

INVESTMENT EVOLUTION CREDIT PLC AND ITS SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

Company registration number: 14890706

INVESTMENT EVOLUTION CREDIT PLC & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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Investment Evolution Credit plc

COMPANY INFORMATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Company registration number	14890706
Directors	G A Aguilera N R Patrick
Secretary	B Harber
Registered office	6th Floor 60 Gracechurch Street London EC3V 0HR
Solicitor	Memery Crystal RBG Legal Services Limited 165 Fleet Street London EC4A 2DY
Bankers	Emerald 24 Emerald Financial Group (UK) Ltd Hamilton House 1 Temple Avenue London EC4Y 0HA
Registrars	Neville Registrars Neville House Steelpark Road Halesown B62 8HD
Corporate Advisor	Cairn Financial Advisers LLP 9 th Floor 107 Cheapside London EC2V 6DN

STRATEGIC REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The Directors present their Strategic Report for the six months ended 31 December 2024.

Business Review and Future Developments

The Group is an Artificial Intelligence (AI) driven, consumer finance fintech innovator with a mission to rehabilitate borrowers through better technology and fairer products. The Group is an experienced regulated licensed lender under the consumer brand Mr. Amazing Loans in the United States with state consumer lending licenses/certificates of authority in the six states of California, Florida, Georgia, Illinois, Nevada and New Jersey and an established track-record of regulatory compliance for over 14 years.

The Group is pursuing a strategic approach that involves a combination of acquisitions and technological innovation. By acquiring existing businesses, the Group aims to accelerate market entry and expand its loan portfolio. Simultaneously, the integration of AI aims to optimise operations and unlock new growth opportunities.

The Group is prioritising acquiring existing UK lenders with Financial Conduct Authority (FCA) licenses alongside pursuing its own application, which would entail a quicker entry into the UK market. Further, post-acquisition of a UK FCA licensed lender, the Group plans to grow its loan book through further acquisitions and organic lending in both the UK and US. Additionally, the Group intends to significantly expand its US operations by increasing its number of state lending licenses, prioritise maximising lending in the high-margin U.S. states of Georgia, California, and Nevada and also explore expansion into other international markets beyond the UK and US. Finally, the Group is exploring opportunities to increase revenue through partnerships and licensing its intellectual property/US licenses to entities like medical providers, educational institutions, retailers, and lower-margin lenders.

To achieve these goals the Group announced the following board changes. John Philip de Blocq van Kuffeler MA, FCA, will be appointed to the Board as Executive Chairman. On 1 January 2025, Marc Howells was appointed to the Board as Executive Director and Chief Executive Officer and Dr Richard Leaver PhD was appointed as an independent Non-Executive Director.

Both John and Marc have decades of experience in consumer credit and have successfully built and sold other companies in this sector. The Group plans to utilise Richard Leaver's expertise in AI to further optimise the use of AI in its consumer lending operational processes and seek potential joint ventures and acquisitions in the AI space.

The Group is focused on obtaining institutional debt funding and is currently in discussions with institutional debt providers for both UK and US funding. The new proposed Board members also have a substantial personal network of debt funding contacts.

Strategic Report continued

Principal risk and uncertainties

The Group is exposed to the following significant risks and uncertainties:

Financial risk factors

The Group has recently been incorporated and has a 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 arise.

Market risk

The Group's market risk is limited only to foreign exchange rates arising from potential fluctuations in foreign exchange rates, particularly the US Dollar against the GBP. This risk is managed through policies approved by the Directors and is regularly monitored and reviewed to mitigate potential financial impacts.

Strategic risk

The Group's ability to generate profit will be reliant upon the performance of investments and the successful execution of the business strategy. The Group seeks to mitigate this risk by implementing a sustainable business model. The Board of Directors meets 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

The Group has limited exposure when it comes to regulatory and legal risk due to its size. However, as the Group expands its activities, it will become increasingly obligated to comply with the laws, rules, regulations, and policies of the jurisdictions in which it operates. Acquisitions will be audited against current regulatory requirements including Customer Duty.

Reputational risks

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

The Group's credit risk is primarily associated with cash and cash equivalents, as well as trade and other receivables. To mitigate this risk, the Group leverages insurance coverage for bank deposits and focuses on transactions with financially sound related parties. The Group assesses credit risk as low due to the perceived creditworthiness of counterparties. However, economic conditions could potentially impact the ability of consumers to fulfil their loan obligations. The Group applies a simplified approach to measure expected credit losses and benefits from the structure of its Funding and Participation Agreement to minimise credit loss provisions.

Liquidity risk

The Group prioritises maintaining sufficient liquidity to meet its financial obligations. The Board of Directors regularly assesses potential risks through stress testing to ensure the Group's financial stability. A liquidity shortfall could negatively impact on the Group's credit rating, investor confidence, and ability to raise funds.

Capital risk

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.

Strategic Report continued

Financial Key Performance Indicators

The main key performance indicators for the six months ended 31 December 2024 were as follows:

- Revenue and other income of £12,181
- Loss before taxation of £405,149
- Net loss after tax of £405,149
- Loss per share of £0.03
- Cash and cash equivalents balance of £37,151

Section 172 (1) Statement

From the perspective of the Board, as a result of the Group's governance structure, the matters that are responsible for considering under Section 172 (1) of the Companies Act of 2006 have been considered to an appropriate extent by the Group's Board. The Board has also considered relevant matters where appropriate.

By order of the Board



Neil Patrick – Director & Chairman of Audit & Risk Committee

31 January 2025

DIRECTORS' REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The Directors present their report and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2024.

Future Developments

As set out in the Company's admission document, the Company continues to explore the FCA lending application process, however it is also in discussions with potential acquisition targets in the UK lending space which already hold existing FCA lending licences, have existing operations and hold existing consumer loan books with a view to considering the merits of obtaining the FCA licence via acquisition rather than application. Given the advanced nature of discussions with certain acquisition targets, the Board anticipates that the acquisition of an existing UK FCA licensed lender could occur in Q1 2025, with more potential acquisition targets to follow. Upon signing a heads of agreement, the licence change of control process is estimated to take approximately three months and the application work previously completed in respect of the Company's own FCA lending application would be utilised in the process. Following a potential UK acquisition, the Group intends to seek further larger loan book acquisition rollups in both UK and US in addition to organic lending growth. With regards to US state lending licences, the Group plans to expand the number of current US state consumer lending licenses from six to twenty during 2025 and seek to significantly expand US operations.

To ensure it has sufficient resources to achieve its stated aim above, the Group raised £100,000 in August 2024, £457,526 in October 2024, £2,500 in November 2024 and £27,000 in December 2024.

Further funding will be required as and when any acquisition above is completed. Existing shareholders have expressed interest in providing further equity financing and the board continues to explore debt financing opportunities.

Directors of the company

The directors who have served during the period were as follows:

Paul Mathieson (Appointed 7 June 2023, Resigned 31 December 2024)
Sameer Prasad (Appointed 24 May 2023, Resigned 31 July 2024)
Glendys Aguilera (Appointed 14 December 2023)
Neil Patrick (Appointed 14 December 2023)

Directors' interests

The Directors who served during the period and their interests in the Group's issued share capital were:

	Number of ordinary shares held as at 31 December 2024
Paul Mathieson	24,237,913
Sameer Prasad	4,350,394
Glendys Aguilera	-
Neil Patrick	300,000

Directors' Report Continued

Dividends

The Directors do not recommend the payment of a dividend in respect of the period.

Substantial shareholders

As at 31 December 2024, the Group has been notified of the following beneficial interests of 3% or more in its shares:

Name of shareholder	Number of shares	% of issued share capital & voting rights
Paul Mathieson	24,237,913	37.31%
Sameer Prasad	4,350,394	6.70%
J and W Willoughby	3,335,000	5.13%
Gant Investments Pty Ltd	2,155,416	3.32%
L Prasad Pty Ltd	2,073,105	3.19%

Financial instruments

The Group's financial instruments are set out in Note 17 to the financial statements and consist of cash and cash equivalents, trade and other receivables, other current assets, trade and other payables and non-recourse distributions from loans receivable.

Branches outside the UK

The Group consists of three entities registered in the United Kingdom and one in the United States of America.

Political donations and expenditure

No political donations were made in the period.

Other matters

Financial Key Performance Indicators and Principal risk and uncertainties are disclosed in the Strategic Report.

Going concern

The Directors noted the loss that the Group has made for the six months ended 31 December 2024. The Directors have prepared cash flow forecasts extending to 31 January 2026 which show that, in order for the Company to continue to discharge its liabilities as they fall due and to continue with its planned expansion of the Group, additional cash will be required.

The ability to successfully raise additional finance is subject to uncertainty. However, the Directors believe this uncertainty will be successfully resolved and the Group will raise sufficient cash to enable the Group to continue in operational existence for the foreseeable future and continue with the Group's plans. They have, therefore, prepared the financial statements on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Directors' responsibilities

The Directors have elected to prepare the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK, which includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB).

Directors' Report continued

The condensed consolidated interim financial statements are prepared so as to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these condensed consolidated interim financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group. They are also responsible for the system of internal control, safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Group's website is the responsibility of the Directors.

By order of the Board



Neil Patrick – Director & Chairman of Audit & Risk Committee

31 January 2025

Investment Evolution Credit plc and its Subsidiaries

As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

The condensed consolidated interim statements of total comprehensive income of the Group for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024:

	Note	Six Months Ended 31 Dec 2024	Period Ended 30 June 2024	Six Months Ended 31 Dec 2023
		£	£	£
		(Unaudited)	(Audited)	(Unaudited)
Revenue	2	11,269	224,910	17,884
Cost of services		(43,661)	(98,645)	(47,180)
Gross Profit (Loss)		<u>(32,392)</u>	<u>126,265</u>	<u>(29,296)</u>
Administrative expenses	3	(374,037)	(603,534)	(177,150)
Other income	4	912	229,667	278,986
Operating loss		<u>(405,517)</u>	<u>(247,602)</u>	<u>72,540</u>
Finance income		368	1,056	514
Income (loss) before taxation		<u>(405,149)</u>	<u>(246,546)</u>	<u>73,054</u>
Income tax	7	—	(26,903)	(31,224)
Income (loss) after tax		<u>(405,149)</u>	<u>(273,449)</u>	<u>41,830</u>
Income (loss) attributable to the Group		<u>(405,149)</u>	<u>(273,449)</u>	<u>41,830</u>
Other comprehensive income (loss)				
Currency translation adjustment		(1,721)	1,510	97
Total comprehensive income (loss) for the period		<u>(406,870)</u>	<u>(271,939)</u>	<u>41,927</u>
Earnings (loss) per share				
Basic and diluted earnings (loss) per share	6	<u>(0.03)</u>	<u>(0.02)</u>	<u>0.002</u>

Revenue and operating income (loss) for the period were derived from continuing operations.

The Group has no recognised gains or losses other than the loss for the current year.

The notes form an integral part of these condensed consolidated interim financial statements.

Investment Evolution Credit plc and its Subsidiaries
As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

The condensed consolidated interim statements of financial position of the Group as at 31 December 2024 and 30 June 2024 are stated below:

	Note	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
ASSETS			
Current assets			
Other current assets	9	16,408	18,855
Deferred financing costs	10	174,000	66,431
Trade and other receivables	11	81,279	95,123
Cash and cash equivalents	12	37,151	101,110
Total current assets		308,838	281,519
Total assets		308,838	281,519
LIABILITIES			
Non-current liabilities			
Non-recourse distributions from loans receivable	13	42,502	52,325
Total non-current liabilities		42,502	52,325
Current liabilities			
Trade and other payables	14	302,121	242,302
Total current liabilities		302,121	242,302
Total liabilities		344,623	294,627
Net liabilities		(35,785)	(13,108)
EQUITY			
Share capital	16	324,818	78,805
Share premium	16	318,206	180,026
Accumulated deficit		(678,598)	(273,449)
Currency translation reserves		(211)	1,510
Total deficit		(35,785)	(13,108)

The notes form an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board on 31 January 2025.



Neil Patrick
 Director & Chairman of Audit & Risk Committee

Company registration number: 14890706

Investment Evolution Credit plc and its Subsidiaries

As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

The unaudited condensed consolidated interim statement of changes in equity of the Group for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024 is stated below:

	Share capital £	Share premium £	Currency translation reserve £	Accumulated Deficit £	Total deficit £
	(Unaudited)				
Balance at 1 July 2024	78,805	180,026	1,510	(273,449)	(13,108)
Loss for the period	—	—	—	(405,149)	(405,149)
Other comprehensive income					
Currency translation adjustment	—	—	(1,721)	—	(1,721)
Total comprehensive income (loss) for the period	78,805	180,026	(211)	(678,598)	(419,978)
Issue of ordinary shares - net of fees	246,013	138,180	—	—	384,193
Balance at 31 December 2024	324,818	318,206	(211)	(678,598)	(35,785)

	Share capital £	Share premium £	Currency translation reserve £	Accumulated Deficit £	Total deficit £
	(Audited)				
Balance at 24 May 2023	—	—	—	—	—
Loss for the period	—	—	—	(273,449)	(273,449)
Other comprehensive income					
Currency translation adjustment	—	—	1,510	—	1,510
Total comprehensive income (loss) for the period	—	—	1,510	(273,449)	(271,939)
Issue of ordinary shares - net of fees	78,805	180,026	—	—	258,831
Balance at 30 June 2024	78,805	180,026	1,510	(273,449)	(13,108)

	Share capital £	Share premium £	Currency translation reserve £	Retained earnings £	Total equity £
	(Unaudited)				
Balance at 1 July 2023	62,112	8,775	—	148,154	219,041
Income for the period	—	—	—	41,830	41,830
Other comprehensive income					
Currency translation adjustment	—	—	97	—	97
Total comprehensive income for the period	62,112	8,775	97	189,984	260,968
Issue of ordinary shares - net of fees	11,693	166,590	—	—	178,283
Balance at 31 December 2023	73,805	175,365	97	189,984	439,251

The notes form an integral part of these condensed consolidated interim financial statements.

Investment Evolution Credit plc and its Subsidiaries
As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

The condensed consolidated interim statement of cash flow of the Group for the period ended 31 December 2024 and 30 June 2024 is stated below:

	Note	Period ended 31 December 2024 £ (Unaudited)	Period ended 30 June 2024 £ (Audited)
Cash flows from operating activities			
Loss from operations before tax		(405,149)	(246,546)
Adjustments to net loss			
Loss on abandonment of bond issuance	10	18,535	—
Provision for credit loss		3,975	177,961
Unrealised foreign exchange gain (loss)		962	(206)
Goodwill impairment		—	2,939
Interest income		(368)	(1,056)
Write-off of related party accounts, net		(1,439)	—
Changes in working capital:			
Increase (decrease) in trade and other receivables		(39,144)	(196,371)
Increase (decrease) in other current assets		2,460	(17,525)
Increase (decrease) in trade and other payables		59,246	(127,686)
Cash used in operating activities		(360,922)	(408,490)
Interest received		368	1,056
Net cash used in operating activities		(360,554)	(407,434)
Cash flows from investing activities			
Cash from acquired subsidiaries	8	—	241,220
Net cash generated from investing activities		—	241,220
Cash flows from financing activities			
Receipts from share issuances		587,026	738,621
Loan from a shareholder		140,000	100,000
Payments for deferred debt issue costs		—	(18,535)
Payments for loan funding		(9,991)	(26,627)
Loan re-payments to shareholder		(90,000)	—
Payments for share issue and offering-related costs	16	(328,937)	(527,686)
Net cash generated from financing activities		298,098	265,773
Foreign exchange impact		(1,503)	1,551
Net increase (decrease) in cash and cash equivalents		(63,959)	101,110
Cash and cash equivalents at beginning of period		101,110	—
Cash and cash equivalents at end of period	12	37,151	101,110

The notes form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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. It commenced trading on the Aquis Stock Exchange Growth Market (‘AQSE’) on 14th December 2023.

MRAL US Corporation (*previously Investment Evolution Corporation*) (“MRAL US”) acquired by IEC UK on 1 July 2023 (see Note 8), is engaged in providing unsecured online consumer loans under the brand name “Mr. Amazing Loans” via the MRAL US website and online application portal at www.mramazingloans.com. MRAL US started its business and opened its first office in Las Vegas, Nevada in 2010. MRAL US currently offers \$2,000 to \$10,000 unsecured consumer loans that mature, unless prepaid, five years from the date they are issued. MRAL US is a direct lender with state licenses and/or certificates of authority in 6 states – California, Florida, Georgia, Illinois, Nevada and New Jersey. MRAL 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.

MRAL UK Ltd (*previously 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 31 December 2024, the Parent Company holds 100% direct interest in MRAL US and MRAL UK Ltd. (MRAL US, and MRAL UK Ltd, together, are referred to as the “Subsidiaries”).

The term “Group” refers to the Parent and the Subsidiaries.

(b) Basis of preparation

The condensed consolidated interim financial statements of the Group as at 31 December 2024 and 30 June 2024, and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024 have been prepared in accordance with UK-adopted IAS 34 “Interim Financial Reporting” and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

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

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value. The unaudited condensed consolidated interim financial statements are presented in GBP (£) unless otherwise stated, which is the Group’s functional currency.

Comparative figures and reporting period

Comparative figures have been presented as the Group's condensed consolidated interim financial statements covering as at 31 December 2024 and 30 June 2024, and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024. The accounting reference date has been changed to 30 June to align with the US subsidiary. Further, under Companies House accounts guidance, the accounting reference date can be extended to no more than 18 months for the first accounting reference date.

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 Directors noted the loss that the Group has made for the six months ended 31 December 2024. The Directors have prepared cash flow forecasts extending to 31 January 2026 which show that, in order for the Company to continue to discharge its liabilities as they fall due and to continue with its planned expansion of the Group, additional cash will be required.

The ability to successfully raise additional finance is subject to uncertainty. However, the Directors believe this uncertainty will be successfully resolved and the Group will raise sufficient cash to enable the Group to continue in operational existence for the foreseeable future and continue with the Group's plans. They have, therefore, prepared the financial statements on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

New standards that are effective in the current period

In the current period, the Group has adopted a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards/Interpretations	Application
IAS 21 Amendments	Lack of Exchangeability
IFRS 9 and IFRS 7 Amendments	Classification and Measurement of Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

Standards and interpretations issued and not yet adopted by the Group

As at the date of the Group's condensed consolidated interim financial statements, the Directors have reviewed the standards in issue by IASB 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-current liabilities with covenants (classification of liabilities as current or non-current)	1 January 2024
IFRS 9 and IFRS 7 Amendments	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

(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 for financial management and administrative services rendered. 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 amortisation 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

Other income is recognised 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, as well as cash and cash equivalents, 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 total 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's 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 total 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.

Investment Evolution Credit plc and its Subsidiaries
As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

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 31 December 2024, and 30 June 2024, respectively, for assets and liabilities measured at amortised cost on a recurring basis:

	As at 31 December 2024 (Unaudited)			
	Level I	Level II	Level III	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	37,151	—	—	37,151
Trade and other receivables	81,279	—	—	81,279
Other current assets*	1,342	—	—	1,342
<i>*Excluding Input Value-Added Tax (VAT)</i>				
Financial liabilities				
Trade and other payables	302,121	—	—	302,121
Non-recourse distributions from loans receivable	42,502	—	—	42,502
	As at 30 June 2024 (Audited)			
	Level I	Level II	Level III	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	101,110	—	—	101,110
Trade and other receivables	95,123	—	—	95,123
Other current assets*	1,330	—	—	1,330
<i>*Excluding Input Value-Added Tax (VAT)</i>				
Financial liabilities				
Trade and other payables	242,302	—	—	242,302
Non-recourse distributions from loans receivable	52,325	—	—	52,325

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 financing costs

i. Share issue/offering

Direct offering costs consisted of fees and expenses incurred in connection with the sale of the Group’s common stock, including the legal, consulting, accounting, printing, and other offering-related costs. Upon completion of the Initial Public Offering or share issuance process, these offering/issue costs were charged against the net proceeds from the offering and share issuances.

ii. Debt issue costs

Debt issuance costs include fees and commissions paid to third parties in connection with the issuance of debt, including investment banks, law firms, auditors, and regulators. Upon issuance of the debt instrument, the debt issue costs will be recognised as a direct deduction from the carrying value of the associated debt.

(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 loan's 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) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the condensed consolidated interim statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(k) 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.

(l) Taxes

i. Current tax

Income taxes include all taxes based on the taxable profits of the Group. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ii. Deferred tax

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.

iii. Other taxes

Other taxes not based on income, such as value added, property, and capital taxes, are included within prepayments, current liability, or operating expenses according to their nature.

(m) 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.

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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.

(n) Goodwill

Goodwill on acquisitions of subsidiaries is disclosed as a separate line item in the consolidated 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 impairment testing or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the consolidated statement of total 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).

(o) 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, net of any incremental fees. 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.

(p) Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of Ordinary Shares in issue during the period, excluding any share held in Treasury.

The diluted earnings per share would be calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares in issue during the period, adjusted for potentially dilutive shares that are not anti-dilutive. Diluted earnings per share has not been presented as the Group is loss making.

(q) 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 condensed consolidated interim 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

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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 are presented in the condensed consolidated interim statement of total comprehensive income within 'other 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 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.

(r) Judgements or key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial statements require 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 ongoing 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 assets 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. Goodwill recognised in the period amounted to £2,939 relating to the Group's acquisition of MRAL US Corporation, however full impairment was recognised in the period to 30 June 2024, refer to Note 8;
- 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 11.

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2 Revenue

	Six Months Ended 31 Dec 2024 £ (Unaudited)	Period Ended 30 June 2024 £ (Audited)	Six Months Ended 31 Dec 2023 £ (Unaudited)
Interest revenue	7,493	27,243	12,234
Financial management fees	3,776	149,667	5,650
Loans fee revenue	—	48,000	—
	11,269	224,910	17,884

Financial management fees, loans fee revenue, and certain interest revenue pertain to services made to a related party (see Note 15).

3 Administrative expenses

	Six Months Ended 31 Dec 2024 £ (Unaudited)	Period Ended 30 June 2024 £ (Audited)	Six Months Ended 31 Dec 2023 £ (Unaudited)
Consultancy costs	179,284	103,774	52,254
Salaries and benefits	62,047	96,134	43,294
Accounting and auditor's fee	35,104	67,038	3,532
Loan fee	20,000	—	—
Legal expenses	18,823	49,564	5,400
Loss on abandonment of bond	18,535	—	—
Utilities	13,147	26,294	13,578
Rent	5,078	11,200	6,122
Taxes and licenses	4,801	12,510	5,935
Bank charges	4,393	7,965	3,934
Provision for credit loss	3,773	767	2,848
Insurance	1,418	3,434	1,231
Provision for credit loss – non-trade receivable	—	177,194	—
Company secretarial services	—	9,530	3,112
Investor relations	—	32,924	32,924
Other administrative expenses	7,634	5,206	2,986
	374,037	603,534	177,150

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4 Other income

	Six Months Ended 31 Dec 2024 £ (Unaudited)	Period Ended 30 June 2024 £ (Audited)	Six Months Ended 31 Dec 2023 £ (Unaudited)
Write-off of related party accounts	1,439	—	—
Foreign exchange gain (loss)	(537)	2,022	(612)
Corporate fee	—	230,584	—
Goodwill impairment	—	(2,939)	—
Corporate management fee	—	—	279,598
Other	10	—	—
	912	229,667	278,986

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

Corporate management fee of £279,598 represents management services provided to Investment Evolution Credit S.A. and its subsidiaries.

5 Remuneration

There were two (2) employees of the Group in the period under review, other than the two (2) directors.

	Six Months Ended 31 Dec 2024 £ (Unaudited)	Period Ended 30 June 2024 £ (Audited)	Six Months Ended 31 Dec 2023 £ (Unaudited)
Wages and salaries	60,645	129,929	66,966
Social security costs	5,792	12,651	5,764
Health insurance cost	4,818	9,565	4,723
Pension costs	—	—	—

Salaries and benefits amounting to £33,219, £71,290, and £36,380 were included as part of cost of services for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024.

Remunerations paid to key management personnel are disclosed in Note 15 of the condensed consolidated interim financial statements.

6 Income (loss) per share

The basic income (loss) per share is calculated by dividing the income (loss) attributable to the owners of the Parent Company by the weighted average number of ordinary shares in issue during the period. Diluted income (loss) per share is computed by dividing net income (net loss) 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.

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For the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024, the Group has no potential dilutive shares.

	Six Months Ended 31 Dec 2024 £ (Unaudited)	Period Ended 30 June 2024 £ (Audited)	Six Months Ended 31 Dec 2023 £ (Unaudited)
Income (loss) attributable to ordinary shareholders, basic and diluted	(405,149)	(273,449)	41,830
Weighted Average Shares used to compute earnings (loss) per ordinary share, basic	<u>15,844,341</u>	<u>13,819,507</u>	<u>17,172,583</u>
Basic and diluted earnings (loss) per share	<u>(0.03)</u>	<u>(0.02)</u>	<u>0.002</u>

7 Income tax

For the six months ended 31 December 2024 and 2023, income tax expense is recognised based on the management's estimate of the effective annual tax rate expected for the full financial year. The estimated annual tax rate is 25%.

For the full financial period ended 30 June 2024, charges for the period used the standard rate applicable in the UK and in the US.

	Period Ended 30 June 2024 £ (Audited)
Loss on ordinary activities before tax	(246,546)
Loss on ordinary activities before tax multiplied by standard rate of income tax in UK of 25% and US of 21%	(52,531)
UK Marginal relief	(246)
Items not deductible for tax purposes	126,300
US tax losses utilised	<u>(46,620)</u>
Total tax charge for the period	<u>26,903</u>

The Group has cumulative losses of approximately £14.5 million relating to MRAL US Corporation as of 30 June 2024 and 31 December 2024, available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

8 Business acquisition

On 1 July 2023, the Parent Company acquired MRAL US, 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.

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

	£
Purchase consideration	
Fair value of receivables settled	<u><u>240,000</u></u>

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
Other current assets	1,322
Trade and other payables	(3,277)
Provision for credit losses	(8,886)
Non-recourse distribution from loans receivables	(32,844)
Funding advance for new loans	(45,619)
Net identifiable assets acquired	<u>237,061</u>
Goodwill	2,939
	<u><u>240,000</u></u>
	£
Goodwill	2,939
Impairment	(2,939)
Net	<u><u>—</u></u>

Goodwill amounting to £2,939 was recognised on the acquisition of MRAL US (dba Mr. Amazing Loans), being the excess of the purchase consideration over the fair value of net assets acquired. For the period ended 30 June 2024, full impairment was recognised on Goodwill.

9 Other current assets

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Input VAT	9,870	17,525
Prepayments	5,196	—
Security deposit	1,342	1,330
	<u><u>16,408</u></u>	<u><u>18,855</u></u>

Input VAT relates to VAT on costs on expenses incurred from January to September 2024, VAT returns of which were submitted in December 2024. Refer to Note 11 for further information regarding VAT receivables.

10 Deferred financing cost

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Deferred share issue cost	174,000	47,896
Deferred bond issue cost	—	18,535
	<u><u>174,000</u></u>	<u><u>66,431</u></u>

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As at 31 December 2024 and 30 June 2024 and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024

Deferred share issue costs consist of fees and expenses incurred in connection with the sale of the Group's common stock, including the legal, consulting, accounting, printing, and other offering-related costs. Upon completion of the Initial Public Offering or share issuance process, these offering/issue costs are charged against the net proceeds from the offering and share issuances.

As at 30 June 2024, bond issue costs incurred relate to expenses associated with the potential issuance of bonds and will be capitalised as a component of the bond liability at bond issue date. These expenses were incurred by engaging professionals to assist in the issuance of bonds. However, in December 2024, the Board decided to change strategy and no longer proceed with issuing bonds. As at 31 December 2024, the related bond issue costs were written off.

For further information, please refer to Note 21.

11 Trade and other receivables

Trade and other receivables consist of:

As at 31 December 2024 (Unaudited)				
	Loan fee receivable	Advances to related parties	Other receivables	Total
	£	£	£	£
Gross amount	48,150	—	34,258	82,408
Provision for credit losses	(1,129)	—	—	(1,129)
Net amount	<u>47,021</u>	<u>—</u>	<u>34,258</u>	<u>81,279</u>

As at 30 June 2024 (Audited)				
	Loan fee receivable	Advances to related parties	Other receivables	Total
	£	£	£	£
Gross amount	58,435	3,874	210,953	273,262
Provision for credit losses	(1,222)	—	(176,917)	(178,139)
Net amount	<u>57,213</u>	<u>3,874</u>	<u>34,036</u>	<u>95,123</u>

As of 30 June 2024, advances to related parties include a balance of £3,874 owed by Investment Evolution Credit S.A. to the Parent Company deemed collectible. In November 2024, Investment Evolution Credit S.A. went into liquidation. As at 31 December 2024, the advances were deemed uncollectible and have been written off.

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

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Beginning	178,139	8,886
Provision of credit losses	3,773	177,961
Write-offs	(180,783)	(8,708)
Ending	<u>1,129</u>	<u>178,139</u>

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The following is an age analysis of past due receivables:

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Current	55,436	89,229
1 – 30 days past due	—	176,917
31 – 60 days past due	—	1,648
Over 90 days past due	26,972	5,468
	<u>82,408</u>	<u>273,262</u>

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:

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Illinois	21,570	26,862
California	17,704	22,637
Georgia	4,637	2,866
Nevada	3,385	4,070
Texas	563	558
New Jersey	291	1,385
Missouri	—	57
	<u>48,150</u>	<u>58,435</u>

Net other receivables include a balance of £26,791 relating to a refund claim for input VAT incurred on transactions completed before the Group's VAT registration which commenced on 1 December 2023. Senior management believe the submission to be in final review stages and a refund should be received soon. As at 31 December 2024, the Group has not yet received the refund.

Further, cash being held by the payment partner of MRAL US was under dispute and has been transferred to other receivables and provided a full provision. The Group issued a legal demand letter against the payment partner. As at 31 December 2024, the Group has written off the entire receivable.

12 Cash and cash equivalents

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Cash in banks and on hand	<u>37,151</u>	<u>101,110</u>

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned from banks amounted to £368, £1,056, and £514 for the periods ended 31 December 2024, 30 June 2024, and 31 December 2023, respectively.

13 Funding advances of new loans and Non-recourse distribution from loans 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) Funding Advance for New Loans

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) Funded Loan Assets

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) Funded Loan Allocation to Non-Recourse Account

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) Funded Loan Defaults

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) Funded Loan Revenue Sharing and Principal Distributions

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.

As at 31 December 2024, there were fifteen (15) consumer loans funded totaling £50,283 with a final account balance of £42,502, net of principal payments received from consumers and remitted to FCFS.

As at 30 June 2024, there were twenty-one (21) consumer loans funded totaling £66,445 with a final account balance of £52,325, net of principal payments received from consumers and remitted to FCFS.

14 Trade and other payables

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
Amounts owing to a shareholder	150,000	100,000
Accounts payable	98,970	80,343
Income taxation	26,903	26,903
Accrued expenses	26,248	35,056
	<u>302,121</u>	<u>242,302</u>

On average trade and other payables are settled within one month.

15 Related party transactions

Following are the outstanding balances and transactions, as at and for the six months ended 31 December 2024 and 2023 and the period ended 30 June 2024, 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.

	As at and for the six months ended 31 December 2024		
Note	Amount £	Receivable (Payable) £	
<i>Directors and Shareholders</i>			
	278,575	(4,462)	
Consulting fees and salaries (b, e, f, g, h and i)			
Loans (c)	50,000	(150,000)	
Share issuances (b, e, g and h)	216,000	—	

	As at and for the period ended 30 June 2024		
Note	Amount £	Receivable (Payable) £	
<i>Related parties under common control</i>			
Loan (a)	240,000	—	
Financial management fee	60,000	3,874	
Loans fee revenue (a)	48,000	—	
Interest revenue (a)	5,980	—	
<i>Directors and Shareholders</i>			
Consulting fees and salaries (b and e)	401,497		
Corporate fee	230,584	—	
Loan (c)	100,000	(100,000)	
Share issuances (b and e)	47,061	—	

	As at and for the six months ended 31 December 2023		
Note	Amount £	Receivable (Payable) £	
<i>Related parties under common control</i>			
Loan (a)	240,000	—	
Corporate management fee	279,598	63,874	

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		As at and for the six months ended 31 December 2023	
	Note	Amount	Receivable (Payable)
		£	£
<i>Directors and Shareholders</i>			
Consulting fees and salaries (b, e, and g)		126,000	—
Share issuances (b and e)		47,061	—

- a. 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. The loan, interest, and loan fee were subsequently settled through intercompany settlements resulting in £nil balances as at 31 December 2024, 30 June 2024 and 31 December 2023.
- b. On 31 July 2024, Sam Prasad resigned as Director and CFO and COO of the Group. Sam Prasad was paid £nil, £50,000, and £10,000 as consulting fees for the periods ended 31 December 2024, 30 June 2024 and 31 December 2023. Sam Prasad also received a combined salary and bonus amounting to £23,000, £49,000, and £26,000 for the periods ended 31 December 2024, 30 June 2024 and 31 December 2023. As at 31 December 2024, 30 June 2024 and 31 December 2023, Sam Prasad owns 4,350,394 (6.70%), 1,350,394 (8.57%), and 1,175,394 (9.46%) of the Parent Company.
- c. On 20 June 2024, the Group entered into a £100,000 unsecured and non-interest-bearing loan agreement with Sam Prasad with a loan repayment date of 5 July and 30 September 2024. On 24 September 2024, the loan was restructured for a total draw down of £200,000, of which £150,000 and £100,000 are outstanding as at 31 December 2024 and 30 June 2024, respectively.
- d. On 31 December 2024 and 30 June 2024, the Parent Company waived an intercompany balance of £49,283, and £193,673, respectively, owing from its subsidiary, MRAL US Corporation.
- e. On 31 December 2024, Paul Mathieson resigned as Director of the Group and previously on 30 September 2024 resigned as Chairman and CEO of the Group. For the periods ended 31 December 2024, 30 June 2024, and 31 December 2023, he was paid £161,000, £295,252, and £87,000 respectively, as consulting fees and salaries. As at 31 December 2024, £21,750 remains outstanding and on 30 June 2024 and 31 December 2023 no amount was owed to the director. As at 31 December 2024, 30 June 2024 and 31 December 2023, Paul Mathieson, director of the Parent Company, owns 24,237,913 (37.31%), 6,387,913 (43.39%), and 6,387,913 (51.42%), respectively, of the Parent Company
- f. Glendys Aguilera, appointed director of the Parent Company since December 2023, received a combined salary and bonus amounting to £25,000 and £26,000 for the periods ended 31 December 2024 and 30 June 2024, respectively. For the periods ended 31 December 2024 and 30 June 2024, Glendys received directors fee amounting to £950 and £2,000, respectively.
- g. Neil Patrick, another appointed director of the Parent Company since December 2023, received director's fee amounting to £19,500, £13,312, and £3,000 for the periods ended 31 December 2024, 30 June 2024, and 31 December 2023, respectively. As at 31 December 2024 and 30 June 2024, £4,462 and £1,707, respectively, remains outstanding.
- h. On 1 December 2024, Marc Howells signed a consultancy service agreement with the Parent Company. For the period ended 31 December 2024, he received consulting fees amounting to £30,750.
- i. For the period ending 31 December 2024, Richard Leaver, who was appointed as Board Advisor on 1 October 2024, and Bob Mennie, who became the non-board CFO on 1 August 2024, received consulting fees of £6,000 and £12,375, respectively.

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16 Equity

Details of contributed capital as at 31 December 2024 and 30 June 2024 are as follows:

	As at 31 December 2024 (Unaudited)			
	Number of shares	Share capital £	Share premium £	Total £
Ordinary share issuances at £.005 par value	64,963,671	324,818	318,206	643,024
	As at 30 June 2024 (Audited)			
	Number of shares	Share capital £	Share premium £	Total £
Ordinary share issuances at £.005 par value	15,760,975	78,805	180,026	258,831

The Group was incorporated on 24 May 2023 and during the period, had the following issuances of ordinary shares to fund the Company's business plan and general working capital use.

- a. 12,377,303 ordinary shares were issued to various shareholders at par; and
- b. 45,000 shares were issued to various shareholders at £0.200 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 to raise a total of £507,734 as a conditional placement for the Group's IPO, of which 225,000 shares were initially accounted for as subscription receivable and were subsequently paid prior to full issuance on 12 December 2023.

On 25 April 2024, 800,000 shares were issued at £0.20 per share, raising a total of £160,000.

On 6 August 2024, 500,000 shares were issued at £0.20 per share, raising a total of £100,000.

On 31 October 2024, 45,752,696 shares were issued at £0.01 per share raising a total of £457,526.

On 7 November 2024, 250,000 shares were issued at £0.01 per share through the Broker Offer, raising a total of £2,500.

On 31 December 2024, 2,700,000 additional shares were issued £0.01, raising a total £27,000.

As at 31 December 2024 and 30 June 2024, incremental costs related to share issuance and offering recorded against share premium amounted to £328,937 and £527,686, respectively.

17 Financial instruments

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

	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
<i>Financial assets</i>		
Cash and cash equivalents	37,151	101,110
Trade and other receivables	81,279	95,123
Other current assets (excluding Input VAT)	1,342	1,330
	119,772	197,563

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	As at 31 December 2024 £ (Unaudited)	As at 30 June 2024 £ (Audited)
<i>Financial liabilities</i>		
Trade and other payables	302,121	242,302
Non-recourse distributions from loans receivable	42,502	52,325
	344,623	294,627

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 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 31 December 2024 and 30 June 2024, respectively, expressed in GBP follows:

	As at 31 December 2024 £ (Unaudited)	A at 30 June 2024 £ (Audited)
Liabilities		
Trade and other payables	62,695	51,343

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

	Six months ended 31 December 2024	Period ended 30 June 2024	Six months ended 31 December 2023
	£	£	£
	(Unaudited)	(Audited)	(Unaudited)
Realised foreign exchange gain (loss)	(1,499)	1,816	(1,195)
Unrealised foreign exchange gain	962	206	583
Total net foreign exchange gain (loss) recognised in profit before tax	(537)	2,022	(612)

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

	Impact on profit before tax for the six months ended 31 December 2024	Impact on profit before tax for the six months ended 31 December 2024
	Increase (Decrease)	Increase (Decrease)
	\$	€
+10%	(4,489)	—
- 10%	4,489	—
	Impact on profit before tax for the period ended 30 June 2024	Impact on profit before tax for the period ended 30 June 2024
	Increase (Decrease)	Increase (Decrease)
	\$	€
+10%	(3,701)	—
- 10%	3,701	—
	Impact on profit before tax for the six months ended 31 December 2023	Impact on profit before tax for the six months ended 31 December 2023
	Increase (Decrease)	Increase (Decrease)
	\$	€
+10%	(7,883)	(24,520)
- 10%	7,883	24,520

(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.

Investment Evolution Credit plc and its Subsidiaries

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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. 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. Trade receivables where there is no reasonable expectation of recovery are written off. 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 11 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 as at 31 December 2024 and 30 June 2024, respectively, based on contractual undiscounted payments:

	As at 31 December 2024			Total £
	Less than One year £	One to two years £	Two to five years £	
		(Unaudited)		
Trade and other payables	302,121	—	—	302,121
Non-recourse distributions from loans receivable	—	—	42,502	42,502
	302,121	—	42,502	344,623

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	As at 30 June 2024			Total £
	Less than One year £	One to two years £	Two to five years £	
	(Audited)			
Trade and other payables	242,302	—	—	242,302
Non-recourse distributions from loans receivable	—	—	52,325	52,325
	242,302	—	52,325	294,627

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.

18 Directors' advances, credit and guarantees

There are no directors' advances, credit, or guarantees in the period, other than those disclosed in Note 15, Related Party Transactions.

19 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.

20 Capital commitments

There were no capital commitments as at 31 December 2024 and 30 June 2024, respectively.

21 Contingent assets or liabilities

As at 30 June 2024, the Parent Company has a contingent liability to pay its Corporate Broker, Axis Capital Markets Limited, a sales commission of 5% on the gross aggregate value of the equity or IEC bond funds raised from investors introduced by Axis. This commission was to be deducted from the proceeds of the placing. In addition, there was a contingent obligation to pay a sales commission of 1% on the gross aggregate value of the equity funds raised for which Axis did not procure subscribers, also to be deducted from the proceeds of the placing.

However, on 5 January 2025, the Parent company mutually agreed to terminate the Corporate Broker agreement with Axis Capital Markets Limited effective 8 November 2024. As at 31 December 2024, there were no contingent assets or liabilities.

22 Ultimate controlling party

As at 31 December 2024 and 30 June 2024, respectively, there was no ultimate controlling party of the Group.

Investment Evolution Credit plc and its Subsidiaries

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23 Subsidiaries consolidated

The subsidiaries included in the condensed consolidated interim 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		Principal Activities
			Direct (%)	Indirect (%)	
MRAL US Corporation <i>(previously Investment Evolution Corporation)</i>	USA	Ordinary	100	—	Providing unsecured online consumer loans
MRAL UK Group Ltd <i>(previously IEC Credit Group Ltd)</i>	UK	Ordinary	100*	—	Management consultancy other than financial management
MRAL UK Ltd <i>(previously IEC Credit Ltd)</i>	UK	Ordinary	100*	—	Credit granting by non-deposit-taking finance houses and other specialist consumer credit grantors

*The Parent Company holds 1,000 £1.00 ordinary shares, unpaid at period end

MRAL UK Group Ltd was incorporated on 25 May 2023 and has not yet operated from its inception to the period ended 31 December 2024. To streamline and simplify its corporate structure, management resolved the voluntary dissolution of MRAL UK Group Ltd on 31 December 2024, awaiting approval from its application from Companies House. Prior to the dissolution, MRAL UK Group Ltd wholly owned MRAL UK Ltd.

Upon dissolution of MRAL UK Group Ltd, the Parent company assumed full ownership of MRAL UK Ltd. MRAL UK Ltd was incorporated on 29 May 2023 and has not yet operated from its inception to the period ended 31 December 2024.

On 5 March 2024, Parent company acquired MRAL Spain Corporation. However, on 18 June 2024, the Parent company terminated its Spain Implementation Agreement with MRAL Spain Corporation and voluntarily dissolved its dormant wholly owned subsidiary on 24 June 2024. MRAL Spain Corporation did not commence any operations and has no assets or liabilities.

24 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.

25 Significant post-balance sheet events

On 1 January 2025, Marc Howells and Richard Leaver were appointed to the Board of the Company as Executive Director and Chief Executive Officer, and Independent Non-Executive Director, respectively.

There have been no other significant events after the reporting period 31 December 2024 up to the date of authorisation of these financial statements, that would require adjustment of, or disclosure in, the financial statements.