



## Research Update

Dave Storms, CFA

[Dave@stonegateinc.com](mailto:Dave@stonegateinc.com)

214-987-4121

### Market Statistics

Price	£ 1.13
52 week Range	£0.89 - £1.35
Daily Vol (3-mo. average)	182,530
Market Cap (M):	£ 225.1
Enterprise Value (M):	£ 741.3
Shares Outstanding: (M)	224.0
Float (M)	206.5
Public Ownership	14.8%
Institutional Ownership	77.4%

### Financial Summary

Cash (£M)	£ 42.5
Cash/Share	£ 0.19
Debt (£M)	£ 535.4
Equity (£M)	£ 501.9
Equity/Share	£ 2.24

FYE: Dec	2023	2024E	2025E
(in M)			
Total Rev	£ 527.3	£ 573.2	£ 627.0
Chng%	-2%	9%	9%
Net Income	£ 39.5	£ 45.4	£ 53.8
EBT	£ 67.5	£ 75.6	£ 89.7
EPS	£ 0.17	£ 0.19	£ 0.23
EV/Rev	1.4x	1.3x	1.2x
EV/EBT	9.6x	10.0x	9.4x
P/E	6.7x	5.9x	5.0x



## COMPANY DESCRIPTION

International Personal Finance (LSE: IPF) provides affordable consumer credit services in Europe, Mexico, and Australia. The Company's customers are underserved being unable to access credit from banks and traditional lenders. IPF offers a range of products including home credit, digital revolving and instalment loans, credit cards, and mobile wallets. The Company currently serves approx. 1.7 million customers in 9 international markets.

## INTERNATIONAL PERSONAL FINANCE PLC (LSE: IPF)

### COMPANY UPDATES

**Strong FY23:** IPF reported strong net receivables up 12% year over year to £893M, excluding Poland. Additionally, customer lending was up 8% when excluding the transitional impact from operations in Poland. Annualized revenue yield was also strong, moving to 55.3% in 4Q23, up 340bps from 4Q22. Impairments remain in-line with expectations at 12.2%, in large part due to robust credit standards and despite the cost-of-living crisis. Lastly, the costs to income ratio is ahead of management plans, down to 57.0% in 4Q23. The Company remains on strong footing with the stated ambition to serve 2.5 million customers, a fraction of the 70 million underserved adults in the nine countries the Company serves. IPF is still seeing strong customer repayment performance in large part due to the responsible underwriting and operational rhythm despite the challenging macro environment.

**Continued Expansion in Mexico:** IPF continued its expansion into the Mexico Home Market by following the opening of the Tijuana branch in 2022 with the opening of the Tampico branch in March of 2023. We expect IPF to expand into Mexicali during FY24. The learning curve to get these locations seems to be short as the Company reported an increase of 17.6% customer lending y/y, customer numbers growing by 2.9% in the quarter to 716,000 and closing receivables growing by 18.0% to £187.1M. This is all served by the very critical first cohort of employees.

**Credit Card is Building Traction:** The roll out of credit cards in Poland is on track with 130,000 cards issued. This is up from 50,000 cards issued at 1H23, with the pace of uptake expected to maintain steady as the IPF continues to transition current customers. It is expected that the full transition of the Polish market will be completed by the end of 2024 with further regulatory guidance received from KNF.

**Digital Strength Remains:** Digital saw positive momentum in all markets as profit before tax increased 21.6% and customer leading growth increased 9% when excluding the impacts from the transition in Poland. Of note was the increase in gross receivables to £287.9M, which is up 11.6% year over year.

**Funding:** IPF ended the year with working capital of £549.2M and a cash balance of £42.5M, which is up from £28.2M at the end of 1H23. The Company's receivables ratio was 56%, up from 51% at the end of FY22. We note that headroom on borrowing facilities was at £126.0M. Notably the Company extended £146.0M of debt facilities in 2023 with duration now standing at 2.0 years with £170.0M of debt now maturing beyond 2025.

**Valuation:** We use a DCF Analysis and a Comparison Analysis to frame valuation. For the comparison analysis we used a combination of P/E, P/TBV, and EV/EBT multiples to determine a valuation range for IPF. When we blend these multiple comparisons, in combination with our DCF analysis, we arrive at a median price range of £1.85 to £2.20 with a midpoint of £2.01.

## Company History

International Personal Finance PLC was founded in 1997 and is headquartered in Leeds, United Kingdom. The Company was originally a division of Provident Financial before it was divested in 2007. In 2015, it acquired MCB Finance, a digital credit provider, broadening its product range into digital credit products and extending its geographic presence to reach new customers. The Company began trading on London Stock Exchange in 2007 under the symbol “IPF.”

## Business Overview

International Personal Finance PLC (LSE: IPF) provides affordable consumer credit services in Europe, Mexico, and Australia. The Company’s customers are underserved, being unable to access credit from banks and traditional lenders. IPF offers a range of products including home credit, digital revolving and instalment loans, credit cards, and mobile wallets. The Company currently serves approx. 1.7 million customers in 9 international markets.

### Exhibit 1: Markets Served

---



- Australia
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Mexico
- Poland
- Romania

---

*Source: Company Website*

## Business Divisions

IPF is a financial services company providing credit services to people who are typically excluded from mainstream finance. The Company’s customers are individuals who usually have a low-to-moderate income and limited credit histories, which subjects them to refusals from traditional banks and credit providers. Management has prioritized offering clients simple and affordable products that meet their specific needs, making this a significant part of IPF’s identity. The Company stresses its responsibility to provide supportive and flexible customer service in all its markets. IPF operates in three distinct divisions: European Home Credit, Mexico Home Credit, and IPF Digital.

## Exhibit 2: Business Divisions



Source: Company Presentation

### European Home Credit

The European Home Credit division is IPF's legacy division that has been in business for twenty-five years. It operates in four central European countries and offers home credit, instalment loans, credit cards, and value-added services to its customers. This segment is increasingly being digitized to further capitalize on the established history of strong cash generation. As the segment diversifies its traditional home credit to include a broader suite of products, the segment is expected to continue generating target returns of ~20%.

In 2022, the division faced a regulatory headwind due to tighter rate caps in Poland and the economic ramifications of the war in Ukraine. In December 2022, the Polish government introduced a lower, non-interest rate cap which reduced maximum non-interest fees that can be charged on a loan. This cap reduced the maximum non-interest fees to 45% of the loan value, from 100%. Additionally, the region experienced high inflation rates in eastern Europe primarily due to the war in Ukraine. The division saw a contract of 7% in home credit lending, primarily due to the expected 27% reduction in Poland.

### Mexico Home Credit

Similar to the European division, the Mexico Home Credit division offers home credit, hybrid loans, and other value-added services. The Mexican Home Credit division has high demand and strong growth potential, allowing the Company to deliver strong return on required equity (RORE). Despite an increasingly high inflationary macroeconomic environment, the Company experienced healthy growth in the country, increasing customer lending by 17.6% year over year as of 2H23. This was largely aided by the increasing penetration into IPF's existing footprint.

This division is a significant opportunity for revenue growth. Mexico has a population over 125 million people and IPF estimates that roughly two-thirds of the population are not properly banked. The Company states that it has a target market of about twenty-eight million people with an additional 15 million people in its expansion plan. By penetrating this vast and largely untouched market, IPF has the potential to strengthen its footprint in the country and substantially grow its revenues. The Company has made progress on this by expanding in Tijuana in the northwest in 2022 and Tampico in the east in 2023, targeting a market of approximately 1.7 million customers.

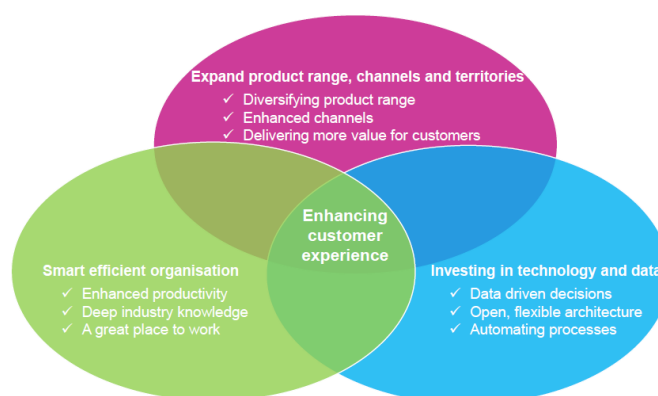
## IPF Digital

IPF Digital offers customers digital access to revolving credit lines, mobile wallets, and digital installment loans as well as other services. The division allows IPF to reach customers that are digitally savvy and younger who are looking for an affordable end-to-end digital service with around-the-clock digital access to their accounts. During FY23, the division experienced receivable growth of over 10% in multiple regions such as Mexico, Australia, and the Baltics. Despite exiting the Finish and Spanish markets in the wake of regulatory changes, IPF Digital's solid products and services as well as its scalability provides the Company with a path to further grow its business internationally and potentially outside of its current markets.

## Growth Strategy

Management has been clear in its expectations and priorities in expanding its business. IPF is targeting to deliver returns of 15% to 20% by 2025. This will be accomplished by expanding its product range, building its distribution, and investing in technology as a roadmap to continued growth. In 2023, IPF progressed in this by expanding its geographic presence in Mexico and digital channels in European markets. Bolstering the Company's growth strategy is a strong and well capitalized balance sheet as well as continued customer confidence.

### Exhibit 3: Growth Strategy

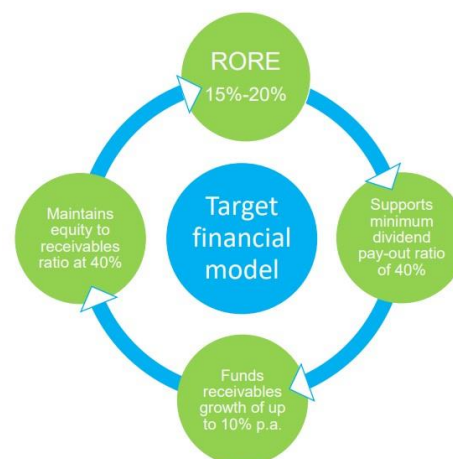


Source: Company Presentation

## Financial Model

IPF has a strict financial model that is focused on delivering sustainable earnings and returns. The Company makes its investment decisions with the goal of achieving 20%+ Return on Required Equity (RORE). The model acts as a cycle that maintains balance. A delivery of RORE of 15% to 20% supports a minimum dividend payout ratio of 40% returned to shareholders, which allows receivables growth of up to 10% per fiscal year. This helps maintain an equity to receivables ratio of about 40%. IPF's financial model is supported by focusing on revenue yield, impairment rate, and cost-income ratio being delivered by each division. Continued strong results in core key performance indicators (KPIs) aid in keeping the financial model sustainable, however current macroeconomic headwinds may bring increased pressure in the short-term. To date, the Company has not seen an impact from the current cost of living crisis.

### Exhibit 4: Financial Model



Source: Company Presentation

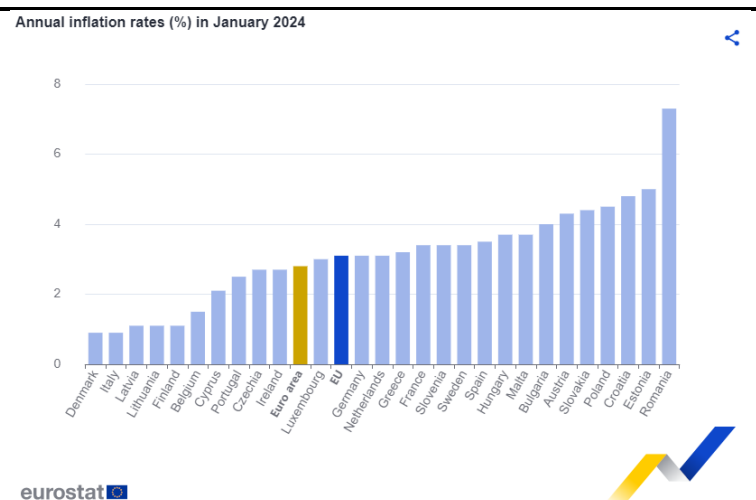
## Market Overview

IPF operates in a highly competitive market. What separates the Company from its competitors, such as banks and other lenders, is its focus on assisting a customer base that is usually neglected by delivering strong relationships that often include face to face contact, helping customers stay in control of their repayments. This allows IPF to make effective credit assessments while also enhancing financial inclusions leading to significant reach into underserved portions of markets in Mexico, Australia, and Central Europe. These markets offer IPF the greatest opportunity to expand its reach and grow its customer base.

However, IPF may experience global economics headwinds going forward which could adversely affect its business. A high inflationary environment coupled with rapidly rising rates will make it difficult for people, especially those represented in IPF's markets, to be able to obtain or pay off loans given their decreasing disposable income. Due to IPF's close relationship with their customers, small loan sizes that tend to not overburden customers, and government support that customers get, we believe it is reasonable to assume that IPF's customer base is better suited to weather market downturns compared to the market. As shown in Exhibit 5, a few of IPF's target markets such as Poland, Lithuania, and Romania are experiencing inflation higher than the EU Area as of January 2024. Should this trend continue in the remainder of 2024, IPF will likely see greater risk of falling demand.

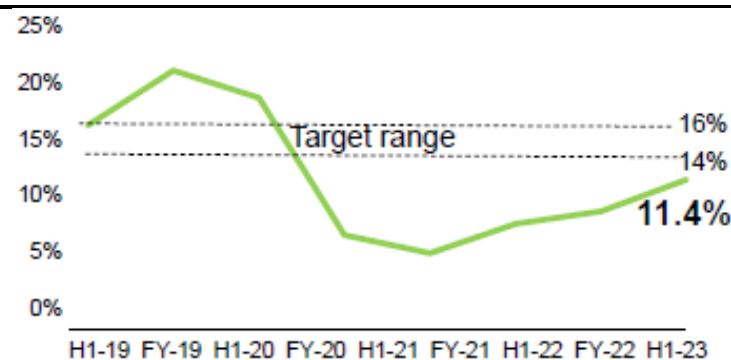
Should the Company see increased volatility due to market forces over the next 12 to 18 months, IPF will be expected to maintain its lending standards to manage its impairment rate. IPF has shown

**Exhibit 5: European Inflation Rates January 2024**



Source: eurostat

**Exhibit 6: Historical Impairment Rates**



Source: Company Presentation

resiliency during several market cycles, the most recent example seen in 2020. At the height of the Covid pandemic, the Company only saw the impairment rate rise ~260bps above target levels. Given the strong balance sheet, track record of resiliency during challenging macro events, and impressive navigation through changing political environments, we expect management to have all the tools necessary to weather future downturns. We note that the Company ended FY23 with an impairment rate of 12.2%, which is closer to the target.

## Risks

As with any investment, there are certain risks associated with IPF's operations as well as with the surrounding economic and regulatory environments common to the consumer finance industry and operating in foreign countries.

**Credit** – IPF's customers are those with low and/or poor to no credit history. This puts the Company at a significant risk of loss should its customers fail to meet their contracted repayment obligations. High inflationary markets put strain on people's disposable income and affect their ability to meet their obligations.

**Regulatory Changes** – IPF's industry is subject to significant regulatory change. Governments legislation can lead to a tightening of rates, which can negatively impact the Company's ability to operate in certain countries.

**Political Risk** – IPF target markets include countries susceptible to significant political risk. The Company's eastern European operations are in close proximity to Ukraine, which is still in the midst of its war with Russia. The war has negatively impacted Ukraine's neighbors, increasing inflation at a higher rate than the rest of the world and increasing consumer uncertainty. While this uncertainty has abated in recent months, the nature of the Company's target markets keeps political risk relevant.

**Competitive Industry** – IPF operates in an industry that is highly competitive, facing competition that includes large and reputable banks and lenders. Despite operating in a niche market, the Company could lose market share to larger competitors if they decide to pivot and begin offering their own products and services to IPF's customers. Should this happen, IPF could see a loss of customers, leading to a negative impact on earnings.



## VALUATION SUMMARY

We use a DCF Analysis and a Comparison Analysis to frame valuation.

### DCF Analysis

We are modeling near term revenue growth rates driven by continued growth in the Mexican market, offset by challenges related to the credit card roll out in Poland. Our revenue growth normalizes at 5%.

For our sensitivity analysis, we used a range of discount rates from 12.25% to 12.75% and terminal growth rates between 1.50% and 2.50%. We selected this discount rate to account for the challenging macro backdrop, IPF's smaller market cap, and the rising interest rate environment. These assumptions result in a valuation range of £1.88 to £2.21, with the mid-point at £2.03.

#### Sensitivity Analysis:

Discount rate	Terminal Growth Rates					
		1.0%	1.5%	2.0%	2.5%	3.0%
	11.00%	£ 2.47	£ 2.57	£ 2.68	£ 2.80	£ 2.93
	12.25%	£ 1.98	£ 2.05	£ 2.13	£ 2.21	£ 2.30
	12.50%	£ 1.90	£ 1.96	£ 2.03	£ 2.11	£ 2.20
	12.75%	£ 1.82	£ 1.88	£ 1.94	£ 2.02	£ 2.10
13.00%	£ 1.74	£ 1.80	£ 1.86	£ 1.93	£ 2.00	

### Comparison Analysis

Company Name	Symbol	Price <sup>(1)</sup>	Mrkt Cap	EV	TBV/Share	P/TBV	EV/Revenue <sup>(2,3)</sup>			EV/EBT <sup>(2,3)</sup>			P/E <sup>(2,3)</sup>			Profitability <sup>(2,3)</sup>		
							2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	NIM	ROA	ROE
Propel Holdings Inc.	TSX: PRL	\$ 11.87	\$ 423.2	\$ 585.3	\$ 2.60	4.6x	2.5x	1.8x	1.5x	20.8x	N/M	N/M	17.2x	9.6x	5.4x	18.0%	12.6%	30.3%
Encore Capital Group, Inc.	NASDAQGS: ECPG	\$ 46.97	\$ 1,133.2	\$ 4,407.6	\$ 14.02	3.4x	3.6x	3.1x	2.7x	-24.5x	26.7	19.23	22.4x	7.6x	5.0x	-16.9%	3.7%	-19.5%
FirstCash Holdings, Inc.	NASDAQGS: FCFS	\$ 117.55	\$ 5,429.2	\$ 7,225.3	\$ (0.20)	N/M	2.3x	2.1x	1.9x	24.7x	17.74	15.38	27.2x	16.9x	14.5x	7.0%	6.2%	11.3%
Enova International, Inc.	ENVA	\$ 60.73	\$ 1,755.3	\$ 4,671.8	\$ 29.30	2.1x	4.5x	1.9x	1.7x	20.6x	N/M	N/M	13.1x	7.5x	6.2x	16.9%	4.2%	14.4%
PRA Group, Inc.	NASDAQGS: PRAA	\$ 22.75	\$ 932.5	\$ 3,846.7	\$ 18.74	1.2x	4.8x	4.0x	3.6x	-46.4x	267.3	46.79	-13.9x	65.6x	13.0x	-10.4%	1.5%	-5.3%
Vanquis Banking Group plc	LSE: VANQ	\$ 0.69	\$ 174.3	\$ 2,432.9	\$ 2.27	0.3x	3.7x	3.7x	3.5x	75.7x	64.44	42.23	6.9x	6.6x	4.3x	12.4%	1.5%	6.7%
				Average	\$ 11.12	2.3x	3.6x	2.8x	2.5x	11.8x	94.0x	30.9x	12.1x	19.0x	8.1x	4.5%	4.9%	6.3%
				Median	\$ 8.31	2.1x	3.7x	2.6x	2.3x	20.7x	45.6x	30.7x	15.1x	8.6x	5.8x	9.7%	4.0%	9.0%
International Personal Finance plc	LSE: IPF	\$ 1.43	\$ 320.0	\$ 948.6	\$ 2.34	0.6x	1.2x	1.2x	1.1x	8.9x	9.4x	7.3x	5.2x	5.5x	4.5x	6.3%	17.5%	10.1%

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

All Values in USD at an exchange rate of \$0.78 GBP/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We used a combination of P/E, P/TBV, and EV/EBT multiples to determine a valuation range for IPF.

When we look at P/E Multiples we note that comps are trading at an average of 8.1x 2024 estimates. This compares to IPF trading at 4.5x. We believe a multiple range of 7.5x to 8.5x is appropriate given the growth potential that IPF has in both the Mexican Home Market as well as their digital offerings. This will bring IPF more in-line with sector peers.

We believe that a P/TBV value of below 1.0x makes IPF attractive from a valuation standpoint. When we apply a conservative range of 1.00x to 1.25x the valuation spans £1.83 to £2.29.

Comparable companies are trading at an estimated FY24 EV/EBT multiple of 30.7x at the median vs IPF at 7.3x. When we apply a multiple range of 9.0x to 10.0x, which is conservative relative to peers, we arrive at a valuation of £1.75 to £2.19.

When we blend these multiple comparisons, in combination with our DCF analysis, we arrive at an average price range of £1.85 to £2.20 with a midpoint of £2.01.

P/E			
<b>2025 E</b>	<b>7.50x</b>	<b>8.00x</b>	<b>8.50x</b>
Earnings	0.25	0.25	0.25
Price	£ 1.86	£ 1.98	£ 2.11

P/TBV			
	<b>1.00x</b>	<b>1.13x</b>	<b>1.25x</b>
TBV/Share (USD)	2.34	2.34	2.34
Price (USD)	\$ 2.34	\$ 2.63	\$ 2.92
Price (GBP)	£ 1.83	£ 2.06	£ 2.29

EV/EBT			
<b>2025 E</b>	<b>9.00x</b>	<b>9.50x</b>	<b>10.00x</b>
EBT	98.3	98.3	98.3
TEV	884.9	934.0	983.2

Cash	42.5	42.5	42.5
Debt	535.4	535.4	535.4
Mrkt Cap	392.0	441.1	490.3

S/O	224.0	224.0	224.0
Price	£ 1.75	£ 1.97	£ 2.19

Summation			
DCF Values	£ 1.88	£ 2.03	£ 2.21
Average	£ 1.83	£ 2.01	£ 2.20
Median	£ 1.85	£ 2.01	£ 2.20

## DCF ANALYSIS

International Personal Finance plc														
Discounted Cash Flow Model														
(in \$M, except per share)														
														Terminal
Estimates:	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Value
Revenue	548.7	645.5	767.8	798.6	862.6	923.0	978.4	1,032.2	1,089.0	1,143.4	1,200.6	1,260.6	1,323.7	
Operating Income	121.7	145.5	160.8	173.8	200.3	166.1	156.5	144.5	136.1	137.2	138.1	138.7	139.0	
Less: Taxes (benefit)	46.4	58.5	61.1	69.5	80.1	66.5	62.6	57.8	54.4	54.9	55.2	55.5	55.6	
NOPAT	75.3	87.0	99.7	104.3	120.2	99.7	93.9	86.7	81.7	82.3	82.8	83.2	83.4	
Plus: Depreciation & Amortization	28.7	27.3	29.3	28.9	29.4	31.5	33.3	38.7	38.1	37.2	37.8	39.7	41.7	
Plus: Changes in WC	43.7	(19.7)	(48.4)	(4.0)	(4.3)	(4.6)	(4.9)	(5.2)	(5.4)	(5.7)	(6.0)	(6.3)	(6.6)	
Less: Capex	(4.9)	(8.8)	(4.7)	(8.0)	(8.6)	(9.2)	(9.8)	(10.3)	(10.9)	(11.4)	(12.0)	(12.6)	(13.2)	
Free Cash Flow	142.8	85.8	75.9	121.2	136.7	117.3	112.6	109.9	103.5	102.3	102.7	104.0	105.2	1,022.2
Discount period - months				12	24	36	48	60	72	84	96	108	120	
Discount period - years				1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Discount factor				0.89	0.79	0.70	0.62	0.55	0.49	0.44	0.39	0.35	0.31	
PV of FCF				107.8	108.0	82.4	70.3	61.0	51.0	44.9	40.0	36.0	32.4	314.8
Growth rate assumptions:														
Revenue		17.6%	18.9%	4.0%	8.0%	7.0%	6.0%	5.5%	5.5%	5.0%	5.0%	5.0%	5.0%	
Operating Income		19.6%	10.5%	8.1%	15.2%	-17.1%	-5.8%	-7.7%	-5.8%	0.8%	0.6%	0.4%	0.2%	
EBITDA		14.9%	10.0%	6.6%	13.3%	-14.0%	-3.9%	-3.5%	-4.9%	0.1%	0.9%	1.4%	1.3%	
Free Cash Flow		-39.9%	-11.6%	59.8%	12.7%	-14.2%	-4.0%	-2.4%	-5.9%	-1.1%	0.3%	1.3%	1.2%	
Margin assumptions:														
Operating Income	22.2%	22.5%	20.9%	21.8%	23.2%	18.0%	16.0%	14.0%	12.5%	12.0%	11.5%	11.0%	10.5%	
D&A as a % of sales	5.2%	4.2%	3.8%	3.6%	3.4%	3.4%	3.4%	3.8%	3.5%	3.3%	3.2%	3.2%	3.2%	
EBITDA	27.4%	26.8%	24.8%	25.4%	26.6%	21.4%	19.4%	17.8%	16.0%	15.3%	14.7%	14.2%	13.7%	
Taxes	38.1%	40.2%	38.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Changes in WC	8.0%	-3.1%	-6.3%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	
Capex as a % of sales	-0.9%	-1.4%	-0.6%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
Valuation:														
Shares outstanding	224.0													
PV of FCF	633.7													
PV of Terminal Value	314.8													
Enterprise Value	948.5													
less: Net Debt	492.9													
Estimated Total Value:	455.6													
Est Equity Value/share:	£2.03													
Sensitivity Analysis:														
Discount rate		Terminal Growth Rates												
			1.0%	1.5%	2.0%	2.5%	3.0%							
		11.00%	£ 2.47	£ 2.57	£ 2.68	£ 2.80	£ 2.93							
		12.25%	£ 1.98	£ 2.05	£ 2.13	£ 2.21	£ 2.30							
		12.50%	£ 1.90	£ 1.96	£ 2.03	£ 2.11	£ 2.20							
		12.75%	£ 1.82	£ 1.88	£ 1.94	£ 2.02	£ 2.10							
		13.00%	£ 1.74	£ 1.80	£ 1.86	£ 1.93	£ 2.00							
Price £1.12														

Source: Company Reports; Stonegate Capital Markets



## BALANCE SHEET

International Personal Finance plc  
Consolidated Balance Sheets (£M)  
Fiscal Year End: December

ASSETS	FY 2018	FY 2019	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023
Amounts receivable from customers	992.8	728.3	580.5	532.6	532.6	512.2	566.6	566.6	590.7	656.6	656.6	691.6	689.6	689.6
Derivative financial instruments	1.6	0.3	8.1	0.5	0.5	1.3	0.7	0.7	3.0	4.5	4.5	1.0	2.9	2.9
Cash and cash equivalents	46.6	37.4	100.6	116.3	116.3	100.4	41.7	41.7	43.7	50.7	50.7	28.2	42.5	42.5
Other receivables	18.9	16.9	26.1	9.9	9.9	15.9	14.0	14.0	15.6	16.2	16.2	16.2	16.0	16.0
Current tax assets	1.5	0.1	36.6	1.5	1.5	1.6	1.6	1.6	29.0	1.6	1.6	1.6	3.3	3.3
<b>Total Current Assets</b>	<b>£1,061.4</b>	<b>£ 783.0</b>	<b>£ 751.9</b>	<b>£ 660.8</b>	<b>£ 660.8</b>	<b>£ 631.4</b>	<b>£ 624.6</b>	<b>£ 624.6</b>	<b>£ 682.0</b>	<b>£ 729.6</b>	<b>£ 729.6</b>	<b>£ 738.6</b>	<b>£ 754.3</b>	<b>£ 754.3</b>
Goodwill	24.5	23.1	24.7	24.4	24.4	23.4	22.9	22.9	23.4	24.2	24.2	23.4	23.6	23.6
Intangible assets	38.0	43.2	36.8	30.2	30.2	26.2	25.2	25.2	24.9	27.9	27.9	28.7	32.3	32.3
Property, plant and equipment	19.9	20.0	18.0	15.4	15.4	13.2	13.8	13.8	16.9	17.3	17.3	16.1	16.0	16.0
Right-of-use assets	-	18.8	17.9	17.5	17.5	16.6	17.7	17.7	18.5	19.3	19.3	19.4	21.7	21.7
Amounts receivables from customers	-	245.3	175.9	136.5	136.5	162.0	150.2	150.2	179.2	212.2	212.2	201.5	203.3	203.3
Deferred tax assets	138.5	151.7	137.2	135.7	135.7	125.5	124.7	124.7	136.1	138.5	138.5	144.9	131.7	131.7
Non-current tax assets	36.1	34.2	-	-	-	14.2	15.3	15.3	-	-	-	-	-	-
Retirement benefit asset	4.1	3.4	4.5	3.4	3.4	5.6	4.9	4.9	6.7	2.1	2.1	0.9	6.1	6.1
<b>Total Assets</b>	<b>£1,322.5</b>	<b>£1,322.7</b>	<b>£1,166.9</b>	<b>£1,023.9</b>	<b>£1,023.9</b>	<b>£1,018.1</b>	<b>£ 999.3</b>	<b>£ 999.3</b>	<b>£1,087.7</b>	<b>£1,171.1</b>	<b>£1,171.1</b>	<b>£1,173.5</b>	<b>£1,189.0</b>	<b>£1,189.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>														
Borrowings	28.8	112.7	387.1	0.2	0.2	43.3	3.1	3.1	28.6	71.8	71.8	59.5	52.2	52.2
Derivative financial instruments	7.3	16.2	1.2	6.7	6.7	3.7	7.6	7.6	5.9	4.6	4.6	12.9	4.4	4.4
Trade and other payables	147.7	123.9	92.0	89.1	89.1	113.4	112.8	112.8	123.0	122.2	122.2	129.5	132.9	132.9
Provisions for liabilities and charges	-	-	12.1	19.2	19.2	24.2	5.4	5.4	2.6	4.7	4.7	3.4	-	-
Lease liabilities	-	8.7	9.0	7.4	7.4	7.3	6.4	6.4	6.9	7.2	7.2	8.1	8.3	8.3
Current tax liabilities	25.8	30.3	26.7	13.4	13.4	14.3	8.2	8.2	17.2	18.3	18.3	14.5	7.3	7.3
<b>Total Current Liabilities</b>	<b>£ 209.6</b>	<b>£ 291.8</b>	<b>£ 528.1</b>	<b>£ 136.0</b>	<b>£ 136.0</b>	<b>£ 206.2</b>	<b>£ 143.5</b>	<b>£ 143.5</b>	<b>£ 184.2</b>	<b>£ 228.8</b>	<b>£ 228.8</b>	<b>£ 227.9</b>	<b>£ 205.1</b>	<b>£ 205.1</b>
Deferred tax liabilities	10.4	20.0	12.1	13.8	13.8	9.4	7.9	7.9	7.9	5.9	5.9	5.9	7.1	7.1
Lease liabilities	-	10.8	10.0	11.8	11.8	11.0	12.3	12.3	12.8	14.2	14.2	13.3	15.3	15.3
Borrowings	669.5	563.7	228.2	491.8	491.8	428.5	468.5	468.5	479.0	477.0	477.0	463.5	459.6	459.6
<b>Total Liabilities</b>	<b>£ 889.5</b>	<b>£ 886.3</b>	<b>£ 778.4</b>	<b>£ 653.4</b>	<b>£ 653.4</b>	<b>£ 655.1</b>	<b>£ 632.2</b>	<b>£ 632.2</b>	<b>£ 683.9</b>	<b>£ 725.9</b>	<b>£ 725.9</b>	<b>£ 710.6</b>	<b>£ 687.1</b>	<b>£ 687.1</b>
Share capital	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4
Other Reserves	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)
Foreign exchange reserve	51.3	9.1	18.3	5.0	5.0	(22.5)	(32.6)	(32.6)	(13.7)	9.2	9.2	21.9	32.0	32.0
Hedging reserve	(0.6)	(0.1)	1.0	0.9	0.9	(0.6)	1.6	1.6	(1.2)	0.1	0.1	(0.7)	0.2	0.2
Own shares	(45.1)	(46.1)	(45.5)	(45.2)	(45.2)	(44.4)	(46.6)	(46.6)	(44.5)	(43.3)	(43.3)	(36.9)	(36.7)	(36.7)
Capital redemption reserve	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Retained Earnings	424.2	470.3	411.5	406.6	406.6	427.3	441.5	441.5	460.0	476.0	476.0	475.4	503.2	503.2
<b>Total Consolidated Equity</b>	<b>£ 433.0</b>	<b>£ 436.4</b>	<b>£ 388.5</b>	<b>£ 370.5</b>	<b>£ 370.5</b>	<b>£ 363.0</b>	<b>£ 367.1</b>	<b>£ 367.1</b>	<b>£ 403.8</b>	<b>£ 445.2</b>	<b>£ 445.2</b>	<b>£ 462.9</b>	<b>£ 501.9</b>	<b>£ 501.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>£1,322.5</b>	<b>£1,322.7</b>	<b>£1,166.9</b>	<b>£1,023.9</b>	<b>£1,023.9</b>	<b>£1,018.1</b>	<b>£ 999.3</b>	<b>£ 999.3</b>	<b>£1,087.7</b>	<b>£1,171.1</b>	<b>£1,171.1</b>	<b>£1,173.5</b>	<b>£1,189.0</b>	<b>£1,189.0</b>
<b>Liquidity</b>														
Current Ratio	5.1x	2.7x	1.4x	4.9x	4.9x	3.1x	4.4x	4.4x	3.7x	3.2x	3.2x	3.2x	3.7x	3.7x
Equity to Receivables	43.6%	44.8%	51.4%	55.4%	55.4%	53.8%	51.2%	51.2%	52.4%	51.2%	51.2%	51.8%	56.2%	56.2%
Working Capital (M)	£ 851.8	£ 491.2	£ 223.8	£ 524.8	£ 524.8	£ 425.2	£ 481.1	£ 481.1	£ 497.8	£ 500.8	£ 500.8	£ 510.7	£ 549.2	£ 549.2
<b>Leverage</b>														
Net Debt to Equity	150.5%	150.9%	137.4%	106.6%	106.6%	107.4%	122.2%	122.2%	119.8%	116.7%	116.7%	111.5%	98.2%	98.2%
Net Debt to Capital	49.3%	49.8%	45.7%	38.6%	38.6%	38.3%	44.9%	44.9%	44.5%	44.4%	44.4%	44.0%	41.5%	41.5%

Source: Company Reports, Stonegate Capital Partners

## INCOME STATEMENT

International Personal Finance plc  
Consolidated Statements of Income (in £M, except per share amounts)  
Fiscal Year End: December

	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023	Q2 E Jun-24	Q4 E Dec-24	FY 2024E	Q2 E Jun-25	Q4 E Dec-25	FY 2025E
Revenues	£ 661.3	£ 262.9	£ 285.8	£ 548.7	£ 297.4	£ 348.1	£ 645.5	£ 380.0	£ 387.8	£ 767.8	£ 391.4	£ 407.2	£ 798.6	£ 418.8	£ 443.8	£ 862.6
Impairment	(250.1)	(11.7)	(44.5)	(56.2)	(43.3)	(63.4)	(106.7)	(89.2)	(80.2)	(169.4)	(78.1)	(80.2)	(158.3)	(80.4)	(80.2)	(160.6)
<b>Total Revenues</b>	<b>411.2</b>	<b>251.2</b>	<b>241.3</b>	<b>492.5</b>	<b>254.1</b>	<b>284.7</b>	<b>538.8</b>	<b>290.8</b>	<b>307.6</b>	<b>598.4</b>	<b>313.4</b>	<b>327.0</b>	<b>640.3</b>	<b>338.4</b>	<b>363.6</b>	<b>702.0</b>
Interest Expense	46.8	25.8	28.2	54.0	30.0	38.1	68.1	37.9	39.0	76.9	45.0	47.0	92.0	50.0	52.0	102.0
Other Operating Costs	108.7	52.9	58.5	111.4	57.9	63.6	121.5	62.2	66.5	128.7	68.9	75.2	144.1	71.1	80.0	151.1
Administrative Expenses	296.4	129.2	130.2	259.4	132.4	139.4	271.8	152.9	156.0	308.9	158.9	163.5	322.4	169.2	181.5	350.7
<b>Profit Before Taxes</b>	<b>(40.7)</b>	<b>43.3</b>	<b>24.4</b>	<b>67.7</b>	<b>33.8</b>	<b>43.6</b>	<b>77.4</b>	<b>37.8</b>	<b>46.1</b>	<b>83.9</b>	<b>40.5</b>	<b>41.3</b>	<b>81.8</b>	<b>48.1</b>	<b>50.2</b>	<b>98.3</b>
Provision for Income Tax	23.5	20.4	5.4	25.8	3.0	28.1	31.1	19.1	12.8	31.9	16.2	16.5	32.7	19.3	20.1	39.3
<b>Net Income</b>	<b>(64.2)</b>	<b>22.9</b>	<b>19.0</b>	<b>41.9</b>	<b>30.8</b>	<b>15.5</b>	<b>46.3</b>	<b>18.7</b>	<b>33.3</b>	<b>52.0</b>	<b>24.3</b>	<b>24.8</b>	<b>49.1</b>	<b>28.9</b>	<b>30.1</b>	<b>59.0</b>
<b>Basic EPS</b>	<b>-£ 0.29</b>	<b>£ 0.10</b>	<b>£ 0.09</b>	<b>£ 0.19</b>	<b>£ 0.14</b>	<b>£ 0.07</b>	<b>£ 0.21</b>	<b>£ 0.08</b>	<b>£ 0.15</b>	<b>£ 0.23</b>	<b>£ 0.10</b>	<b>£ 0.10</b>	<b>£ 0.22</b>	<b>£ 0.12</b>	<b>£ 0.13</b>	<b>£ 0.27</b>
<b>Diluted EPS</b>	<b>-£ 0.29</b>	<b>£ 0.10</b>	<b>£ 0.08</b>	<b>£ 0.18</b>	<b>£ 0.13</b>	<b>£ 0.07</b>	<b>£ 0.20</b>	<b>£ 0.08</b>	<b>£ 0.14</b>	<b>£ 0.22</b>	<b>£ 0.10</b>	<b>£ 0.10</b>	<b>£ 0.20</b>	<b>£ 0.12</b>	<b>£ 0.13</b>	<b>£ 0.25</b>
WTD Shares Out - Basic	222.7	223.2	221.8	221.8	222.0	222.6	222.6	223.4	223.1	223.1	240.3	240.3	223.3	240.5	240.5	221.1
WTD Shares Out - Diluted	222.7	237.1	234.7	234.7	233.6	234.4	234.4	235.2	240.0	240.0	240.3	240.3	240.3	240.5	240.5	237.9

Margin Analysis

Pre-Tax Margin	1.5%	27.5%	21.8%	24.7%	25.1%	28.7%	27.0%	26.0%	27.7%	26.9%	27.3%	27.0%	27.1%	29.0%	28.1%	28.5%
Net Income Margin	-15.6%	9.1%	7.9%	8.5%	12.1%	5.4%	8.6%	6.4%	10.8%	8.7%	7.8%	7.6%	7.7%	8.5%	8.3%	8.4%
Tax Rate	-57.7%	47.1%	22.1%	38.1%	8.9%	64.4%	40.2%	50.5%	27.8%	38.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%

Growth Rate Y/Y

Total Revenue	-36.3%	39.6%	4.4%	19.8%	1.2%	18.0%	9.4%	14.4%	8.0%	11.1%	7.8%	6.3%	7.0%	8.0%	11.2%	9.6%
Pre-Tax Income	-135.7%	-192.5%	300.0%	-266.3%	-21.9%	78.7%	14.3%	11.8%	5.7%	8.4%	7.3%	-10.4%	-2.5%	18.7%	21.5%	20.1%
Net Income	-189.4%	-141.6%	-306.5%	-165.3%	34.5%	-18.4%	10.5%	-39.3%	114.8%	12.3%	30.1%	-25.6%	-5.6%	18.7%	21.5%	20.1%

Source: Company Reports, Stonegate Capital Partners estimates

## CASH FLOW STATEMENT

International Personal Finance plc  
Consolidated Cash Flow Statements (£M)  
Fiscal Year End: December

CASH FLOW	FY 2018	FY 2019	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023
<b>Operating Activities</b>														
Cash generated from operating activities	141.6	169.2	176.0	153.8	329.8	58.7	15.6	74.3	23.0	35.8	58.8	85.1	108.3	193.4
Finance cost paid	(59.6)	(64.0)	(39.7)	(15.0)	(54.7)	(11.3)	(41.4)	(52.7)	(15.3)	(49.9)	(65.2)	(23.3)	(51.2)	(74.5)
Income tax received/(paid)	(21.8)	(41.0)	(12.5)	11.1	(1.4)	(33.7)	(12.7)	(46.4)	(9.0)	14.5	5.5	(22.6)	(10.5)	(33.1)
Finance income received	-	-	-	9.9	9.9	-	-	-	-	-	-	-	-	-
<b>Net cash used in operating activities</b>	<b>£ 60.2</b>	<b>£ 64.2</b>	<b>£ 123.8</b>	<b>£ 159.8</b>	<b>£ 283.6</b>	<b>£ 13.7</b>	<b>£ (38.5)</b>	<b>£ (24.8)</b>	<b>£ (1.3)</b>	<b>£ 0.4</b>	<b>£ (0.9)</b>	<b>£ 39.2</b>	<b>£ 46.6</b>	<b>£ 85.8</b>
<b>Investing Activities</b>														
Purchase of intangible assets	(19.3)	(21.2)	(6.4)	(5.3)	(11.7)	(3.4)	(6.9)	(10.3)	(5.4)	(9.3)	(14.7)	(7.5)	(10.4)	(17.9)
Purchase of property, plant, and equipment	(6.7)	(10.2)	(1.9)	(1.9)	(3.8)	(1.3)	(3.8)	(5.1)	(6.0)	(3.1)	(9.1)	(1.6)	(3.1)	(4.7)
Proceeds from sale of property, plant, and equipment	0.3	0.2	0.2	0.2	0.4	0.1	0.1	0.2	0.2	0.1	0.3	-	-	-
<b>Net Cash used in investing activities</b>	<b>£ (25.7)</b>	<b>£ (31.2)</b>	<b>£ (8.1)</b>	<b>£ (7.0)</b>	<b>£ (15.1)</b>	<b>£ (4.6)</b>	<b>£ (10.6)</b>	<b>£ (15.2)</b>	<b>£ (11.2)</b>	<b>£ (12.3)</b>	<b>£ (23.5)</b>	<b>£ (9.1)</b>	<b>-£ 13.5</b>	<b>-£ 22.6</b>
<b>Financing Activities</b>														
Proceeds from borrowings	101.9	119.9	64.7	246.6	311.3	5.9	43.5	49.4	31.4	67.9	99.3	11.9	36.2	48.1
Repayment of borrowings	(89.7)	(120.3)	(111.9)	(378.1)	(490.0)	(22.7)	(40.2)	(62.9)	(0.3)	(43.3)	(43.6)	(44.9)	(42.4)	(87.3)
Principal elements of lease payments	-	(9.9)	(5.3)	(5.6)	(10.9)	(4.9)	(5.0)	(9.9)	(4.5)	(4.7)	(9.2)	(5.7)	(6.3)	(12.0)
Shares acquired by employee trust	-	(2.1)	-	-	-	(1.3)	(2.6)	(3.9)	(0.4)	-	(0.4)	(0.3)	(0.1)	(0.4)
Dividends paid to Company shareholders	(27.7)	(27.7)	-	-	-	-	(4.9)	(4.9)	(12.9)	(6.0)	(18.9)	(14.6)	(6.9)	(21.5)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.4
<b>Cash flow generated/(absorbed) by financing Activities</b>	<b>£ (15.5)</b>	<b>£ (40.1)</b>	<b>£ (52.5)</b>	<b>£ (137.1)</b>	<b>£ (189.6)</b>	<b>£ (23.0)</b>	<b>£ (9.2)</b>	<b>£ (32.2)</b>	<b>£ 13.3</b>	<b>£ 13.9</b>	<b>£ 27.2</b>	<b>£ (53.3)</b>	<b>-£ 19.4</b>	<b>-£ 72.7</b>
Exchange gains/(loses) on cash and cash equivalents	0.2	(2.1)	-	-	-	(2.0)	(0.4)	(2.4)	1.2	5.0	6.2	0.7	0.6	1.3
<b>Net Cash flow in the year</b>	<b>£ 19.2</b>	<b>£ (9.2)</b>	<b>£ 63.2</b>	<b>£ 15.7</b>	<b>£ 78.9</b>	<b>£ (15.9)</b>	<b>£ (58.7)</b>	<b>£ (74.6)</b>	<b>£ 2.0</b>	<b>£ 7.0</b>	<b>£ 9.0</b>	<b>£ (22.5)</b>	<b>£ 14.3</b>	<b>-£ 8.2</b>
<b>Cash and Cash Equivalents</b>														
Beginning Cash balance	27.4	46.6	37.4	100.6	37.4	116.3	100.4	116.3	41.7	43.7	41.7	50.7	28.2	50.7
Ending Cash balance	46.6	37.4	100.6	116.3	116.3	100.4	41.7	41.7	43.7	50.7	50.7	28.2	42.5	42.5

Source: Company Reports, Stonegate Capital Partners

## IMPORTANT DISCLOSURES AND DISCLAIMER

- (a) The research analyst and/or a member of the analyst's household do not have a financial interest in the debt or equity securities of the subject company.
- (b) The research analyst responsible for the preparation of this report has not received compensation that is based upon Stonegate's investment banking revenues.
- (c) Stonegate or any affiliate have not managed or co-managed a public offering of securities for the subject company in the last twelve months, received investment banking compensation from the subject company in the last 12 months, nor expects or receive or intends or seek compensation for investment banking services from the subject company in the next three months.
- (d) Stonegate's equity affiliate, Stonegate Capital Partners, "SCP" has a contractual agreement with the subject company to provide research services, investor relations support, and investor outreach. SCP receives a monthly retainer for these non-investment banking services.
- (e) Stonegate or its affiliates do not beneficially own 1% or more of any class of common equity securities of the subject company.
- (f) Stonegate does not make a market in the subject company.
- (g) The research analyst has not received any compensation from the subject company in the previous 12 months.
- (h) Stonegate, the research analyst, or associated person of Stonegate with the ability to influence the content of the research report knows or has reason to know of any material conflicts of interest at the time of publication or distribution of the research report.
- (i) No employee of Stonegate has a position as an officer or director of the subject company.

**Ratings** - Stonegate does not provide ratings for the covered companies.

**Distribution of Ratings** - Stonegate does not provide ratings for covered companies.

**Price Chart** - Stonegate does not have, nor has previously had, a rating for its covered companies.

**Price Targets** - Stonegate does not provide price targets for its covered companies. However, Stonegate does provide valuation analysis.

### Regulation Analyst Certification:

I, Dave Storms, CFA, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

### For Additional Information Contact:

Stonegate Capital Markets, Inc.

Dave Storms, CFA

Dave@stonegateinc.com

214-987-4121

---

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Capital Markets and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Capital Markets is prohibited. Additional information on any securities mentioned is available on request.