LendInvest plc

Strong growth, surging profits and maiden dividend

30 June 2022

LendInvest's first full-year results as a publicly-quoted company (IPO: 14 July 2021) have not disappointed. It delivered strong top line growth as it continues to gain market share (AUM +36% y-o-y to £2.1bn, revenue +21% to £87.8m). But the standout feature of these results is the ramping up of profitability, with adjusted EBITDA* jumping 90% to £20.3m and PAT 187% to £10.9m. This was mainly driven by lower funding costs - as its track record builds LendInvest can command better terms from institutional investors - and operational gearing.

It is financially well armed to pursue further growth. The balance sheet is robust with cash and equivalents of £118.2m, up 90% y-o-y, boosted by £36m of net IPO proceeds. And 'funds under management' (or FUM, capital committed by investors and available to lend out to borrowers) stood at £2.9bn on 31 Mar, providing ample lending capital 'headroom' of £800m. LendInvest's success in attracting institutional capital to fuel lending growth continued in the post-results period with a fourth Residential Mortgage Backed Security transaction valued at £270m, **bringing FUM to £3.2bn.**

The Board has recommended a **maiden dividend of 4.4p** (yield 2.6%), and intends to pursue a progressive dividend policy going forward, **a sign of confidence in the business's prospects, cash generation, and capital adequacy.**

The business is well positioned to build on its success. At a market level, despite an extremely turbulent economic environment, **the UK housing market has held up remarkably well, and** at a competitive level, LendInvest's **technology-driven, innovative product offerings continues to prove attractive and drive growth**. Indeed, compared to a London-listed group of lenders, its AUM growth of 36% is far higher than the group median of 8%.

Fundamental valuation remains significantly above share price

On the back of more challenging economic conditions, we have adjusted our FY23 AUM forecast down modestly (from £3.21bn to £3.07bn), as well as our PBT forecast (from £20.7m to £18.5m).

In turn, our fundamental valuation drops to **270p per share** from 310p (also been impacted by a higher discount rate used in our DCF calculation, caused by a jump in 10-year Gilt rates which we use as our risk-free rate), but that is still **62% above the current share price**.

Key Financials

Year-end 31 Mar	FY20A**	FY21A**	FY 22A	FY 23E	FY 24E
AUM, £bn	1.26	1.57	2.18	3.07	4.11
Rev, £m	65.5	79.1	97.6	116.8	148.5
Adj admin expenses (opex)	21.9	20.5	25.0	30.1	35.9
Adj EBITDA*	5.5	10.7	20.3	23.1	30.6
Operating margin*	8.4%	13.5%	20.8%	19.8%	20.6%
PBT, £m	-1.8	4.9	14.2	18.5	25.8
EPS basic, p	-1.0	3.5	8.3	10.4	12.8
Dividend, p	0.0	0.0	4.4	5.1	6.1
Dividend yield	0.0	0.0	2.6%	3.0%	3.6%
PER	-	48.4	20.0	16.1	13.0
Price/book	-	46.1	23.6	21.4	19.1
Net assets, £m	10.0	49.9	97.5	107.6	120.8

Source: Company Historic Data, ED estimates. PER and Price/book based on share price of: ***167p***
** Profit or loss before finance income, finance expense, income tax, depr, amortisation, & exceptional items*
***Re-stated, see Unaudited Preliminary Results For The Year To 31 March 2022 (dated 29 Jun 22), note 1.6*

Company Data

EPIC	LINV
Price (last close)	167p
Hi/Lo	227.5p/166.5p
Market cap	£230m
ED Fair Value/share	270p
Net assets	£98m
Avg. daily volume	24k

Share Price, p

Source: ADVFN

Description

LendInvest was established in 2012 to capitalise on the opportunity to modernise UK property finance. It mostly sources capital from large institutional investors (and some HNW private investors) and deploys this to provide loans for landlords and developers, including:

- Bridging loans,
- Development loans, and
- Buy-to-let mortgages.

AUM on 31 Mar 22: £2.15bn.

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Good lending progress, positive outlook

Platform AUM[1] (or AUM) - essentially the size of LendInvest's loan book – is the 'top line' measure of its growth. In FY22 **AUM grew 36%** from £1,573m in FY21 to £2,146m.

The Group reports on two segments of AUM, buy-to-let mortgages (BTL) and bridging and development loans ('Short-term').

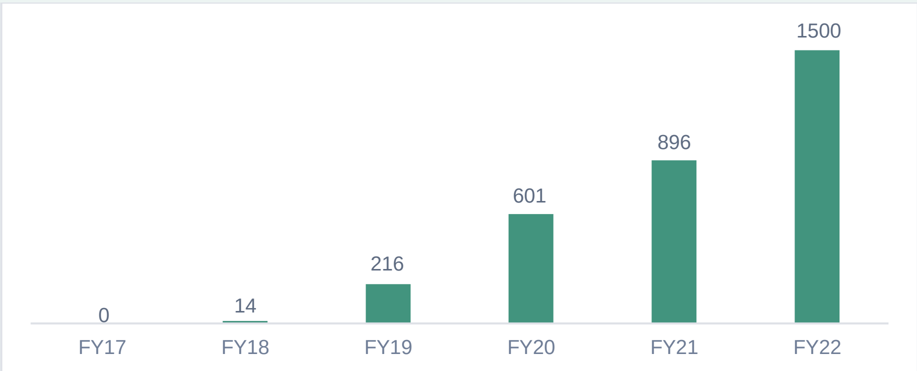
Buy-to-let strength continues

BTL loans are mostly long-term mortgages, with durations of up to 30 years, secured against property designed to help borrowers purchase or refinance a house when intend to let it out, rather than live in it. Growth in the overall BTL market has been supported by the recent increase of UK households living in privately rented accommodation, rather than owner-occupied households, and growth in UK housing stock.

LendInvest competes in the professional buy-to-let mortgage market (not the consumer buy-to-let market), which involves lending to portfolio landlords and professional landlords. These mortgages are not regulated by the FCA as they do not meet the criteria for a regulated credit agreement, regulated mortgage contract or consumer buy-to-let mortgage.

It entered this market in 2017, and its efforts to date have been a great success, to the point where **BTL is now its largest segment by some distance and the predominant growth engine of the business**, with AUM growing by 67% over FY22, to £1,500m, up from £896m in FY21, building on its prior-year growth.

Professional buy-to-let mortgages: LendInvest AUM at FY-end, £m



Source: Company reports

The Group has reported continuing strong demand for its BTL products, boosted by the Oct 21 launch of a new 7-year fixed product and a range of green products which incentivise borrowers (with cheaper lending rates) where the security for the loan is against a property with an EPC rating of C or above.

Short-term loan growth muted

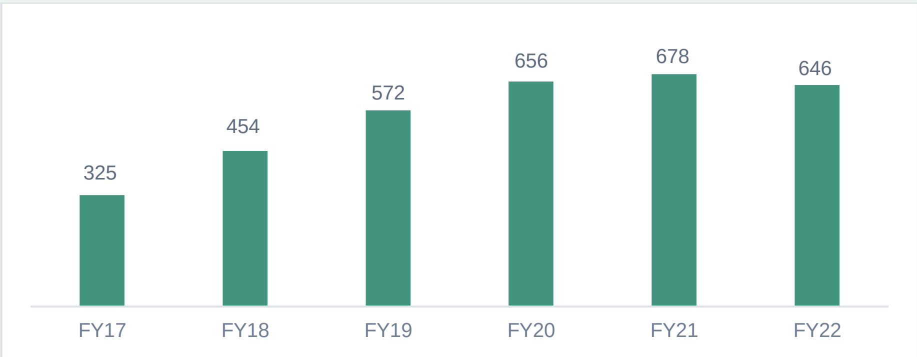
LendInvest's short-term segment consists of bridging finance and development loans. Bridging finance was the product on which LendInvest was launched, and it currently participates in the **unregulated bridging loan market** (estimated by the company to comprise over 80% of the bridging loan market), which are loans secured on a commercial or residential property being used as an investment (i.e., not for occupation by the borrower). They are taken out by borrowers who must move quickly to acquire a property before either on-selling or refinancing for a longer-term holding. Loan terms are usually one year or less.

[1] Platform AUM is the: (i) total amount of outstanding loans and advances (including accrued interest, and gross of impairment provisions and fair value adjustments), as reported on an IFRS basis in the notes to the accounts in the Financial Statements, and (ii) off-balance sheet assets, which represents the total amount of outstanding loans and advances (including accrued interest) that are originated but not held 'on balance sheet', comprising those loans that are held by off-balance sheet entities.

Development finance are loans secured against property and used to finance construction, usually with durations of 24 months or a little longer. LendInvest currently offers finance for ground-up residential developments, commercial to residential conversions, and large renovations.

Combined, the AUM of these Short-term loans reduced by 4.3% to from £678m in FY21 to £646m in FY22, primarily as a result of some large loan repayments during the year as borrowers' exited projects, often early, due to the strength of the underlying property market. Another factor which has affected short-term lending growth was the decision to reduce higher risk development lending as a precautionary measure during the COVID-19 lockdown period.

Short-term lending: LendInvest AUM at FY-end, £m



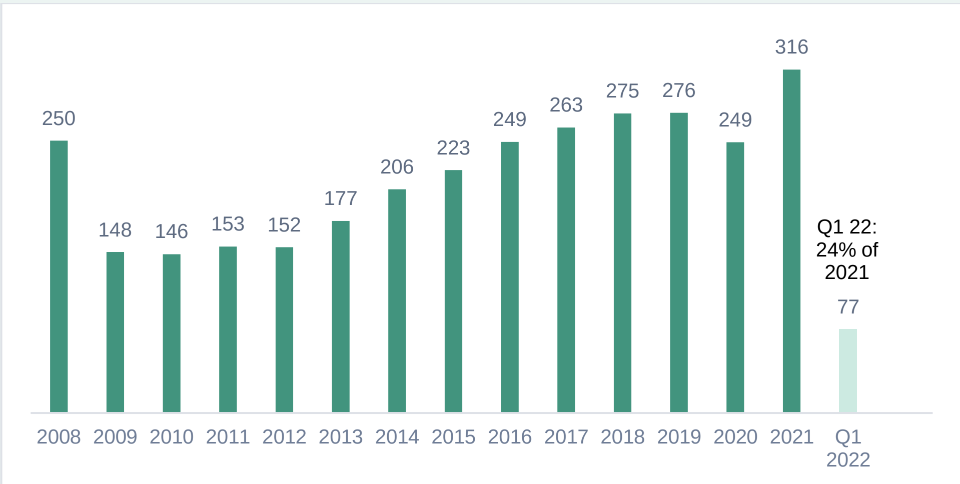
Source: Company reports

Robust UK housing market continues

Despite significant general economic headwinds, **LendInvest's market environment - UK housing - was robust through 2021 and remained so during Q1 22. In addition, house prices and transaction volumes suggest this trend has continued through May 22, despite interest rate rises**.

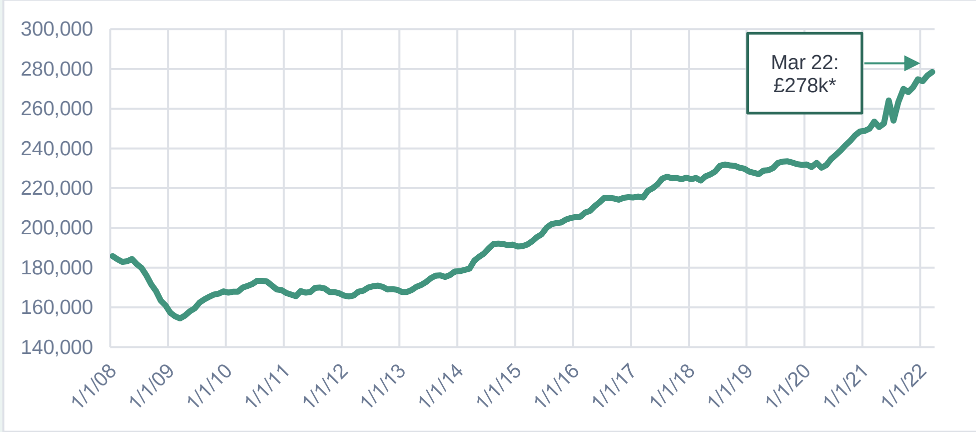
Gross new residential mortgage lending jumped 27% in 2021 from £249bn to £316bn, which was clearly more than a simple 'pandemic bounce' as it was also 14% higher than 2019's £276bn. The average UK residential property price (Halifax House Price Index) continued to rise, reaching a record £289k in May '22, 11% up y-o-y and 1.0% up in May. And the volume of residential property transactions - while very volatile through the course of the pandemic due to the impact of lockdowns etc - is still buoyant at around 100k per month or 300k per quarter.

Gross new residential mortgage lending continues to rise (£bn) …



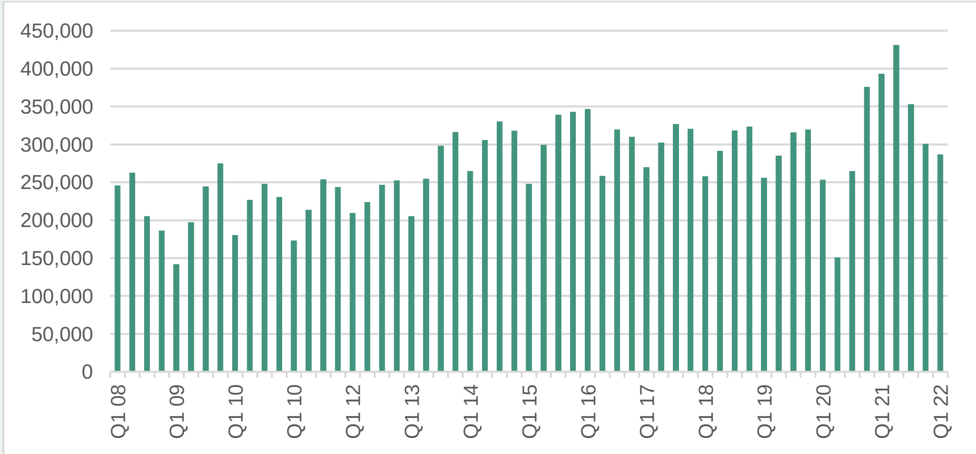
Source: Bank of England.

… driven by the rise in the average residential property price (£) …



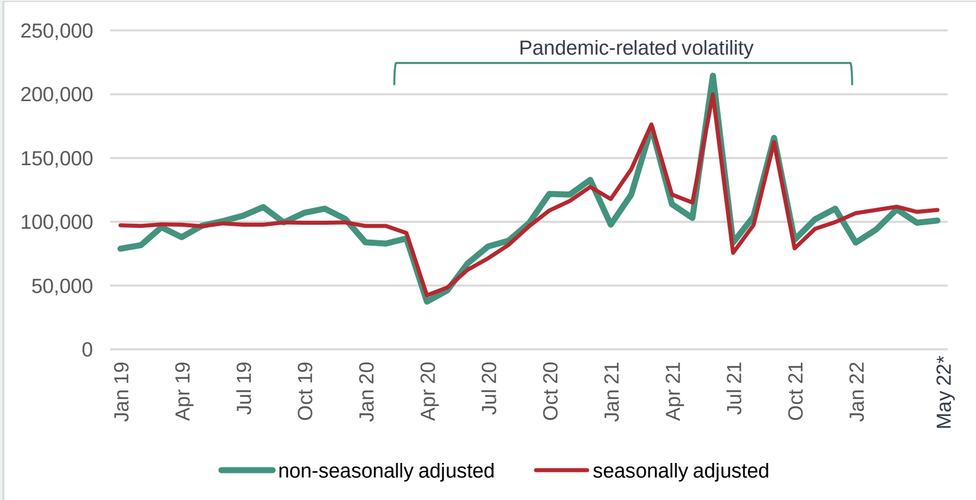
Source: HM Land Registry (latest data Mar 2022)
**HM Land Registry data lags Halifax data, which recorded further increases of 1.1% in Apr 22 and 1.0% in May 22 (to £289k), clearly indicating that the above price trend has continued through to the end of May 22.*

… and robust levels of residential property transactions …



Source: HM Land Registry (latest data 31/03/2022). Transaction statistics are reported based upon when transactions were completed and only include those with a value of above £40,000.

…with transactions returning to pre-pandemic levels in early-2022

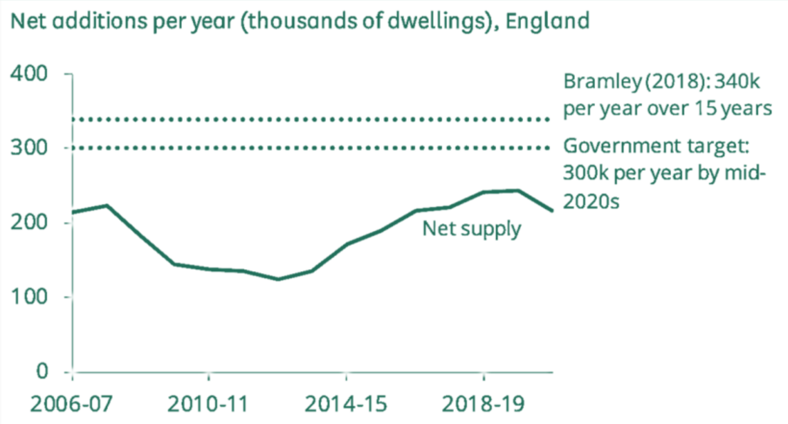


Source: HMRC, May 2022
**Mar, Apr & May 22 provisional numbers*

And while some slowdown in the housing market is certainly expected in the shorter-term, due to general economic conditions, and more specifically rising interest rates, **longer-term prospects remain strong - buoyed fundamentally by a need to dramatically ramp up housing supply to meet demand**.

While current net new housing supply in England is running at just over 200,000 per year, the UK government's 2019 election manifesto is targeting a supply of 300,000 by the mid 2020's, while other studies estimate that 340,000 new houses per year are needed for a 15 year period.

Fundamental market driver: housing supply must ramp up to meet demand



Source: House of Commons Library; Tackling the under-supply of Housing; February 2022; Bramley, Housing supply requirements across Great Britain, November 2018

LendInvest continues to disrupt

In addition to being positioned in a fundamentally strong market, **LendInvest continues to gain market share within it.** While its **superior technology provides its core competitive advantage** (automating many processes which are still performed manually by many competitors), and it continues to invest in and improve this technology, it also puts significant energy and resources into **new product development**.

As an example of continuing technological advancement, during FY22, LendInvest launched a new broker portal for lower-value short term bridging loans (under £1m), which increases automation and fast-tracks the loan application process. LendInvest reports that **since launch, this portal has driven a 35% increase in broker applications.**

Also in FY22, it hired a vice president of technology, **Peter Wallis**, who was previously Chief Technology Officer (CTO) at Sporting Group, and before that CTO at ETX Capital and Chief Architect at Camelot Lotteries.

And as an example of new product development, within BTL, LendInvest launched an 'EPiC' product range in Oct 21 that incentivises landlords to refurbish and increase the environmental efficiency of their properties – providing borrowers with reduced rates for environmentally friendly properties and further incentivising borrowers to improve the environmental characteristics of their properties.

BTL applications have increased by 27% since this launch.

Developments such as these support our view of that LendInvest's growth outlook is strong, although economic conditions could slow growth to an extent in the short term.

Opportunity headroom

We also remind readers that the above inroads made by LendInvest are actually in market segments where it has a relatively small market share. Within professional BTL (a £120bn market), LendInvest still only has around a 1-1.5% market share, and within short-term lending (a £30bn market) it only has a 2% market share. Clearly the scope for further growth from these existing market segments alone is enormous.

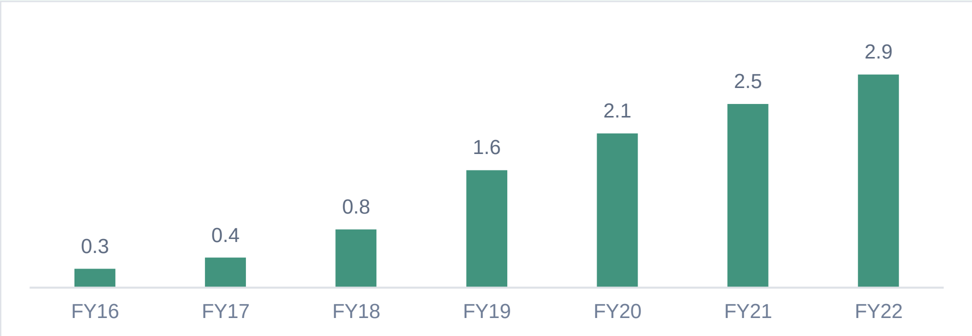
In addition, LendInvest plans to access new market segments, with an entry into the £100bn specialist homeowner market planned for FY23. 'Specialist' mortgages involve homeowners with increased underwriting complexity, such as first-time buyers, the self-employed, credit impaired etc.

To this end, it strengthened its team in this area during the year by including the appointment of Esther Morley to the role of *Managing Director, Homeowner Mortgages*. Prior to joining LendInvest, Esther was Managing Director, Mortgages at Secure Trust Bank, and before that worked at Kensington Group – the UK's leading specialist homeowner mortgage lender – where she was responsible for origination and portfolio performance of the Specialist Mortgage business.

Advances continue in sourcing low-cost lending capital

FY22 was also an extremely successful year when it comes to sourcing sufficient low-cost lending capital. LendInvest tracks the volume of this capital via its 'funds under management' (FUM) metric, which increased 18% from £1.57bn at the end of FY21 to £2.94bn at the end of FY22.

Funds under Management, £bn



Source: Company

Key events included (see section below for further explanations of types of capital deals):

- Adding a third Residential Mortgage Backed Security (RMBS), with a value of £280m, which achieved the tightest spread on a BTL securitisation in 13 years;
- Upsizing a JP Morgan 'separate account' facility from £625m to £725m;
- Improvement of the terms with Citi and National Australia Bank (under a 'Financial Partner' structure) on a BTL portfolio; and
- Improvement in the terms achieved in the new Financial Partner deal with Barclays and HSBC to fund short term loans.

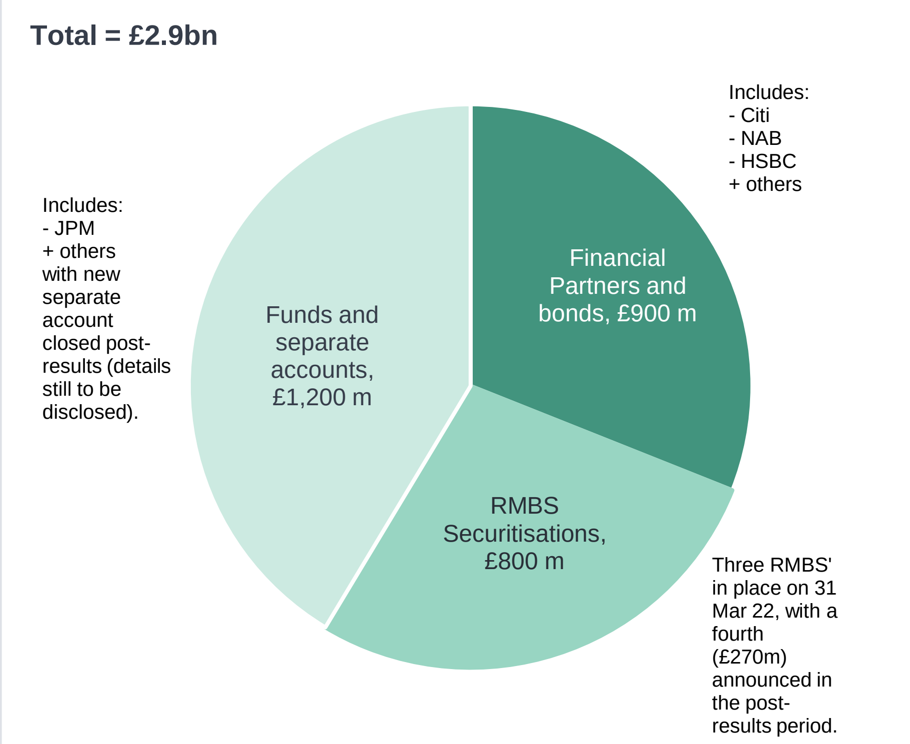
With AUM at £2.15bn, and FUM at £2.94bn, LendInvest has around £800m of capital 'headroom' more than enough to pursue its growth opportunities in the shorter term.

Indeed, its success in attracting institutional capital to fuel lending growth continued in the post-results period with a fourth RMBS transaction valued at £270m, bringing **FUM to £3.2bn**

Diversity of lending capital sources

LendInvest maintains diversification of its capital sources, to avoid being overly dependent on any one source. It achieves this by constructing a range of investment products to appeal to a broad spectrum of investors, with products designed to marry LendInvest's lending capital requirements with the investment criteria and risk appetite of investors. A summary is shown below, followed by more detailed descriptions.

Funds under Management at 31 Mar 2022



Source: Company. RMBS = residential mortgage-backed securitisations

Financial partners

These structures involve financial institutions providing capital (with LendInvest typically providing a 5% share of the capital) to originate a portfolio of loans (meeting investors' target criteria) before selling that portfolio on when it reaches critical mass, usually within a one-to-five-year period. It would typically be sold to separate account investors or into public securitisations (RMBS) – see below.

This capital is held on-balance-sheet, with LendInvest earning origination fees on all loans, a net interest margin on the capital underwritten by financial partners (typically 95%), and gross interest less bad debts for its 5% share of the risk.

Separate accounts

These are also partnerships with large institutional investors, but LendInvest is effectively contracted to design a portfolio on a bespoke basis to meet investors' target criteria and risk appetite for them to gain exposure to particular segments of the UK property finance market. LendInvest does not co-invest.

Separate account structures are held off balance sheet, with LendInvest remuneration being in the form of **origination and servicing fees which are typically higher than the margins and fees earned from financial partnerships (above).** With more attractive remuneration and no capital demands, LendInvest has expressed its intention to move more assets off balance sheet over time, using these types of structures, for which there is **strong demand**.

The largest separate account by some distance is a £725m facility with JP Morgan (JPM), launched in FY21, to be used to underwrite buy-to-let loans, with a portion of all new loans being allocated to this account. It was originally incepted as a £625m facility which was expanded in September 2021, just one year after the original facility incepted, with the sale of a £100m portfolio of (previously originated) buy-to-let mortgages to this account.

RMBS (Residential mortgage-backed securities)

These are typically the acquiring vehicle when financial partnership portfolios are sold, and provide institutional investors with a pre-existing, investment-grade-rated, portfolio of loans. LendInvest also holds a 5% stake in these securities. Its margins are higher than financial partnerships, hence the incentive to sell portfolios into these structures.

RMBS are currently held on-balance-sheet (although options do exist to move these vehicles off-balance-sheet if preferred).

Each RMBS transaction concluded to date (three) has achieved a higher margin for LendInvest, as its reputation has grown, and investors gain more confidence in its ability.

RMBS transactions are expected to be a key source of capital in future. LendInvest envisages creating a new RMBS structure when financial partnerships in the buy-to-let sector reach around £275m of AUM (around one per year). Hence it doesn't need to raise additional capital from financial partners to meet its buy-to-let business plan.

Funds

LendInvest launched its Real Estate Opportunity Fund (Luxembourg domiciled) in 2014, which provides a broad spectrum of institutional investors with access to an asset class that is less volatile than other mainstream asset classes, such as equities. It was used to fund bridging and development loans.

LendInvest earns arrangement, performance, and servicing fees on these loans. The fund is not consolidated onto LendInvest's balance sheet.

Listed bonds

In August 2017, LendInvest launched its bond program on the London Stock Exchange's Order Book for Retail Bonds, offering an asset-backed investment solution that is eligible for ISAs and SIPPs. This is one of the two routes for private investors to participate in LendInvest's loan book (the other being the self-select portal).

To date, LendInvest has issued two series of Listed Bonds: the 2022 Bonds, with a 5.25% coupon due 10 August 2022 and the 2023 Bonds, with a 5.375% coupon due 06 October 2023. LendInvest provides a parental guarantee on the payments on its Listed Bonds, although this is seen as low risk, as loans within the bond structures have an average loan to value of 65%.

The loan portfolio financed by these bonds is held on-balance-sheet, with LendInvest earning a net interest margin.

Self-Select Portal

In 2013, LendInvest launched a self-select portal, making it possible for private investors to build their own, diverse portfolio of property finance assets, originated and managed on their behalf by LendInvest.

This investment product is open to high net worth, ultra-high net worth and sophisticated Investors.

FY 22 results

Note: The group has re-stated FY20 and FY21 financial statements following a revision to various accounting policies and other changes. This note only refers to the re-stated numbers. We refer readers to LendInvest's *Unaudited Preliminary Results For The Year To 31 March 2022* (dated 29 June 2022), note 1.6 of the financial statements for full details of these re-statements.

Revenue

Group revenue grew 21% y-o-y from £72.4m in FY21 to £87.8m (split £58.6m interest revenue; £22.7m or fee and other income - mostly asset management/fund and servicing fees, and origination fees; and £6.5m from a gain on the derecognition of financial assets). The lower rate of revenue growth compared to AUM growth is primarily a result of the increasing buy-to-let proportion of the loan book, which is characterised by lower interest rates charged to borrowers (on average around 3-3.5%), compared to the typical interest rate range of 8%-11% charged for short-term loans.

Gross profit

Gross profit – revenue less cost of sales - increased 32% from £37.6m to £49.7m, **with gross profit margin increasing from 52% to 57%.**

Cost of sales for LendInvest mostly comprises: interest expense paid to capital providers; share of origination fees paid to brokers; funding line costs being legal and other fees incurred in setting up new funding lines; and asset management and fund fees paid to others. **Cost of sales increased 9% from £34.8m to £38.1m - substantially less than revenue growth** primarily due to LendInvest continuing to reduce the costs of its lending capital from institutional investors as its track record improves and capital providers' (institutional investors) demand for its products increases.

The increase in gross profit was also boosted by an increase in fee revenue which does not have a corresponding cost of sales (mostly related to the JP Morgan transaction).

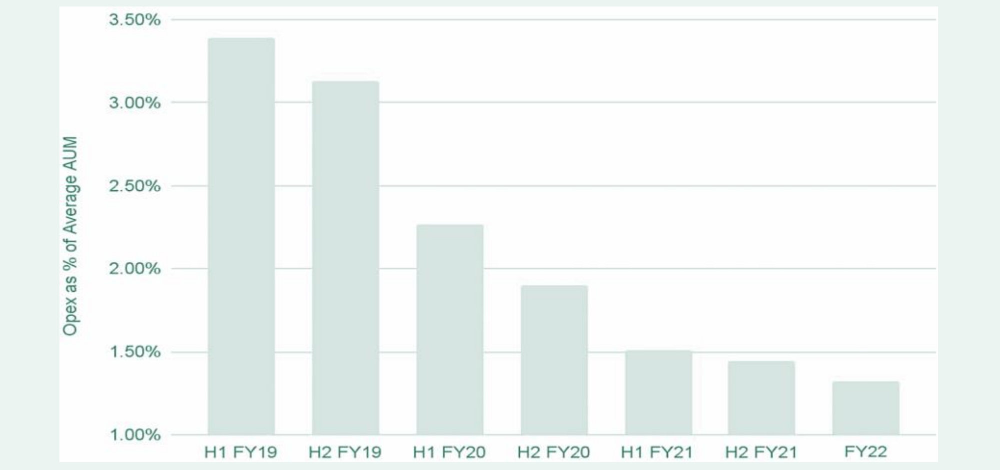
Adjusted, operating and statutory profits

A key metric used by LendInvest is *adjusted EBITDA* which is profit or loss before finance income, finance expense, income tax, depreciation, amortisation, and exceptional items; and provides a good measure of operating profitability, showing the results of normal 'core' operations exclusive of non-cash changes that the Group considers to be non-recurring and not part of core day-to-day business.

Adjusted EBITDA increased 90% from £10.7m in FY21 to £20.3m in FY22, showing evidence of continuing operational leverage, primarily as a result of the technology platform LendInvest has built which can accommodate larger volumes of business with relatively little marginal cost .

Indeed, operational expenditure as a percentage of AUM has dropped materially **from 3.4% to 1.3%** over a three-year period.

Opex* as % of average AUM



*Source: Company. *Excl. depreciation & amortisation, finance expenses, share-based payments & exceptional items*

Also contributing to the increase in adj. EBITDA was the 4% reduction in impairment charges from £4.6m in FY21 to £4.4m in FY22. This was largely due to the improved macroeconomic assumptions (as a result of a successful COVID-19 vaccine rollout and the lifting of lockdown conditions). As a percentage of average AUM (0.24% in FY22), impairments have now dropped off from FY21 (0.33%) which included substantial pandemic related provisioning.

Profit before tax increased 190% from £4.9m in FY21 to £14.2m. In addition to the factors outlined above, a £1.2 million gain on derivatives was recognised (FY21: £2.2m loss), largely derived through the cancellation of swaps following a Buy-to-Let portfolio sale to J.P.Morgan in Sep 21 and a third securitisation in Jun 21. **Profit after tax increased by 187% from £3.8m to £10.9m**

Basis earnings per share increased 141% from 3.45p to 8.33p, and diluted earnings per share increased 141% from 3.34p to 8.04p

Segment financial performance

Revenue from BTL grew by 57% from £29.1m in FY21 to £45.6m in FY22. **BTL gross profit increased by 89% from £15.0m to £28.3m with a corresponding increase in gross profit margin from 52% to 62%, driven primarily by the improved funding terms from capital providers discussed above.**

Short-Term revenue reduced 2.4% as a result of the reduction in AUM already discussed, from £43.3m to £42.2m, with gross profit reducing from £22.6m to £21.4m, while gross profit margin was slightly down from 52% to 51%.

Balance sheet and cash position

Net assets of the group increased from £49.9m to £97.5m, and cash and cash equivalents totalled £118.2m on 31 Mar 22, up 89% on the year from £62.2m. However, part of this (£79m) is restricted for loan funding purposes (LendInvest 'co-invests' alongside some capital provides – typically for c. 5%), leaving a remaining cash balance of £39m, up 120% over the year. The bulk of the increase was as a result of the IPO (£40m), offset by cash used to co-invest in BTL loans held on balance sheet.

Maiden dividend

LendInvest's board has recommended a **maiden dividend of 4.4p (yielding 2.6% on the current share price), and has expressed an intention to pursue a progressive dividend policy – a clear sign of confidence in the business's prospects, cash generation, and capital adequacy.**

Board changes

LendInvest has announced that co-founder of the business and current executive chairman, Christian Faes, will be transitioning to the role of non-executive chairman during the coming year. We remind readers that Faes stepped down as CEO of the business in January 2020 when current CEO Rod Lockhart took over that role.

The business has thrived under Lockhart and we do not see this announcement as unexpected.

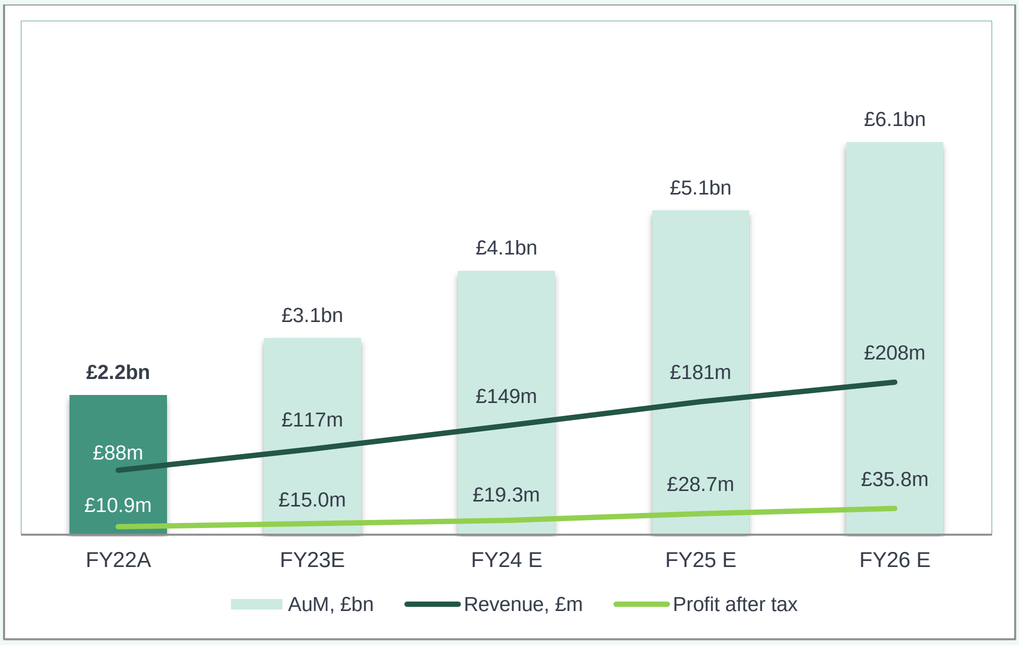
Financial projections & core value

Based on the market in which it operates, its strategic positioning within it, and its ability to execute, we believe LendInvest is well positioned to grow its AUM to around £6bn in AUM by FY26.

Given its operational capabilities, we believe net profits after tax can increase from £11m in FY21 to around £35m over this same period.

Our summary 5-year projections are shown below, which form the basis of our fundamental valuation.

Five-year forecast key metrics



Source: Company Historic Data, ED Estimates

Based on these projections, our per share fundamental value is 270p, compared to the current share price of 167p, a 63% differential. If LendInvest delivers on the above growth and profitability profile, we see potential for a significant re-rating.

Peer comparison

We have also considered LendInvest's market valuation on a relative basis to peers. There are however relatively limited insights to be gleaned from this:

- there are **no directly comparable** London-listed peers (LendInvest often competes with large incumbent banks and building societies which are not useful valuation comparators); and
- while there are small and mid-cap lenders which overlap to an extent with LendInvest from either a product or business model perspective (see table below), none would be considered to be a close comparator e.g. some are banks, and none are growing as quickly as LendInvest.

London-listed lending peer group comparison

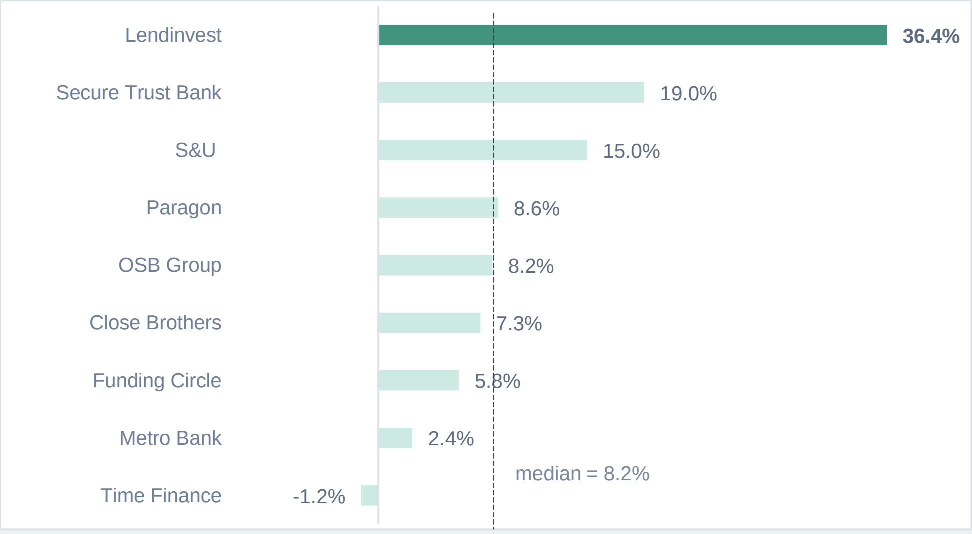
Lender	Mkt Cap, £m	Product overlap	Business model overlap
OSB Group	2,202	**High**. Also mostly a property finance lender, competes in most products.	**Low**. Bank, more capital intensive
Close Brothers	1,595	**Low**. Competitor in development finance but a smaller part of CB	**Low**. Bank, more capital intensive
Paragon	1,239	**High**. Also mostly a property finance lender, competes in most products	**Low**. Bank, more capital intensive
S&U	251	**Low**. Competitor in bridging finance but predominantly in motor-finance	**Medium**. Also a non-bank lender.
LendInvest	**229**	**-**	-
Secure Trust Bank	214	**Low**. Competitor in development finance but a smaller part of STB	**Low**. Bank, more capital intensive
Funding Circle	207	**None**. SME lending	**High**. Fintech, capital-light, non-bank lender
Metro Bank	137	**Low**. Some overlap in BTL but this is a small part of Metro's business	**Low**. Bank, more capital intensive
Time Finance	17	**None**. SME and consumer lending.	**Medium**. Also a relatively capital-light non-bank lender.

Source: ADFVN. Company reports. ED Analysis. Market Cap data as at 27 June 2022.

But when we do compare LendInvest's valuation to these other small and mid-cap lenders, it is clear that LendInvest's valuation premium appears justified, if not a little low, considering its current growth rate and rapidly rising profitability.

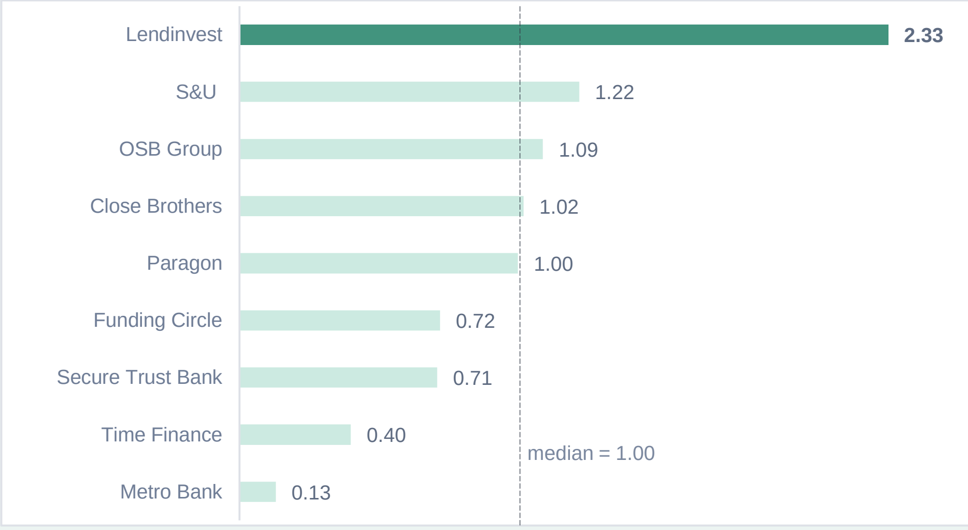
For example, its current lending book growth rate is 4.5x the peer group median, while its price to book ratio is only 2.3x.

Lending peer group: 12m growth in lending book



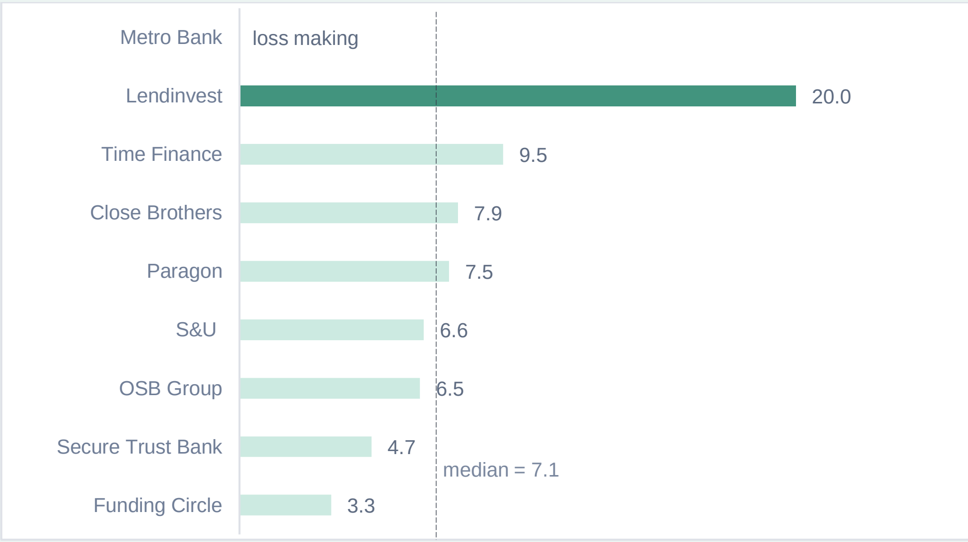
Source: Company reports, ED analysis.
All growth rates shown are over period 1 Apr 21 – 31 Mar 22 except: Funding Circle (1 Jan 21 – 31 Dec 21); Close Brothers (1 Apr 21 – 31 Apr 22); S&U (1 Feb 21 – 31 Jan 22); Time Finance (1 Dec 20 – 30 Nov 21)

Lending peer group: Price to book ratios



Source: ADFVN. Data as at 27 June 22

Lending peer group: PER ratios



Source: ADFVN. Data as at 27 June 22

We therefore believe that a bottom-up, fundamental valuation is the best guideline to use when valuing LendInvest. We may in future get a better steer from peer comparisons if, and when, other larger disruptive fintechs list on public markets. For example: Revolut, Starling, Klarna etc.

In our opinion, any such events would be a positive for LendInvest as many of these larger fintechs were loss-making in their last full financial year, meaning that LendInvest's combination of growth and profitability would be favourably highlighted in comparison.

Appendix – historic and forecast Financials

Consolidated Income Statement + Forecasts					
12 months to end Mar, £'000	**FY20A***	**FY21A***	**FY 22A**	**FY 23E**	**FY 24E**
IFRS Income Statement					
Interest Revenue	44.9	50.0	58.6	85.0	119.1
Fee and other income	20.6	22.4	29.2	31.8	29.4
Total revenue	**65.5**	**72.4**	**87.8**	**116.8**	**148.5**
Cost of sales	(35.2)	(34.8)	(38.1)	(57.9)	(75.5)
Gross Profit	**30.3**	**37.6**	**49.7**	**58.9**	**73.0**
Administrative expense	(25.4)	(25.9)	(31.9)	(35.6)	(41.4)
Impairment provisions	(4.3)	(4.6)	(4.4)	(5.6)	(6.6)
Profit from operations	**2.0**	**7.1**	**13.4**	**17.7**	**25.0**
Interest income	0.1	-	1.2	1.2	1.2
Finance expense	(1.8)	(2.2)	(0.4)	(0.4)	(0.4)
Profit/(loss) before tax	**(1.8)**	**4.9**	**14.2**	**18.5**	**25.8**
Income tax (charge)/credit	0.7	(1.1)	(3.3)	(3.5)	(6.4)
Profit /(loss) after tax	**(1.1)**	**3.8**	**10.9**	**15.0**	**19.3**
Earnings per share, p	(1.0)	3.5	8.3	10.4	12.8

The Directors also view Adjusted EBITDA as a useful measure because it is used to analyse the Group's operating profitability, and shows the results of normal, core operations exclusive of non-cash charges and items that the Group considers to be non-recurring and not part of the Group's core day-to-day business.

Bridge to adjusted EBITDA					
Profit/(loss) after tax	**(1.1)**	**3.8**	**10.9**	**15.0**	**19.3**
Finance expense	1.8	2.2	0.4	0.4	0.4
Interest Income	-	-	(1.2)	(1.2)	(1.2)
Depreciation & amortisation	1.4	2.4	2.8	2.1	2.3
Depreciation of right-of-use asset	0.9	0.9	0.8	0.9	0.9
Interest expense - lease liabilities	0.6	0.6	0.5	0.6	0.6
Share based payment charge	0.5	0.7	1.2	1.3	1.5
Exceptional items	2.2	0.8	1.6	0.5	0.3
Tax	(0.7)	1.1	3.3	3.5	6.4
Less Hedging break cost	-	(1.8)	-	-	-
Adjusted EBITDA	**5.5**	**10.7**	**20.3**	**23.1**	**30.6**

Source: Company Historic Data, ED estimates.

**Re-stated, see Unaudited Preliminary Results For The Year To 31 March 2022 (dated 29 Jun 22), note 1.6*

Consolidated Income Statement + Forecasts					
12 months to end Mar, £'000	**FY20A***	**FY21A***	**FY 22A**	**FY 23E**	**FY 24E**
IFRS Income Statement					
Interest Revenue	44.9	50.0	58.6	85.0	119.1
Fee and other income	20.6	22.4	29.2	31.8	29.4
Total revenue	**65.5**	**72.4**	**87.8**	**116.8**	**148.5**
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Gross Profit	**30.3**	**37.6**	**49.7**	**58.9**	**73.0**
Administrative expense	(25.4)	(25.9)	(31.9)	(35.6)	(41.4)
Impairment provisions	(4.3)	(4.6)	(4.4)	(5.6)	(6.6)
Profit from operations	**2.0**	**7.1**	**13.4**	**17.7**	**25.0**
Interest income	0.1	-	1.2	1.2	1.2
Finance expense	(1.8)	(2.2)	(0.4)	(0.4)	(0.4)
Profit/(loss) before tax	**(1.8)**	**4.9**	**14.2**	**18.5**	**25.8**
Income tax (charge)/credit	0.7	(1.1)	(3.3)	(3.5)	(6.4)
Profit /(loss) after tax	**(1.1)**	**3.8**	**10.9**	**15.0**	**19.3**
Earnings per share, p	(1.0)	3.5	8.3	10.4	12.8

The Directors also view Adjusted EBITDA as a useful measure because it is used to analyse the Group's operating profitability, and shows the results of normal, core operations exclusive of non-cash charges and items that the Group considers to be non-recurring and not part of the Group's core day-to-day business.

Bridge to adjusted EBITDA					
Profit/(loss) after tax	**(1.1)**	**3.8**	**10.9**	**15.0**	**19.3**
Finance expense	1.8	2.2	0.4	0.4	0.4
Interest Income	-	-	(1.2)	(1.2)	(1.2)
Depreciation & amortisation	1.4	2.4	2.8	2.1	2.3
Depreciation of right-of-use asset	0.9	0.9	0.8	0.9	0.9
Interest expense - lease liabilities	0.6	0.6	0.5	0.6	0.6
Share based payment charge	0.5	0.7	1.2	1.3	1.5
Exceptional items	2.2	0.8	1.6	0.5	0.3
Tax	(0.7)	1.1	3.3	3.5	6.4
Less Hedging break cost	-	(1.8)	-	-	-
Adjusted EBITDA	**5.5**	**10.7**	**20.3**	**23.1**	**30.6**

Source: Company Historic Data, ED estimates.

**Re-stated, see Unaudited Preliminary Results For The Year To 31 March 2022 (dated 29 Jun 22), note 1.6*

Consolidated Cash Flow Statement + Forecasts					
12 months to end Mar, £'000	**FY20A***	**FY21A***	**FY 22A**	**FY 23E**	**FY 24E**
Operating activities					
Profit after tax	**(1.1)**	**3.8**	**10.9**	**15.0**	**19.3**
Adjusted for:					
Depreciation of property, plant & equipment	0.2	0.2	0.1	0.1	0.1
Amortisation of intangible assets	1.2	2.2	2.6	2.0	2.2
Company share & share option schemes	0.5	0.7	1.1	1.3	1.5
Interest income	(0.1)	-	-	(1.2)	(1.2)
Income tax expense/(credit)	(0.1)	1.1	3.3	3.5	6.4
Derivative, hedge accounting and committed facility fair value losses	2.0	2.0	(1.0)	-	-
Fundng line costs	-	0.2	0.2	0.2	0.2
Impairment provision	4.4	4.9	4.6	5.6	6.6
Depreciation of right of use asset	0.9	0.9	0.9	0.9	0.9
Interest expense of right of use asset	0.6	0.6	0.5	0.6	0.6
Non capitalised financing cost	2.2	-	-	-	-
Cost of share listing expensed in income statement	-	-	1.6	-	-
Costs relating to abortive market listing	-	0.1	-	-	-
Change in working capital					
Increase in gross loans and advances	(409.7)	(233.1)	(187.6)	(521.7)	(839.2)
Increase in trade and other receivables	(5.5)	(0.7)	0.1	(2.1)	(2.6)
Increase in trade and other payables	4.6	1.1	21.3	16.1	17.6
Income tax paid/received	(0.1)	-	(3.7)	(3.5)	(6.4)
Net cash flows from / (used in) operating activities	**(400.0)**	**(215.9)**	**(145.1)**	**(483.2)**	**(794.0)**
Investing activities					
Purchase of property, plant and equipment	(0.2)	-	(0.2)	(0.2)	(0.2)
Capitalised development costs	(3.4)	(2.4)	(3.2)	(2.6)	(2.0)
Interest income	0.1	-	-	1.2	1.2
Net cash flows from / (used in) investing activities	**(3.5)**	**(2.4)**	**(3.4)**	**(1.6)**	**(1.1)**
Financing activities					
Increase in interest bearing liabilities	459.4	194.0	171.1	495.6	797.2
Principle elements of finance lease payment	(0.7)	(0.9)	(0.9)	(1.0)	(1.1)
Interest expense lease liabilities	(0.6)	(0.7)	(0.5)	(0.6)	(0.6)
Proceeds from an equity share issue or IPO	0.3	-	40.0	-	-
Equity raise costs	-	-	(3.9)	-	-
Cash settled derivative losses	-	(3.1)	(1.2)	-	-
Funding line costs	-	(0.3)	(0.1)	(0.2)	(0.2)
Non capitalised financing cost	(2.2)	-	-	-	-
Dividends paid	-	-	-	(6.1)	(7.7)
Net cash flows from / (used in) financing activities	**456.1**	**188.9**	**204.5**	**487.7**	**787.6**
Net increase / (decrease) in cash and cash equivalents	**52.6**	**(29.4)**	**56.0**	**2.9**	**(7.4)**
Cash and equivalents at beginning of period	40.1	91.6	62.2	118.2	121.1
Cash and cash equivalents carried forward	**92.7**	**62.2**	**118.2**	**121.1**	**113.7**

Source: Company Historic Data, ED estimates.

**Re-stated, see Unaudited Preliminary Results For The Year To 31 March 2022 (dated 29 Jun 22), note 1.6*

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