoveries made (2) calculated as impairment charge divided by average loan book for the period



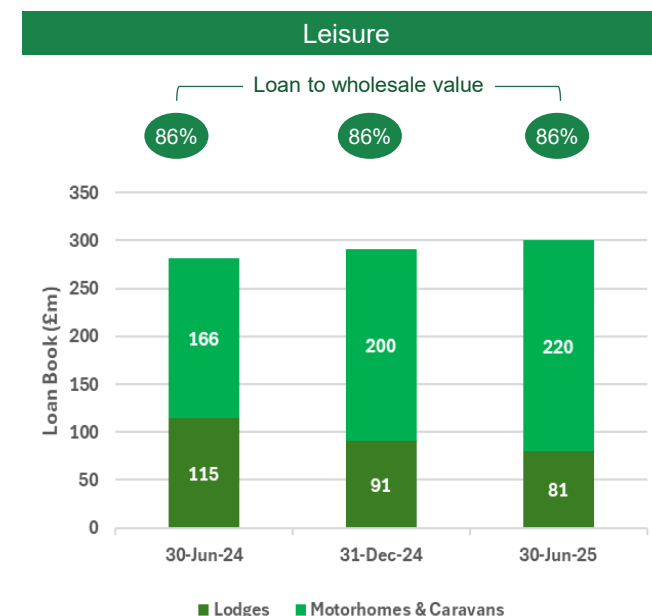
Overall growth across all sectors in inventory finance, despite market pressures



- High end-user demand, particularly in luxury automotive and higher-value boats has supported growth
- On-boarded 5 new manufacturers and associated dealers



- Subdued investment across agricultural sector in light of weather and Government policies
- Recent manufacturer relationship wins in industrial has seen a steady level of growth
- Expected bounce-back in transportation sector, but still highly competitive



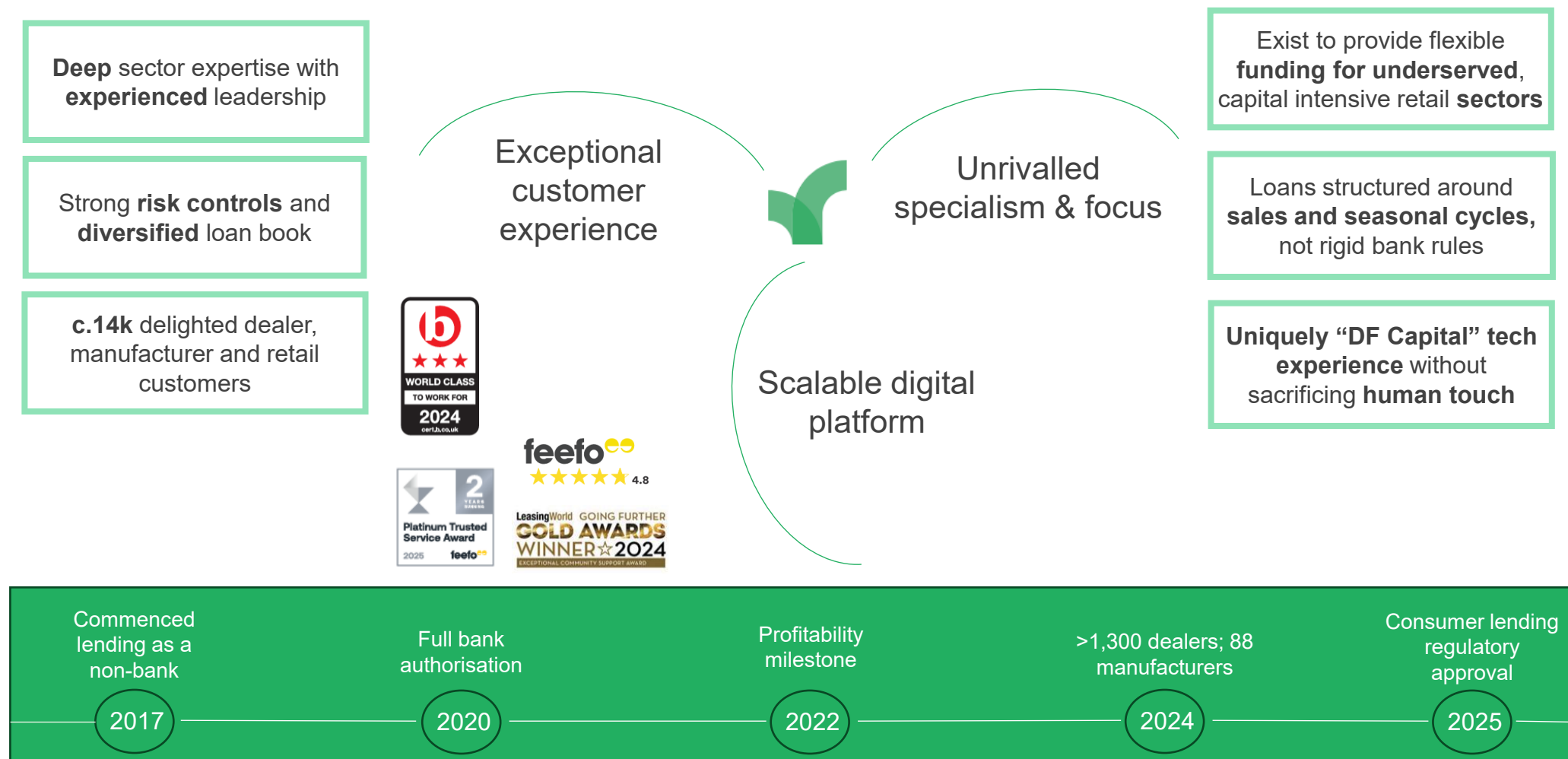
- Whilst the touring caravan market has been muted, strong demand in motorhomes has unlocked growth, with industry statistics indicating we are the largest player in the sector
- Lodges market still adjusting post RoyaleLife failure as well as correction of oversaturation of product and diminished end-user demand. Dealers continue to pivot to rental fleets.



3. Why DF Capital ?

Scaling with specialism; Powered by innovation

Customer-first finance: enabling the growth and sales of success for manufacturers, dealers and distributors through flexible and innovative lending products; underpinned by great rates for savers across the UK



Why businesses choose us

Simplicity



Specialism



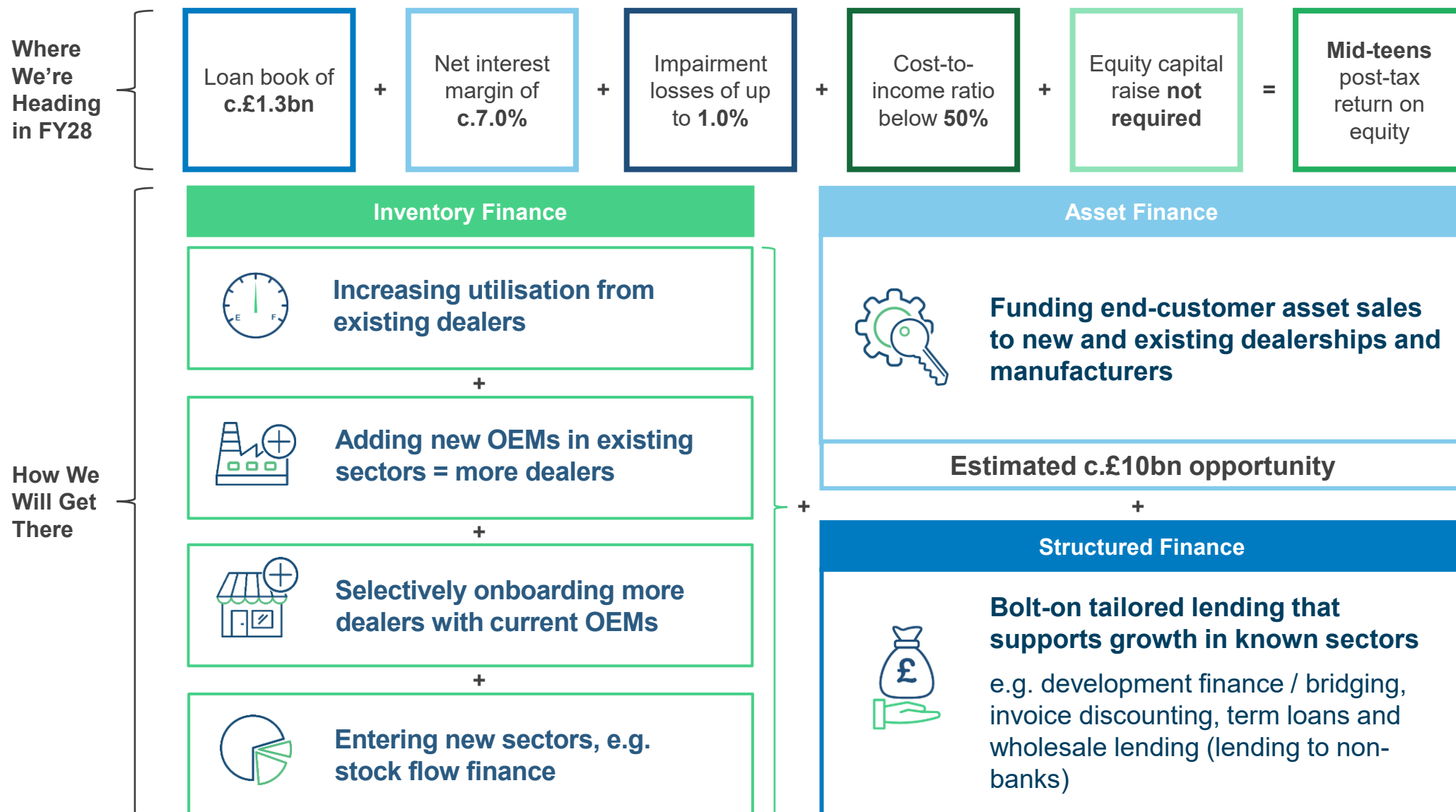
Service



Product	Stock flow finance: inventory finance + invoice discounting	Inventory finance + manufacturer program	Inventory finance
Sector	Renewables	Leisure	Marine
Customer need	Funding to enable scaling of business model	Funding tailored to industry-specific seasonality	Funding to support rapid expansion
Win reason	Limitations of incumbent provider – innovative holistic funding for working capital and inventory	Requirement unmet by traditional lender	Long-standing customer as a result of superior service – needed a fast response
Result	<p><i>“DF Capital is incredibly easy to work with. Their technology streamlines everything, creating real efficiencies, yet their friendly team is always just a phone call away, ready to help. It’s a refreshing combination of innovation and personal support.”</i></p>	<p><i>“The bank’s flexibility, straightforward processes and supportive team have made all the difference. We value the strong relationships we have and the funding it provides, especially during slightly more difficult economic times.”</i></p>	<p><i>“DF Capital has been instrumental in helping us expand and develop our business. With a personal approach to customer service that mirrors our own, same day funding, and in depth understanding of our business, they continue to be our provider of choice for inventory finance”.</i></p>



Routes to growth: supporting the growth & retail sales of manufacturers, dealers and distributors



4. Outlook

Foundations in place for further scale; outperforming current market exceptions in the near-term

- Large number of opportunities to grow, supporting our medium-term strategy and roadmap to £1.3bn loan book in FY28:
 - Further opportunity to scale in core inventory finance – taking market share and entering new sectors;
 - Entry to asset finance markets represents an estimated market of c.£10bn through dealers we already have relationships with; and
 - Tailored lending solutions that support the growth ambitions and sales across known sectors
- Ongoing investment in technology to achieve scale and efficiency, whilst leveraging further operational efficiencies and targeting cost to income ratio of <50% in FY28
- Latent capacity within BBB ENABLE Guarantee and Tier 2 facility means we have sufficient capital to achieve a loan book of c.£950m; with a clear roadmap with retained earnings to reach c.£1.3bn by FY28 without the requirement for additional dilutive Tier 1 equity raise
- 2025 Outlook:
 - Loan book expectations unchanged and expected to be in the range of £750m and £800m
 - Continued delivery of operational leverage, widening the jaws between income and costs
 - Net interest margin (NIM) expected to remain strong; medium term guidance revised upwards from c.6% to c.7% in the core product
 - Expected to be materially ahead of current market expectations, with FY26 marginally ahead



A. Appendices

Summarised statement of profit and loss and other comprehensive income

	30 June 2025	30 June 2024	31 December 2024
	6 months	6 months	12 months
	£'000s	£'000s	£'000s
Gross revenues	43,254	37,889	76,805
Interest expense	(16,942)	(15,383)	(31,208)
Net income	26,312	22,506	45,597
Operating expenses	(15,087)	(13,226)	(26,764)
Impairment charges	(2,187)	(106)	241
Profit before taxation	9,038	9,174	19,074
Taxation	(2,432)	(2,443)	(5,053)
Profit after taxation	6,606	6,731	14,021
Other comprehensive (loss) / income	-	74	75
Total comprehensive profit	6,606	6,805	14,096
Basic earnings per share	3.7p	3.8p	7.8p
Diluted earnings per share	3.5p	3.6p	7.4p

Notes: Statutory 1H24 and FY24 figures presented includes of £1.7m of extraordinary impairment recoveries made



Condensed consolidated statement of financial position

	30 June 2025	30 June 2024	31 December 2024
	£'000	£'000	£'000
Assets			
Cash and balances at central banks	84,856	86,036	110,030
Loans and advances to banks	11,599	3,496	3,771
Debt securities	-	6,175	769
Loans and advances to customers	722,031	596,771	660,772
Current and deferred taxation asset	2,110	5,265	3,980
Other assets	11,388	8,462	7,218
Total assets	831,984	706,205	786,540
Liabilities			
Customer deposits	688,128	579,012	649,665
Financial liabilities	2,643	1,127	90
Other liabilities	13,354	8,268	10,230
Subordinated liabilities	10,234	10,225	11,201
Total liabilities	714,359	598,632	671,186
Total equity	117,625	107,573	115,354

Notes: Statutory 1H24 and FY24 figures presented includes of £1.7m of extraordinary impairment recoveries made



Stock turn analysis

Stock turn (average age of loan outstanding – days)

	Recent trend vs expected norms		Historical Annual Average	Tolerance Level	30 June 2025	30 June 2024	31 December 2024
	New Loans	Repayments					
Agriculture	Lower	Slower	119	240	173	141	153
Automotive	Higher	Faster	73	200	63	70	80
Industrial	In line	Slower	120	250	156	166	179
Lodges	Lower	Slower	154	300	230	288	278
Marine	In line	In line	132	250	131	137	119
Motorcycle	Higher	Faster	107	200	78	83	107
Motorhome & Caravan	Higher	In Line	105	200	138	120	125
Transport	Lower	In Line	86	200	82	100	93
Loan Book Average			128	240	128	149	140



