Investment Evolution Credit plc

("IEC" or the "Company")

Interim Results

Investment Evolution Credit plc (AQSE: IEC) – 22 February 2024: IEC, a global fintech group specialising in online consumer loans, is pleased to announce its unaudited consolidated results for the six months ended 30 November 2023.

Six-Month Period Highlights:

- Revenue and other income of £441,261
- Profit before taxation of £268,062
- Net profit after tax of £195,088
- Earnings per share of £0.02
- Cash and cash equivalents balance as at 30 November 2023 of £659,289

Post Period Highlights:

IPO & Aquis Stock Exchange Growth Market Listing

IEC completed its December 2023 IPO oversubscribed subscription, raising £507,734. The Company was admitted to trading on Aquis Stock Exchange Growth Market on 14 December 2023.

FCA UK License Progress

IEC appointed leading international law firm Osborne Clarke LLP as regulatory legal adviser for its licensing application to the Financial Conduct Authority (FCA) to provide consumer loans in the United Kingdom. The appointment of legal advisers to advance the Company's FCA licensing application has resulted in the Company and its advisers revising the estimated timeline for IEC becoming authorised to provide consumer loans in the United Kingdom to 10 - 12 months, well ahead of the original planned timeline of 12 – 18 months. IEC's management are now working towards commencing consumer lending operations in the United Kingdom by early 2025.

Launched IEC 15% Bond £100m Offering

IEC launched an up to £100 million bond offering, the IEC 15% fixed rate unsecured bond 2024 ("IEC Bond"). The IEC Bond offers investors a fixed 15% per annum return over 5 years, with interest payable quarterly. The proceeds from the IEC Bond will be used solely to fund expansion of the Company's consumer loan portfolio and shall not be used for funding the Company's working capital or for any other purpose. IEC Bond proceeds are expected to be immediately deployed to fund new consumer loans in the Company's United States state-licensed lending business Mr. Amazing Loans, and to fund new consumer loans in the United Kingdom upon the anticipated launch of IEC's UK lending operations by early 2025.

Appointed Corporate Broker

As announced on 12 February 2024, IEC appointed Axis Capital Markets Limited, a leading UK institutional broker, to act as IEC's Corporate Broker. As part of its role as Corporate Broker, Axis Capital Markets will also conduct the IEC Bond offering.

Share Price Performance

As at market close on 21 February 2024, IEC's share price has increased by 200% from its IPO subscription price since listing on 14 December 2023.

Paul Mathieson, Chief Executive Officer of Investment Evolution Credit plc, stated

"We are very pleased with our financial performance, company progress and the 200% increase in IEC's share price since listing on Aquis Stock Exchange Growth Market on 14 December 2023."

IEC is an experienced regulated licensed lender under the corporate entity Investment Evolution Corporation and consumer brand Mr. Amazing Loans in the United States with state consumer lending licenses in the 6 states of California, Florida, Georgia, Illinois, Nevada and New Jersey and an established track-record of regulatory compliance for over 13 years. IEC plans to expand its United States lending model to the United Kingdom market by providing £2,000 to £10,000 online personal loans with an APR of 19.9% to 59.9% and fixed affordable repayments.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company accept responsibility for the contents of this announcement.

Enquiries:

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 24 MAY 2023 TO 30 NOVEMBER 2023

	Note	Unaudited Period ended 30 November 2023 £
Revenue	2	204,363
Cost of services		(40,153)
Gross Profit		**164,210**
Administrative expenses	3	(133,046)
Other income	4	236,471
Operating profit		**267,635**
Finance income		427
Profit before taxation		**268,062**
Income tax	7	(72,974)
Profit after tax		**195,088**
Profit attributable to the Group		**195,088**
Other comprehensive income		
Currency translation adjustment		1,201
Total comprehensive income for the period attributable to ordinary equity holders		**196,289**
Earnings per share for profit attributable to ordinary equity holders		
Basic earnings per share	8	**0.02**
Diluted earnings per share	8	**0.02**

The notes form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023

		Unaudited
		As at 30 November 2023
ASSETS	Note	**£**
Non-current assets		
Goodwill	9	2,939
Total non-current assets		2,939
Current assets		
Other current assets		1,489
Deferred offering costs	15	235,314
Trade and other receivables	10	102,490
Cash and cash equivalents	11	659,289
Total current assets		998,582
Total assets		**1,001,521**
LIABILITIES		
Non-current liabilities		
Funding advance for new loans	12	12,642
Non-recourse distributions from loans receivable	12	63,192
Total non-current liabilities		75,834
Current liabilities		
Trade and other payables	13	195,777
Total liabilities		**271,611**
Net assets		**729,910**
EQUITY		
Share capital	15	62,112
Share premium	15	8,775
Subscribed share capital, net	15	462,734
Retained earnings		195,088
Currency translation reserves		1,201
Total equity		**729,910**

The notes form an integral part of this unaudited condensed consolidated interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 24 MAY 2023 TO 30 NOVEMBER 2023

	Share capital £	Share premium £	Subscribed share capital, net £	Currency translation reserve £	Retained earnings £	Total equity £
Balance at 24 May 2023	—	—	—	—	—	—
Income for the period	—	—	—	—	195,088	195,088
Other comprehensive income						
Currency translation adjustment	—	—	—	1,201	—	1,201
Total comprehensive income for the period	—	—	—	**1,201**	**195,088**	**196,289**
Share capital issued	62,112	8,775	—	—	—	70,887
Share capital subscribed	—	—	462,734	—	—	462,734
Balance at 30 November 2023	**62,112**	**8,775**	**462,734**	**1,201**	**195,088**	**729,910**

The notes form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
FOR THE PERIOD FROM 24 MAY 2023 TO 30 NOVEMBER 2023

	Note	Unaudited Period ended 30 November 2023 £
Cash flows from operating activities		
Income from operations before tax		268,062
Adjustments to net income		
Reversals of credit loss provision		(969)
Interest income		(427)
Unrealised foreign exchange gain		(208)
Changes in working capital:		
Increase in trade and other receivables		(12,901)
Increase in other current assets		(161)
Decrease in trade and other payables		(240,008)
Cash generated from operating activities		13,388
Interest received		427
Income tax paid		—
Net cash generated from operating activities		**13,815**
Cash flows from investing activities		
Cash from acquired subsidiaries	9	241,220
Net cash generated from investing activities		**241,220**
Cash flows from financing activities		
Receipts from share subscriptions		462,734
Receipts from share issuances		70,887
Payments to loan funding		(3,022)
Payments to share offering costs		(127,721)
Net cash generated from financing activities		**402,878**
Foreign exchange impact		1,376
Net increase in cash and cash equivalents		659,289
Cash and cash equivalents at 24 May 2023		—
Cash and cash equivalents at 30 November 2023	11	**659,289**

The notes form an integral part of this unaudited condensed consolidated interim financial information.

1. Material accounting policy information and other explanatory information

(a) General information

Investment Evolution Credit plc ("IEC UK" or the "Parent Company") is a limited company incorporated in England and Wales under the Companies Act of 2006. The address of the registered office is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR. The nature of the Group's operations and principal activities is providing loans to customers and financial management services, including accounting, valuations, and capital structure services.

The Parent Company was incorporated on 24 May 2023 and was re-registered as a public limited company on 2 November 2023.

Investment Evolution Corporation ("IEC US"), acquired by IEC UK on 1 July 2023 (see Note 9), is engaged in providing unsecured online consumer loans under the brand name "Mr. Amazing Loans" via the IEC US website and online application portal at www.mramazingloans.com. IEC US started its business and opened its first office in Las Vegas, Nevada in 2010. IEC US currently offers $2,000 to $10,000 unsecured consumer loans that mature, unless prepaid, five years from the date they are issued. IEC US is a direct lender with state licenses and/or certificates of authority in 6 states – California, Florida, Georgia, Illinois, Nevada and New Jersey. IEC US originates direct consumer loans to residents of these states through its online application portal, with all loans originated, processed and serviced out of its centralised Las Vegas head office.

IEC Credit Group Ltd was incorporated on 25 May 2023 to provide management consulting services to consumer finance companies and review opportunities for strategic acquisitions or partnerships in the consumer finance sector.

IEC Credit Ltd was incorporated on 29 May 2023 to provide unsecured online consumer loans to customers in the United Kingdom subject to approval and authorisation by the Financial Conduct Authority.

As of 30 November 2023, the Parent Company holds 100% direct interest in IEC US and IEC Credit Group Ltd, and 100% indirect interest in IEC Credit Ltd through IEC Credit Group Ltd (IEC US, IEC Credit Group Ltd., and IEC Credit Ltd together are referred to as the "Subsidiaries").

The term "Group" refers to the Parent and the Subsidiaries.

(b) Basis of preparation

The principal accounting policies applied in the preparation of the unaudited condensed consolidated interim financial information are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

The unaudited condensed consolidated interim financial information for the period from the date of incorporation on 24 May 2023 to 30 November 2023 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report.

The unaudited condensed consolidated interim financial information is presented in GBP (£) unless otherwise stated, which is the Group's functional currency.

Comparative figures

No comparative figures have been presented as the Group's unaudited condensed consolidated interim financial information covers the period from incorporation on 24 May 2023.

Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary, to ensure consistency with the policies adopted by the Group.

Going concern

The Group's unaudited condensed consolidated interim financial information has been prepared on a going concern basis. The Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future based on cash flow forecasts. The Directors also consider the Group's overall financial position, exposure to principal risks, and future business forecasts. The unaudited condensed consolidated interim financial information does not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Standards and interpretations issued and not yet adopted by the Group

As at the date of the Group's unaudited condensed consolidated interim financial information, the Directors have reviewed the standards in issue by the International Accounting Standards Board and IFRIC, which are effective for periods beginning on or after the stated effective date but have not yet been applied. In their view, these standards would not have a material impact on the financial reporting of the Group.

Standards/Interpretations	**Application**	**Effective from**
IAS 1 Amendments	Non-current liabilities with covenants (classification of liabilities as current or non-current)	1 January 2024
IAS 7 and IFRS 7 Amendments	Supplier finance arrangements	1 January 2024
IFRS 16 Amendments	Lease liability in a sale and leaseback	1 January 2024

(c) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable.

The Group's primary revenue includes loan interest, loan originator fees and financial management fees. A contract with a customer that results in a recognised financial instrument may be within the scope of IFRS 9 and IFRS 15.

Revenue on loan interest is recognised using the effective interest method over the life of the loan as it is earned and collected on a periodic basis. Revenue on loan originator fee is earned on the date the corresponding loan is recognised. Loan originator fee pertains to a specific fee charged to the borrower at loan origination date. These fees are recognised in accordance with the applicable loan agreement.

Revenue on financial management services are recognised as earned, calculated, and collected in accordance with the applicable agreement. In the event that financial management fee is received before it is earned, deferred revenue is recorded and is included under liabilities in the consolidated statements of financial position.

The performance obligation to provide the service to the customer is satisfied over time beginning from the period when the control on the agreed cash or loan transfers to the customers.

The Group recognised the incremental costs of obtaining a contract as an expense when incurred if the amortization period determined in reference to the life of the contract of the resulting asset that the Company otherwise would have recognised is one year or less.

The Group does not adjust the amount of consideration for the effects of a significant financing component if, at contract inception, the expected period between the transfer of promised services and customer payment is one year or less.

Interest revenue

Interest revenue is recognised over time according to the agreed interest rate and payment dates within the loan contract.

Other income

The Group recognises other income when earned or realised.

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate on initial recognition.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised as proceeds received net of issue costs.

Financial assets
The Group's financial assets comprise trade and other receivables and security deposit.

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument, and are recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date, whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities
The Group' financial liabilities comprise trade and other payables, funding advance for new loans, and non-recourse distributions from loans receivable.

Financial liabilities are initially recognised at fair value of the consideration received net of issue costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included in the condensed consolidated interim statement of profit or loss and other comprehensive income line item "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed.

(e) Fair values

Fair value is the amount for which a financial asset, liability, or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction or by the use of established estimation techniques.

All assets and liabilities for which fair value is measured or disclosed in the financial statement are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level I – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level II – Inputs, other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level III – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarises fair value measurements by level as at 30 November 2023 for assets and liabilities measured at amortised cost on a recurring basis:

	Level I £	Level II £	Level III £	Total £
Financial assets				
Cash and cash equivalents	659,289	—	—	659,289
Trade and other receivables	102,490	—	—	102,490
Subscriptions receivable	45,000	—	—	45,000
Other current asset (excluding prepayments)	1,328	—	—	1,328
Financial liabilities				
Trade and other payables	195,777	—	—	195,777
Non-recourse distributions from loan receivable	63,192	—	—	63,192
Funding advance for new loans	12,642	—	—	12,642

The fair values at the end of the reporting period are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

(f) Deferred offering costs

Deferred, direct offering costs were capitalised and consisted of fees and expenses incurred in connection with the sale of the Group's common stock in the initial public offering ("IPO"), including the legal, accounting, printing, and other offering-related costs. Upon completion of the IPO, these deferred offering costs will be reclassified from current assets to stockholders' equity and will be recorded against the net proceeds from the offering.

(g) Receivables

Loans receivable is recognised at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value, in accordance with IFRS 15 and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit loss.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether, and the extent to which, settlement of the loan receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. The unobservable inputs used to calculate the fair value of these loans include historical loss rates, recent default trends and estimated remaining loan terms. Therefore, the carrying value of the loans receivable approximates the fair value.

When a loan receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

(h) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are derecognised when the obligation specified in a contract is discharged, cancelled or has expired.

(i) Expenses

Expenses are recognised when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognised: (i) on the basis of a direct association between the costs incurred and the earning of specific items of income; (ii) on the basis of systematic and rational allocation procedures (i.e., when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined); or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position.

(j) Taxes

Income taxes include all taxes based on the taxable profits of the Group. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

Deferred income tax is provided in the financial statements using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the same taxation authority levies the income taxes and when there is a legally enforceable right to offset them.

(k) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;

- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss and other comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss and other comprehensive income.

(l) Goodwill

Goodwill on acquisitions of subsidiaries is disclosed as a separate line item in the unaudited condensed consolidated interim statement of financial position and is carried at cost less accumulated impairment losses. Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired and is allocated to cash-generating units. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Under IFRS 3 "Business Combinations", goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the unaudited condensed consolidated interim statement of profit or loss and other comprehensive income and is not subsequently reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash generating units).

(m) Equity

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's issued ordinary shares are classified as equity instruments and recorded as share capital at par value. Any excess of the consideration received against par value is recorded as a premium. Shares subscribed are recorded as subscribed share capital at their purchase value, net of any unpaid amount. Subscribed shares are recorded as share capital, with excess of par at share premium upon full payment of the purchase value or upon happening of a contingent event.

Currency translation adjustments are differences arising from translation of investments in overseas subsidiaries. The differences arise from the translation of foreign operations' results and financial positions from their respective functional currencies to the Group's presentation currency.

(n) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The unaudited condensed consolidated financial statements are presented in GBP (£), which is the Company's functional and the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the re-translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are generally recognised in profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to cash and borrowings are presented in the unaudited condensed consolidated interim statement of profit or loss and other comprehensive income within 'other income'. All other foreign exchange gains and losses are presented in the unaudited condensed consolidated interim statement of profit or loss and other comprehensive income.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that unaudited condensed consolidated interim statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate if material.

(o) Judgements or key sources of estimation uncertainty

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results might differ from these estimates.

Critical judgments and estimates applied follows:

- Critical estimates in the impairment of goodwill — Goodwill arising on business combination is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to cash generating units (CGUs) that are expected to benefit from the business combination. An impairment loss is recognised for the amount which the asset's or CGUs carrying amount exceeds its recoverable amount. The recoverable amount is higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Goodwill is subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

- Expected credit loss (ECL) assessment — Allowance for ECLs is maintained at a level considered adequate to provide for uncollectible receivables. ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions, and assessment of future economic conditions.

- The Group used historical loss rates, recent default trends and estimated remaining loan terms to determine the probability of default of the financial assets. The recognised provision for ECL is disclosed in Note 10.

2 Revenue

Revenue for the period ended 30 November 2023 consists of:

	Period ended 30 November 2023 £
Financial management fees	139,872
Loans fee revenue	48,000
Interest revenue	16,491
	204,363

Financial management fees, loans fee revenue, and certain interest revenue pertain to services made to a related party (see Note 14).

3 Administrative expenses

	Period ended 30 November 2023 £
Investor relations	34,167
Salaries and benefits	28,199

Consultancy costs	13,982
Accounting fees	12,274
Utilities	10,878
Auditor’s remuneration	9,269
Insurance	5,496
Legal expenses	5,400
Taxes and licenses	4,984
Rent	3,943
Company secretarial services	2,903
Bank charges	2,391
Reversals of credit loss provision, net	(969)
Other administrative expenses	129
	133,046

4 Other income

	Period ended 30 November 2023 £
Corporate fee	230,584
Loss recovery	5,132
Foreign exchange gain	755
	236,471

Corporate fee of £230,584 relates to non-refundable corporate processing fees charged to shareholders on their share allotments.

5 Auditor's remuneration

	Period ended 30 November 2023 £
Fees payable to the Parent's auditor for the non-statutory audit on the Parent's interim financial information relating to the Parent's public company admission	18,000
Fees payable to the Parent's auditor for non-assurance services relating to the Parent's public company admission	17,700
Fees paid to the Subsidiaries' auditor for the non-statutory audit of the Subsidiaries' interim financial information	9,269
	44,969

6 Employees' remuneration

There were three (3) employees of the Group in the period under review, other than the two directors.

	Period ended 30 November 2023 £
Salaries and benefits	**56,399**

Salaries and benefits amounting to £28,200 were included as part of cost of services for the period ended 30 November 2023.

7 Income tax

Income tax comprises:

	Period ended 30 November 2023 £
Current tax expense in respect of the current period	72,974
Total income tax	**72,974**

All income tax is attributable to continuing operations.

The total tax charge for the period can be reconciled to the accounting profit multiplied by the tax rate as follows:

	Period ended 30 November 2023 £
Profit before tax of Parent Company subject to tax	291,897
Income tax rate	25%
Income tax recognised on profit or loss	**72,974**

The rate used for the period in the reconciliation above is the corporate rate of 25% payable by corporate entities on taxable profits under tax law in that jurisdiction.

8 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to the owners of Investment Evolution Credit plc by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is computed by dividing net profit by the weighted average number of shares of ordinary shares, contingently issuable shares, convertible shares, and certain common share equivalents outstanding for the period. Common stock equivalents are only included when their effect is dilutive.

For the period ended 30 November 2023, the Group's dilutive shares include contingently issuable shares upon the Group's IPO. There is no difference in the profit attributable to ordinary shareholders used to compute the basic and diluted earnings per share.

	Period ended 30 November 2023 £
Profit attributable to ordinary shareholders, basic	195,088
Profit attributable to ordinary shareholders, diluted	195,088
Shares used to compute earnings per ordinary share, basic	12,422,303
Shares used to compute earnings per ordinary share, diluted	12,689,532
Basic earnings per share	**0.02**
Diluted earnings per share	**0.02**

9 Business acquisition

On 1 July 2023, the Parent Company acquired Investment Evolution Corporation, a company under common control, which is incorporated in the United States of America from Investment Evolution Credit S.A. (IEC SA) via a stock purchase agreement for £240,000. As payment for the acquisition, the Parent Company settled its loan receivable, with the same amount, to IEC SA.

The Group did not incur any other costs related to the acquisition.

Details of the purchase consideration, the net assets and goodwill are as follows

	£
Purchase consideration	
Fair value of receivables settled	**240,000**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value £
Cash and cash equivalents	241,220
Trade and other receivables	85,145
Provision for credit losses	(8,886)
Other current assets	1,322
Trade and other payables	(3,277)
Funding advance for new loans	(45,619)
Non-recourse distribution from loans receivables	(32,844)
Net identifiable assets acquired	237,061
Goodwill	2,939
	240,000

Goodwill amounting to £2,939 was recognised on the acquisition of Investment Evolution Corporation (dba Mr. Amazing Loans), being the excess of the purchase consideration over the fair value of net assets acquired. For the period ended 30 November 2023, there were no movements and impairments recognised relating to goodwill.

10 Trade and other receivables

	Period ended 30 November 2023 £
Loans receivable, net	88,812
Receivables from related parties	12,167
Accrued interest receivable	1,511
	102,490

Loans receivable consists of:

Period ended

	30 November 2023 £
Loans fee receivable	92,683
Provision for credit losses	(3,871)
Loans fee receivable, net	**88,812**

A reconciliation of the allowance for credit losses consists of the following:

	Period ended 30 November 2023 £
Beginning	8,886
Reversal of credit losses	(969)
Write-offs	(4,046)
Ending	**3,871**

The following is an age analysis of past due receivables:

	Period ended 30 November 2023 £
1 – 30 days past due	19,877
31 – 60 days past due	—
61 – 90 days past due	—
Over 90 days past due	8,294
	28,171

The following is a breakdown of gross loan principal amounts outstanding in each US state for the Group’s current active loan portfolio, excluding uncleared collections:

	Period ended 30 November 2023 £
California	31,384
Illinois	28,198
New Jersey	7,326
Georgia	7,059
Nevada	5,591
Missouri	1,490
Pennsylvania	1,352
Louisiana	147
	82,547

11 Cash and cash equivalents

	As at 30 November 2023 £
Cash in banks and on hand	196,555
Funds held on trust	462,734
	659,289

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned from banks amounted to £427 for the period ended 30 November 2023.

Funds held on trust pertain to the subscriptions collected by IEC SA's bank on behalf of the Group under a Treasury Services Agreement dated 15 June 2023 (See Note 15).

12 Funding advances of new loans and Non-recourse distributions from loan receivable

In 2023, IEC US received $100,000 funding advance from Full Circle Financial Services (FCFS) to fund new consumer loans in accordance with the Funding and Participation Agreement and related agreements. Under the Funding and Participation Agreement, no interest is charged by FCFS to the Company, with an agreed split of interest revenue from the loans distributed to FCFS along with monthly distributions of the principal of consumer loan repayments which reduce the funding advance.

An overview of the FCFS funding advance, loan funding and future distributions process is provided below:

a) <u>Funding Advance for New Loans</u>
The funds received are initially recorded under the "Funding Advance for New Loans" account, to be used for the purpose of funding new consumer loans as outlined in the specified agreements.

b) <u>Funded Loan Assets</u>
When new consumer loans are funded by the Company, the assets from consumer loans are recorded in a separate subaccount under Loans Receivable of the Company.

c) <u>Funded Loan Allocation to Non-Recourse Account</u>
Following the funding of loans, the "Non-Recourse Distributions from Loans Receivable" account is used to record the future distributions that will be sent to FCFS from the consumer loan principal repayments. This account is not a debt of the Company and is classified as a 'non-recourse' liability, as FCFS only has rights to these specific consumer loan assets with distributions made when the consumer makes loan repayments.

d) <u>Funded Loan Defaults</u>
In cases of individual loan defaults, the outstanding capital is reassigned from the Company to FCFS, reducing the "Non-Recourse Distributions on Loans Receivable" account. This structure insulates the Company from potential credit losses, negating the need for credit loss provisions on these loans.

e) <u>Funded Loan Revenue Sharing and Principal Distributions</u>
Interest revenue from these loans is shared between the Company and FCFS as per the Funding and Participation Agreement. The Company also remits principal repayments received from consumers to FCFS, resulting in a decrease in the Non-Recourse Distributions on Loans Receivable account.

At 30 November 2023, there were twenty-one (21) consumer loans funded totaling £66,372 with a final account balance of £63,192, net of principal payments received from consumers and remitted to FCFS.

13 Trade and other payables

	As at 30 November 2023 £
Accrued expenses	110,384
Accounts payable	77,454
Amounts owing to directors	7,939
	195,777

14 Related party transactions

Following are the outstanding balances and transactions, as at and for the period ended 30 November 2023, with related parties. Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated and are not disclosed on this note.

	Note	**Amount**	**Receivable (Payable)**

		£	£
Related parties under common control			
Loan		240,000	—
Management fee	2	139,872	12,167
Loans fee revenue	2	48,000	—
Interest revenue	2	5,980	—
Directors and Shareholders			
Corporate fee	4	230,584	—
Directors' consulting fees and salaries		144,221	(7,939)
Share issuances		47,061	—

On 1 June 2023, the Group entered into a £240,000 loan agreement with Investment Evolution Credit S.A. with a loan repayment date of 31 May 2024 and 29.9% interest per annum. Interest and 20% loan origination fee earned from the loan amounted to £5,980 and £48,000, respectively, for the period ended 30 November 2023. The loan, interest, and loan fee were subsequently settled through intercompany settlements resulting in nil balances as at 30 November 2023.

For the period ended 30 November 2023, Paul Mathieson and Sam Prasad, directors of the Parent Company, were paid £105,250 and £38,971, respectively, as consulting fees and salaries; at the period end £1,431 and £6,508, respectively, was owed to the directors.

As of 30 November 2023, Paul Mathieson and Sam Prasad, directors of the Parent Company, own 6,387,913 (51.42%) and 1,175,394 shares (9.46%), respectively, of the Parent Company.

15 Equity

Details of contributed capital as of 30 November 2023 are as follows:

	Share capital £	**Share premium** £	**Subscribed share capital, net** £	**Total** £
12,422,303 ordinary shares at £0.005 par value	62,112	8,775	—	70,887
2,538,672 ordinary shares at £0.20 per share	—	—	507,734	507,734
	62,112	8,775	507,734	578,621
Less: Subscriptions receivable			(45,000)	(45,000)
	62,112	**8,775**	**462,734**	**533,621**

The Group has one class of ordinary shares.

The Group was incorporated on 24 May 2023 and during the period, had the following issuances of ordinary shares:

a. 12,377,303 ordinary shares were issued to various shareholders at par; and
b. 45,000 shares were issued to various shareholders at £0.2000 per share, which is comprised of £0.005 par value and £0.195 share premium.

On 10 November 2023, 2,538,672 shares were subscribed at £0.20 per share as a conditional placement for the Group's IPO, of which 225,000 shares are unpaid as at 30 November 2023. Deferred offering costs recognised related to the Group's IPO amounted to £235,314 as at 30 November 2023.

16 Financial instruments

The following tables set out the categories of financial assets and liabilities held by the Group:

Financial assets

	Period ended 30 November 2023 £
Cash and cash equivalents	659,289
Trade and other receivables	102,490
Subscriptions receivable	45,000

Other current asset (excluding prepayments)	1,328
	808,107

Financial liabilities

	Period ended 30 November 2023 £
Trade and other payables	195,777
Non-recourse distributions from loans receivable	63,192
Funding advance for new loans	12,642
	271,611

Financial risk management

The Company's existing financial assets and liabilities arise directly from the Group's operations. There is minimal risk with these financial assets and liabilities as they relate to day-to-day business expenditure and are invoiced in Sterling, the Group's functional currency and the directors believe their carrying value reasonably equate to fair value.

Financial risk factors
The Group has recently been incorporated and has limited operating history upon which prospective investors may assess the likely performance of the Group. The Group's success will depend upon the Directors' ability to identify and manage future opportunities that may arise.

Market risk
(a) Foreign exchange risk
The Group has exposure to market risk – foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities not denominated in GBP. The Group's income stream is exposed to fluctuation in the US Dollar and Euro exchange rate against GBP.

This risk is managed predominantly via policies approved by the directors. Market risks are identified and evaluated closely by directors. Directors provide written principles for overall risk management, as well as policies covering specific areas. These are reviewed monthly and discussed at director's meetings.

The Group's exposure to foreign currency risk as at 30 November 2023, expressed in GBP follows:

	Period ended 30 November 2023	
	$	**€**
Assets		
Cash and cash equivalent	—	174,588
Liabilities		
Trade and other payables	10,581	—

The aggregate net foreign exchange gains recognised in profit or loss were:

	Period ended 30 November 2023 £
Realised foreign exchange gain	547
Unrealised foreign exchange gain	208
Total net foreign exchange gain recognised in profit before tax	**755**

A +/-10% shift in the USD and EUR exchange rate would be expected to have an impact on profit before tax as follows:

	Impact on profit before tax as at 30 November 2023 Increase (Decrease)	
	$	**€**
+10%	(943)	15,872
- 10%	943	(15,872)

(b) Interest rate risk
The Group does not have interest-bearing liabilities.

(c) Price risk
The Group is not exposed to either commodity or equity securities price risk.

Strategic risk
The Group's ability to generate profit (which cannot be guaranteed) will be reliant upon the performance of investments and the successful execution of the business strategy (in both its current form and as amended from time to time). The Group seeks to mitigate this risk by implementing a sustainable business model. The Board of Directors meet at least four times a year to revisit the Group's strategy and align it with current market and economic conditions.

Regulatory and legal risk
As the Group expands its activities, the Group will become increasingly obligated to comply with the laws, rules, regulations and policies of the jurisdictions in which the Group operates.

Reputational risks
Reputational risk is the risk resulting from failure to meet the reasonable expectations of stakeholders regarding any event, behaviour, action, or inaction undertaken by the Group, its employees, or its affiliated entities. The Group seeks to ensure its business minimises reputational risk through the Board of Directors policies, procedures and controls for corporate governance and risk management.

Credit risk
Credit risk is the risk that the Group will not be able to recover receivables from the counterparty when due. Credit risk is managed by the experienced Executive Management Team and Board of Directors.

The Group's credit risk arises from cash and cash equivalents, and trade and other receivables.

Cash in bank is covered by insurance limits, which minimises the Group's exposure to credit risk. Funds held on trust are kept in financial institutions with credit rating of above B+ and are secured by an agreement in case of possible losses. Advances to related parties are transacted with related parties with no history of default and are in good financial condition. Credit risk is assessed as low considering balances are collectible from the counterparties involved. The Group's portfolio of loan receivables is with consumers living throughout the United States and consequently, such consumers' ability to honour their instalment contracts may be affected by economic conditions in these areas.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents, and trade and other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and other receivables. To measure the expected credit losses, trade, and other receivables have been grouped on shared credit risk characteristics and the days past due. The Funding and Participation Agreement structure insulates the Group from potential credit losses, negating the need for credit loss provisions on these loans.
Refer to Note 10 for the details of the provision for credit loss and age analysis of past due receivables.

Liquidity risk
Liquidity risk is the risk that the Group will fail to meet its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, the Board of Directors reviews sensitivity analysis to different stress scenarios to simulate and analyse cash flows, ensuring the Group has sufficient liquidity. A material and sustained shortfall in the Group's cash flow could undermine the Group's credit rating, impair investor confidence, and also restrict the Group's ability to raise funds.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than One year £	One to two years £	Two to five years £	Total £
Trade and other payables	195,777	—	—	195,777
Funding advances for new loans	—	—	12,642	12,642
Non-recourse distributions from loans receivable	—	—	63,192	63,192
	195,777	**—**	**75,834**	**271,611**

Capital risk

Capital risk encompasses the possibility that the Group might lack adequate capital resources to sustain its operations. The Group follows a cautious strategy in capital management. The Board of Directors consistently assesses budgets and forecasts, including capital and liquidity ratios, to ensure prudent management of capital resources.

17 Directors' advances, credit and guarantees

There are no directors' advances, credit, or guarantees in the period.

18 Capital management policy

The Directors' objectives when managing the Group's capital are to safeguard the Group's ability to continue as a going concern to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued share capital, share premium, and reserves.

19 Capital commitments

There were no capital commitments as at 30 November 2023.

20 Contingent assets or liabilities

There were no contingent assets or liabilities as at 30 November 2023.

21 Ultimate controlling party

As at 30 November 2023, there was no ultimate controlling party of the Group.

22 Subsidiaries consolidated

The subsidiaries included in the unaudited condensed consolidated financial statement of the Group are detailed below. No subsidiary undertakings have been excluded from the consolidation.

Company	Place of Business	Class of share capital held	Holdings Direct (%)	Holdings Indirect (%)	Principal Activities
Investment Evolution Corporation	USA	Ordinary	100	—	Providing unsecured online consumer loans
IEC Credit Group Ltd	UK	Ordinary	100*	—	Management consultancy other than financial management
IEC Credit Ltd	UK	Ordinary	—	100**	Credit granting by non-deposit-taking finance houses and other specialist consumer credit grantors

**The Company holds 1,000 £1.00 ordinary shares, unpaid at period end*
***IEC Credit Group Ltd holds 1,000 £1.00 ordinary shares, unpaid at period end*

IEC Credit Group Ltd and IEC Credit Ltd are included in the Group consolidation, however, these entities only contain balances relating to their incorporation on 25 May 2023 and 29 May 2023, respectively. Both have not yet operated from incorporation to 30 November 2023.

23 Nature of the Group unaudited condensed consolidated interim financial information

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act of 2006.

The financial statements have not been reviewed, nor audited.

24 Significant post-balance sheet events

On 14 December 2023, the Group was admitted to the Access Segment of Aquis Stock Exchange (AQSE) Growth Market ("Admission") following the successful completion of its subscription, raising gross proceeds of £507,734. The issued share capital of the Group on Admission comprises 14,960,975 ordinary shares. The Group trades its ordinary shares in AQSE under the ticker "IEC" and ISIN: GB00BPQC9525.

Glendys Andrea Aguilera and Neil Roger Patrick were appointed as additional new directors of the Group on 14 December 2023 on Admission.

On 7 February 2024, the Group launched an up to £100 million unsecured bond offering to investors with a five-year maturity at a fixed interest yield of 15% per annum, interest payable quarterly (the "Bonds"). The proceeds of the Bonds will be used for fund expansion of the Group's consumer loan portfolio.

Caution Regarding Forward Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.