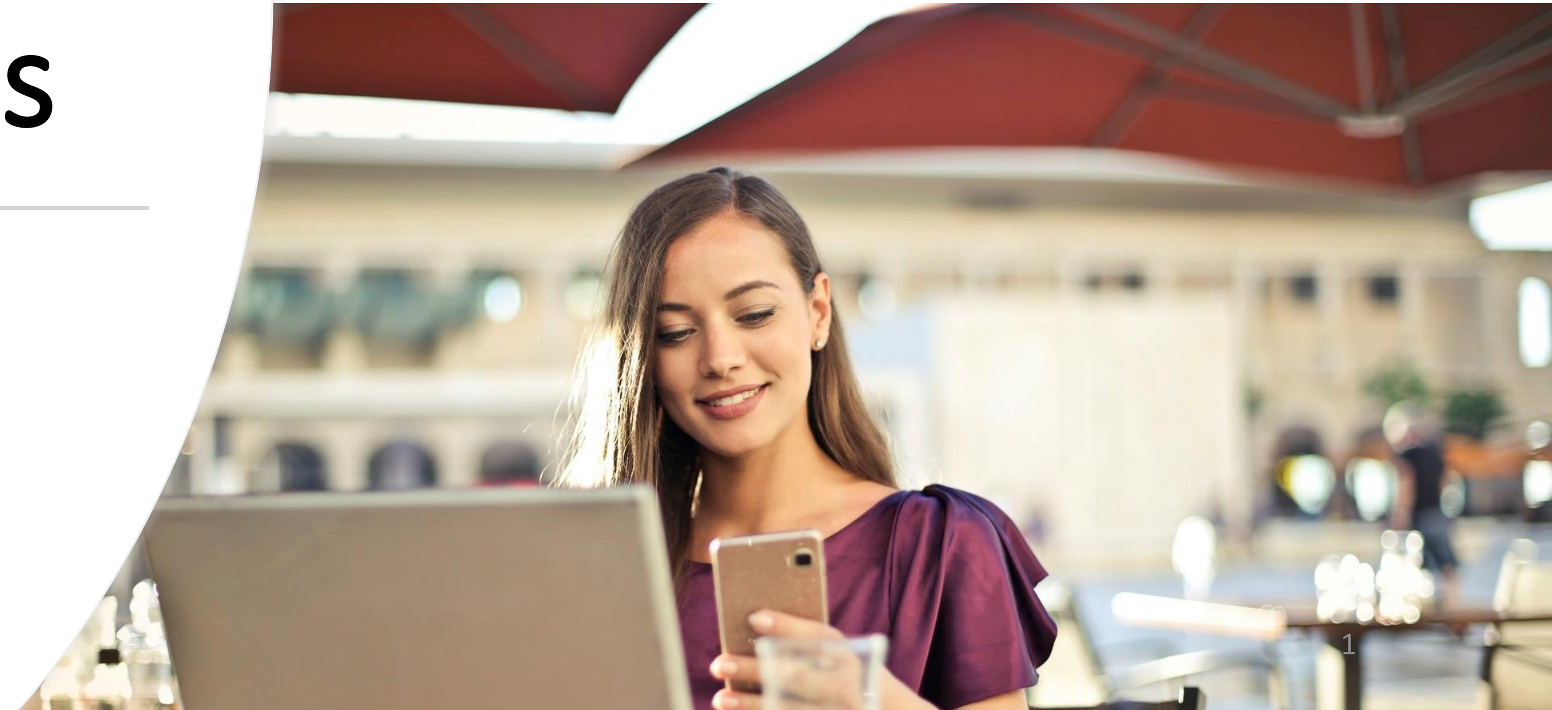
International Personal Finance

2020
Half-year Results

8 September 2020



2020 Half-year Results and Covid-19 response

Gerard Ryan

Chief Executive Officer

Group financial performance

Early response driving improving performance

- Strong trading performance in first 10 weeks of 2020
- Swift, decisive response to protect our people and customers
- Focused on optimising collections, reducing costs, maintaining liquidity
- Steadily improving trading performance demonstrating strength and resilience of business models
- Full recovery of tax and interest in Poland
- Pre-exceptional loss before tax of £46.8 million
- Redefined strategy to return quickly to profitability and long-term growth

51.4%
Equity to receivables
June 2020

96%
Collections effectiveness
August 2020

£326m
Non-operational cash and undrawn facilities
August 2020

Steps taken to safeguard the business

Temporary hurdles being managed effectively

People movement restrictions

- Severe restrictions on agent visits April / May 2020
- Alternative payment methods enabled for customers
- Full PPE provided, agents now fully back to work
- Protected agent commissions

Temporary rate caps

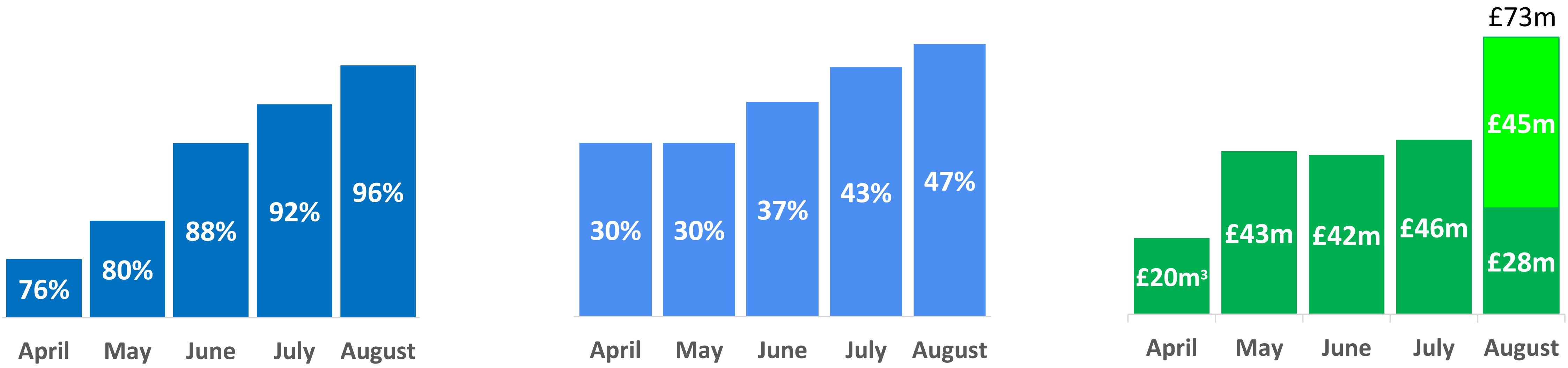
- Lowered rate caps applied in Poland, Hungary, Finland
- Restricted lending in all three countries; revised product structure
- Sunset clauses for Poland (Mar 21) and Hungary (Dec 20)

Moratoria on debt repayments

- Opt-in moratoria in the Czech Republic, Romania and Poland; limited take-up
- Opt-out moratorium in Hungary with higher consumer response
- Immaterial impact except Hungary where moratorium expires Dec 20

Resilient Covid-19 performance

Progressive improvement in trading; strong cash generation



Improving collections effectiveness[1]

Accelerating credit issued[2]

Net cash generation

Operational cash generated

Full Polish tax dispute refund

[1] Collections effectiveness defined as percentage of collections made (adjusted for portfolio size) compared with pre-Covid expectations
[2] Credit issued as a percentage of our pre-Covid business plan
[3] After a Eurobond coupon payment of £21m

Regulation

Poland: Total cost of credit cap (TCC)

- Covid-19 temporary rate cap in place until 8 March 2021

Early settlement rebate review

- Sector-wide review
- Active dialogue with UOKiK – competition and consumer protection authority
- Expect new market standard rebating practices to evolve
- Potential annual PBT impact £5m-£10m; developing mitigation strategies

Romania: Total cost of credit cap (TCC)

- Cap on total amount payable enacted May 2020
- Loans <c.€3,000, limited to 100% TCC
- Vast majority of our lending < €3,000
- Application of cap suspended pending constitutional court challenge expected September 2020

Financial performance and funding

Justin Lockwood

Chief Financial Officer

H1 2020 Group financial performance

Covid-19 impacts drive loss: smaller portfolio and elevated impairment charge

Credit issued	£378m	-42%	Focus on credit quality, serving loyal customers to safeguard customer base
Average net receivables	£863m	-8%	Contraction driven by restrictions on credit issued and higher impairment provisions
Revenue	£362m	-15%	Reduction due to contraction in average net receivables and lower revenue yield
Annualised impairment % revenue	37.5%	+10.1ppts*	Increase due to pandemic and application of IFRS 9
Annualised cost-income ratio	44.3%	+0.8ppts*	Significant cost reduction programme implemented
Pre-exceptional loss before tax	(£46.8m)	-£102.9m	Significant pandemic impacts in H1

* Since the 2019 year end

Credit issued and receivables

Conservative approach to liquidity management and credit issued

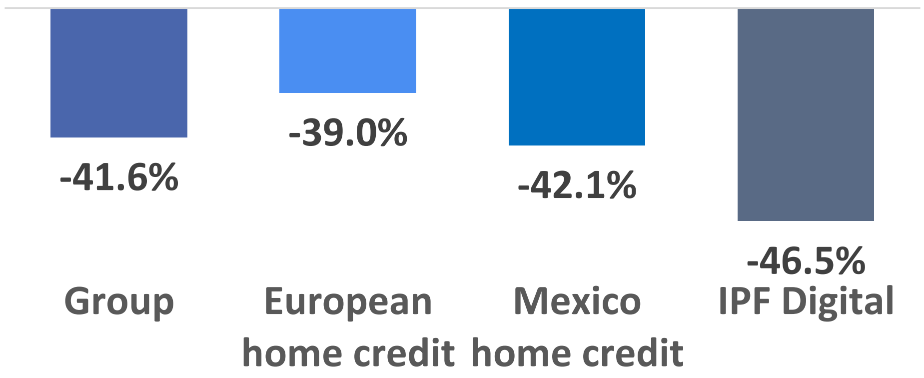
Credit issued ↓ 42%

- Tightened credit settings to protect credit quality and liquidity in response to pandemic
- Credit settings in Mexico home credit and IPF Digital new markets tightened from H2 2019 to manage credit performance
- Serving loyal customers to safeguard customer base and focus on credit quality

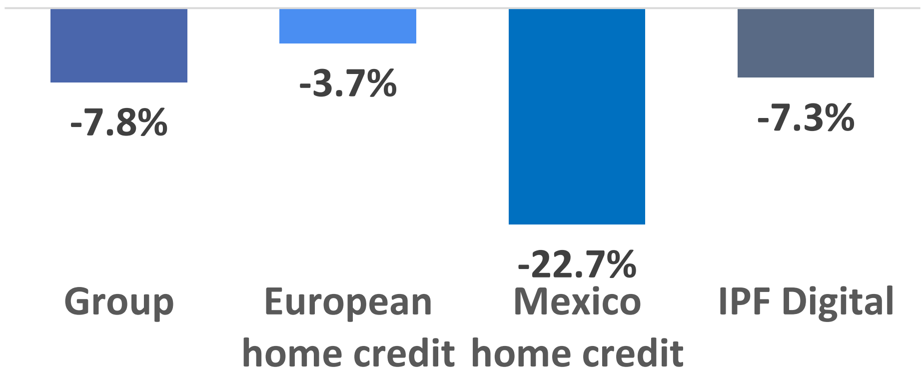
Average net receivables ↓ 8%

- Contraction driven by restrictions on credit issued and higher impairment provisions in Q2
- Largest reduction in Mexico due to credit tightening and short duration of portfolio

Credit issued (% change @ CER)



Average net receivables (% change @ CER)



Revenue

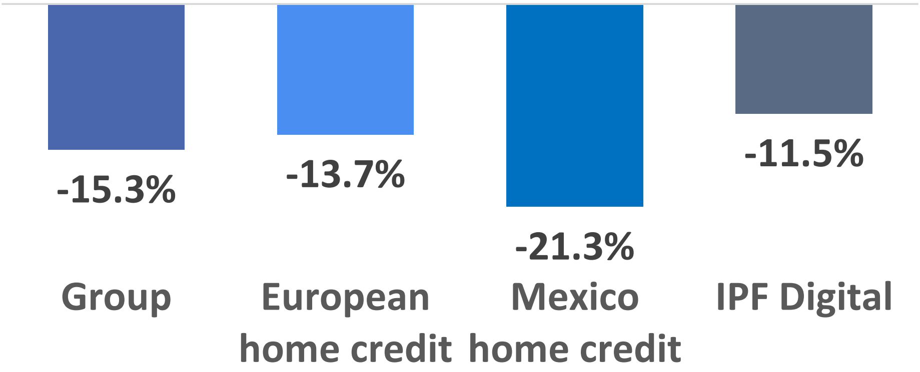
Revenue contraction driven by smaller portfolio and reduced revenue yields

Revenue ⬇ **15%**

- Lower issue value resulted in 8% reduction in average net receivables, driving lower revenue

- Annualised Group revenue yield compressed by 7ppts:
  - ➢ Shift in mix of portfolio from Mexico to Europe
  - ➢ Issuing slightly larger, longer term loans in European home credit – improved quality, reduced yield
  - ➢ Higher early settlement rebate charges in Poland

Revenue (% change @ CER)



Covid-19 impact on impairment

Disruption in collections impacted impairment charge significantly

Impairment – home credit

- Collections impacted by operational disruption and debt repayment moratoria
- Modifications made to impairment models
  - Permanent reduction in cash flows resulted in increased expected credit loss
  - Temporary reduction in cash flows to be collected later; resulting impairment from discounting will reverse through P&L
- Actual missed collections in Covid-19 period also drives incremental impairment charge

Impairment – IPF Digital

- Increased use of repayment holidays
- Expected increase in ECL due to recession
- Disruption to forward flow agreements

Pandemic-related impairment charge

Home credit	
Permanent reduction in cash flows recorded as an increase in ECL	£23m
Delayed cash flows discounted and expected to reverse	£36m
Actual missed collections during Covid-19 period	£20m
IPF Digital	
Combined impact of increased default forecasts and disruption to forward flow agreements	£12m

Impairment % revenue

Pandemic had most material impact in European home credit

European home credit

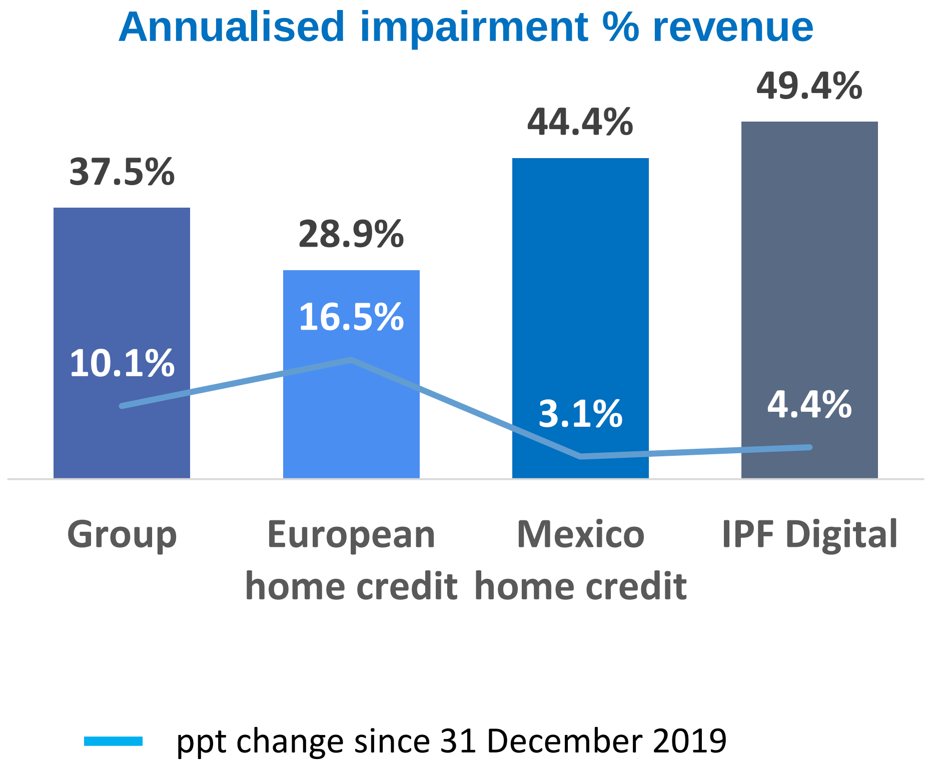
- Disruption to collections arising from freedom of movement restrictions and debt repayment moratoria together with expected recessionary impact drive incremental impairment
- No substantive non-Covid-19 related changes in credit quality

Mexico home credit

- Significantly improved underlying performance resulting from focus on operational execution and quality from H2 2019, currently largely offset Covid-19 impact

IPF Digital

- Focus on improving credit quality in new market resulted in underlying improvement that was offset by Covid-19 impact



Costs

Immediate cost reduction measures implemented, rightsizing process underway

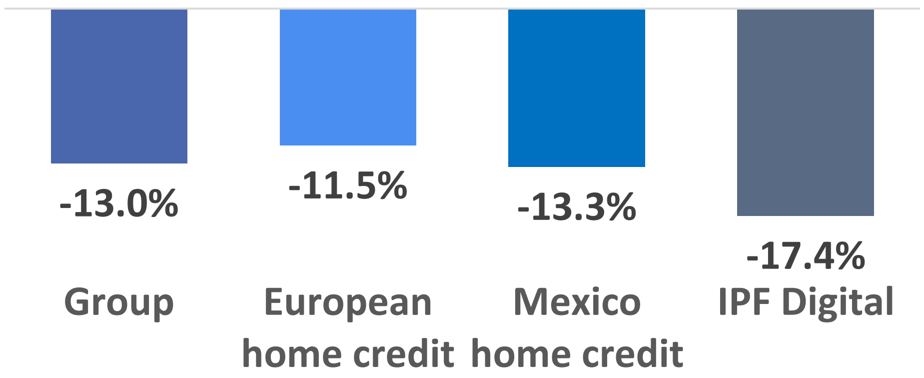
Other costs ↓ 13%

- Significant cost reduction programme - £24 million YOY benefit in H1
- Includes reduction in discretionary spend and cancelled 2020 bonus scheme
- Rightsizing process in Q3 and H1 optimisation to deliver £35m structural cost saving

Collecting commission ↓ 7%

- Protected agent incomes to retain agent-customer relationship and support agents
- Supported improved collections as agents resumed service
- Crucial to future success in serving loyal customers

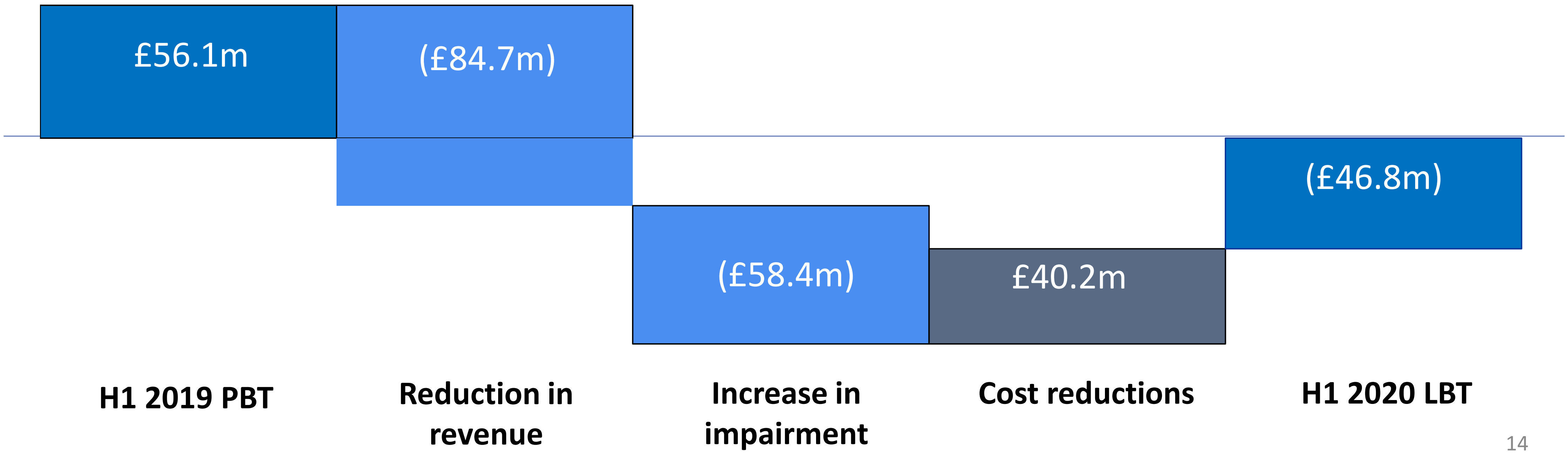
Reduction in Other costs (% change @ CER)



Year-on-year profitability walk

Covid-19 had significant impact on financial performance

- Extremely challenging trading environment presented by response to Covid-19
- Liquidity and credit risk mitigations impact receivables portfolio and drive reduction in revenue
- Disruption to agent service, debt moratoria and likely recession drive incremental impairment under IFRS9
- Cost reduction actions partially mitigate the impact
- Group reports a pre-exceptional loss of £46.8 million



Exceptional items

Net exceptional expense of £6.5 million

- Tightening of existing rate cap in Finland resulted in IPF Digital Finland closure. Incremental impairment provision and accelerated amortisation of software assets recorded
- H1 restructuring costs in Poland and Mexico
- Successful appeal on 2008 and 2009 tax cases resulted in exceptional interest income for the period 2017 to 2019

	£ million
Closure of IPF Digital Finland	(10.6)
Restructuring costs	(4.1)
Interest income	8.2
Net exceptional expense	**(6.5)**

Balance sheet, cash flow and liquidity

Strong capital position and robust cash flow generation supports short term liquidity

51.4%	Equity to receivables ratio strengthened to 51.4% at June 2020 (December 2019: 44.8%) compared to a target of 40%.
£116m	Focus on liquidity and credit risk management generated £116 million of cash before financing in H1 2020.
£92m	£84 million bonds repaid on maturity and €8.8 million 2021 Eurobond repurchased
£213m	Non-operational cash balances and undrawn facilities of £213 million at June 2020 increasing to £326 million at 31 August 2020
£45m	Liquidity enhanced in August by refund of amounts paid for 2008 and 2009 tax cases in January 2017 and associated interest

Refinancing update

Covenant tests passed at H1 2020, actively preparing for Eurobond refinancing

- Group funded by equity, retained earnings, bonds and bank facilities - expected to continue although mix may vary due to business requirements and market conditions
  - Overall debt funding requirements lower due to smaller business and strengthened balance sheet

- The Group passed covenant tests as at 30 June 2020

- Covenants are tested on a 12-month lookback basis and full effect of Covid-19 could temporarily affect our covenant tests in the short term
  - Process underway with banking partners on appropriate covenant amendments
  - Considering appropriate measures in relation to our outstanding bonds in due course

- We remain focused on the maturity of our €397 million April 2021 bond, debt advisors appointed and actively preparing for the refinancing of this bond during 2020

International Personal Finance

Our strategy

Gerard Ryan

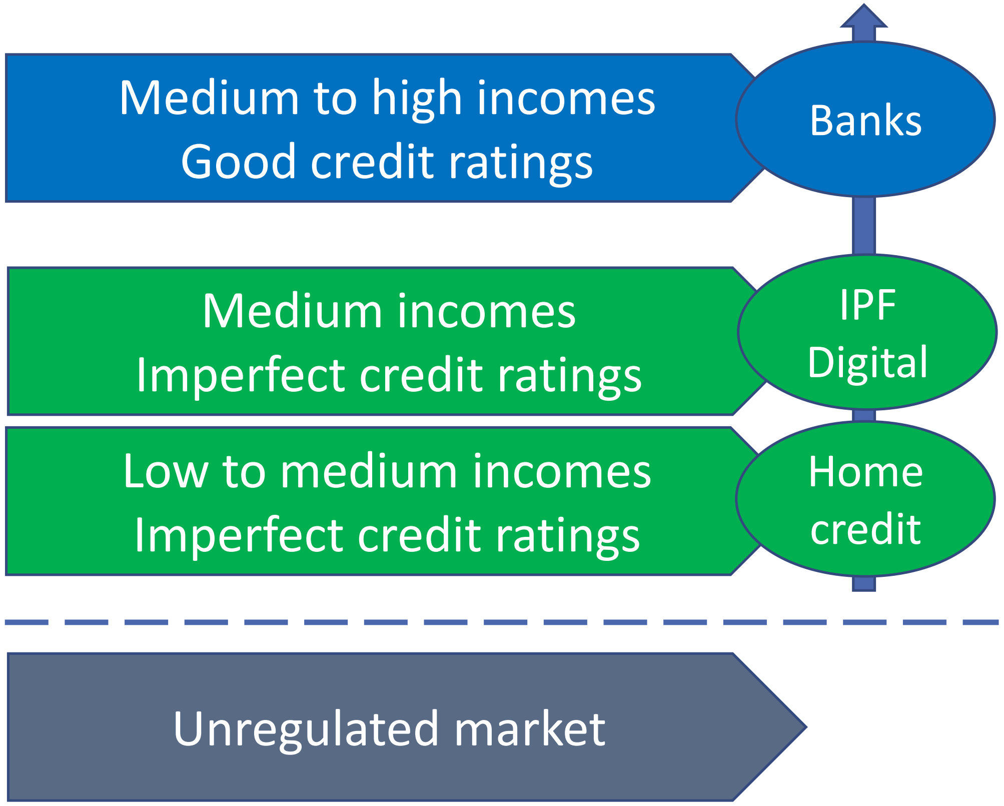
Chief Executive Officer

Strong foundations built over 130 years

Responsibly supporting people with low to medium incomes to move up the credit ladder

Our role in society	How we serve
To make a difference in the lives of our customers through the provision of straightforward financial products	We provide finance to help people afford life's essential purchases Our loans are designed to be repaid in instalments that are appropriate for our customers' income level We offer our customers both home credit and digital solutions

Market positioning



Return to growth plan

Phased approach underway creating firm foundations for quick return to profitability and growth

H1 2020	H2 2020	2021	2022+
Safeguard our people and the business	Rightsize the business	Rebuild the business	Longer-term growth
Protect USPs using guiding principles	**Reduce cost base and prioritise investments**	**Progressive improvements in collections and sales for a strong 2021**	**Deliver longer-term growth potential**
Completed	**Progressing well**		
✓ People protected ✓ Loyal customers retained and protected ✓ Liquidity preserved	Cost base reduced materially Merged business units to improve returns Improved collections leading to higher sales	➢ Positive demand expected ➢ Reduced supply provides opportunities ➢ Strong operational focus	➢ Add digital offers to European home credit ➢ Develop Mexico's underserved 'D' segment ➢ Build market share in new IPFD countries

Rightsize the business

Cost reduction and focus on operational effectiveness and returns on investments setting firm foundations for quick return to profitability

Restructured investments & major cost base reduction following full review

- 1,200 roles reduced during 2020 with focus on back office
- Significant cuts to all discretionary costs
- Collect out IPF Digital Finland due to the low-level returns achievable
- Poland digital businesses merged to create synergies and improve credit performance
- Close four weaker performing branches in Mexico

£35m people costs removed

Investment in highest ROA businesses

Month-on-month step up in collections leading to higher sales

- Strong focus on collections to progressively return to historical levels and enable prudent step up in lending through the remainder of 2020 and into 2021

Rebuild the business in 2021

IPF ready to take advantage of the market opportunity in 2021

Positive supply / demand dynamics

- Demand driven by essential purchases and expected to stay strong post Covid-19
- More customers to drop into our segment
- NBFIs face liquidity challenges leading to reduced supply and competitor exits
- Banks expected to reduce supply to our segment in line with previous recessions

Groundwork laid in 2020

- Core USPs safeguarded, business rightsized
- Positive business reputation has been maintained throughout Covid-19

Strong operational focus continues in 2021

- Quality lending to gradually build receivables towards pre Covid-19 levels
- Continued firm focus on collections and cost disciplines

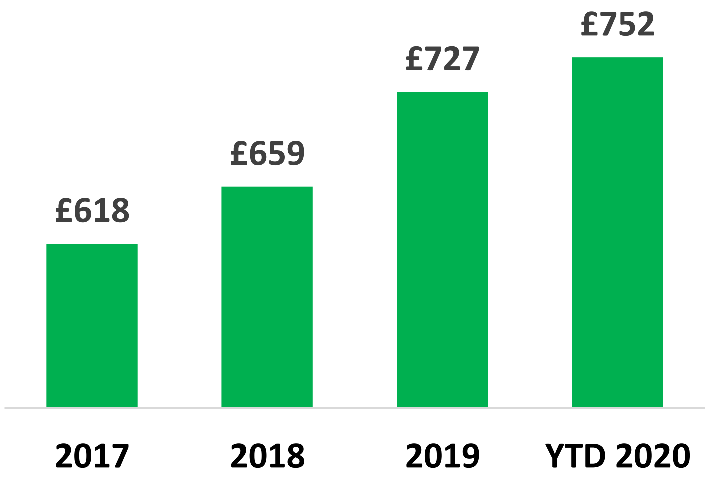
Longer-term growth – European home credit

Good prospects for our key European businesses

Key steps for receivables growth

- Gain market share from competitors exiting market
- Grow hybrid and end-to-end digital options for better credit risk customers
- Digitise all non value-add processes to improve customer journey
- Continue our very successful strategy of slightly larger and slightly longer-term loans
- Return to higher lending levels as temporary debt repayment moratoria and rate caps end
- Offer increased choice of value-added services

European average issue value

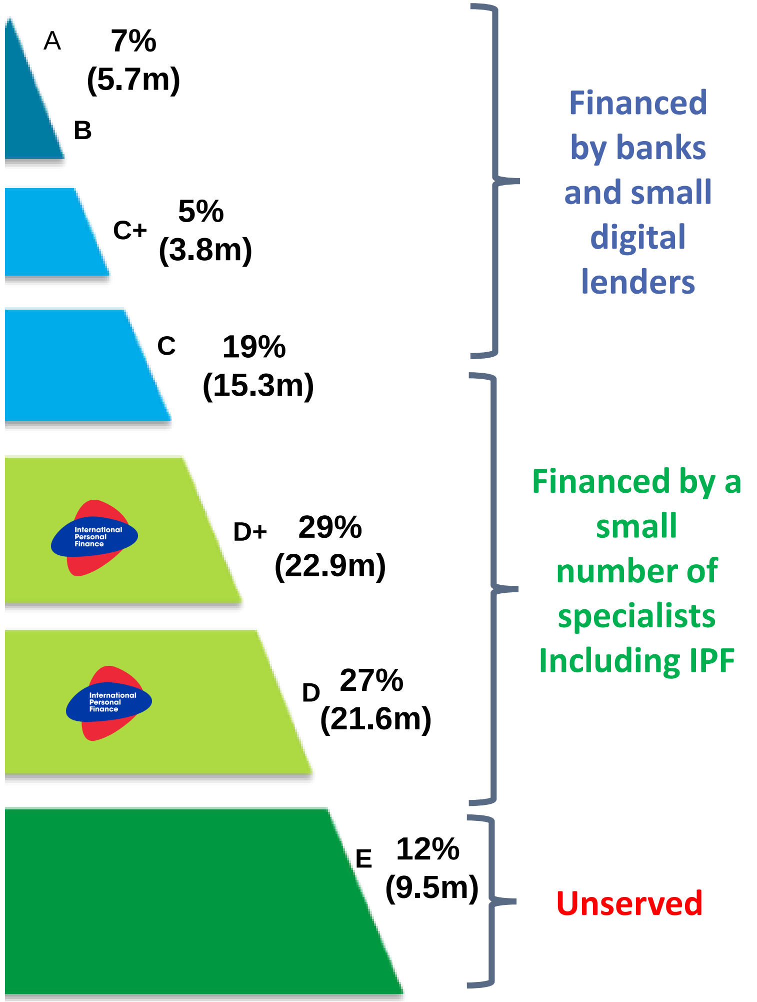


Longer-term growth – Mexico home credit

Deliver steady, well-controlled growth

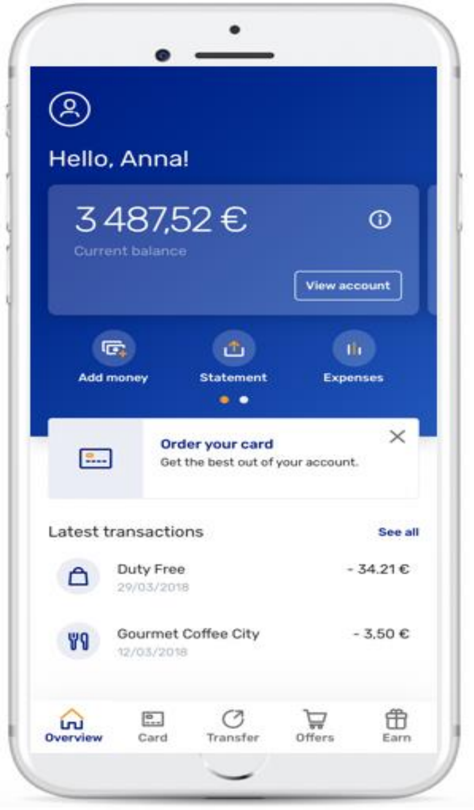
Home credit model perfect match for 'D' segment

- 44 million people in target segment
- Very low bank account penetration
- Prefer cash and face-to-face lending
- Agent-customer relationship supports collections
- Significant barriers to entry
- Highly experienced leadership
- Structural reductions made to cost base
- Refined growth strategy to return to full capacity



Longer-term growth – IPF Digital

Highly profitable established businesses, significant potential in new markets



Established markets

Leading edge digital capabilities

- Core revolving credit line product increasing customer retention
- Utilising advanced credit assessment tools
- Innovating new products and services
- Mobile Wallet - credit with banking-like transactions and value-added services

Proven track record

- £22m PBT in 2019
- Market leading positions and loyal customer base
- Credit24 - very strong brand recognition
- Leading development centre benefits new markets

New markets

Major long-term opportunity

- Technology proven
- High customer demand
- Competitive advantage serving our customer segment with Mobile Wallet
- New product capabilities increasing customer stickiness
- Merging Polish digital businesses to drive better returns

Nearing profitability

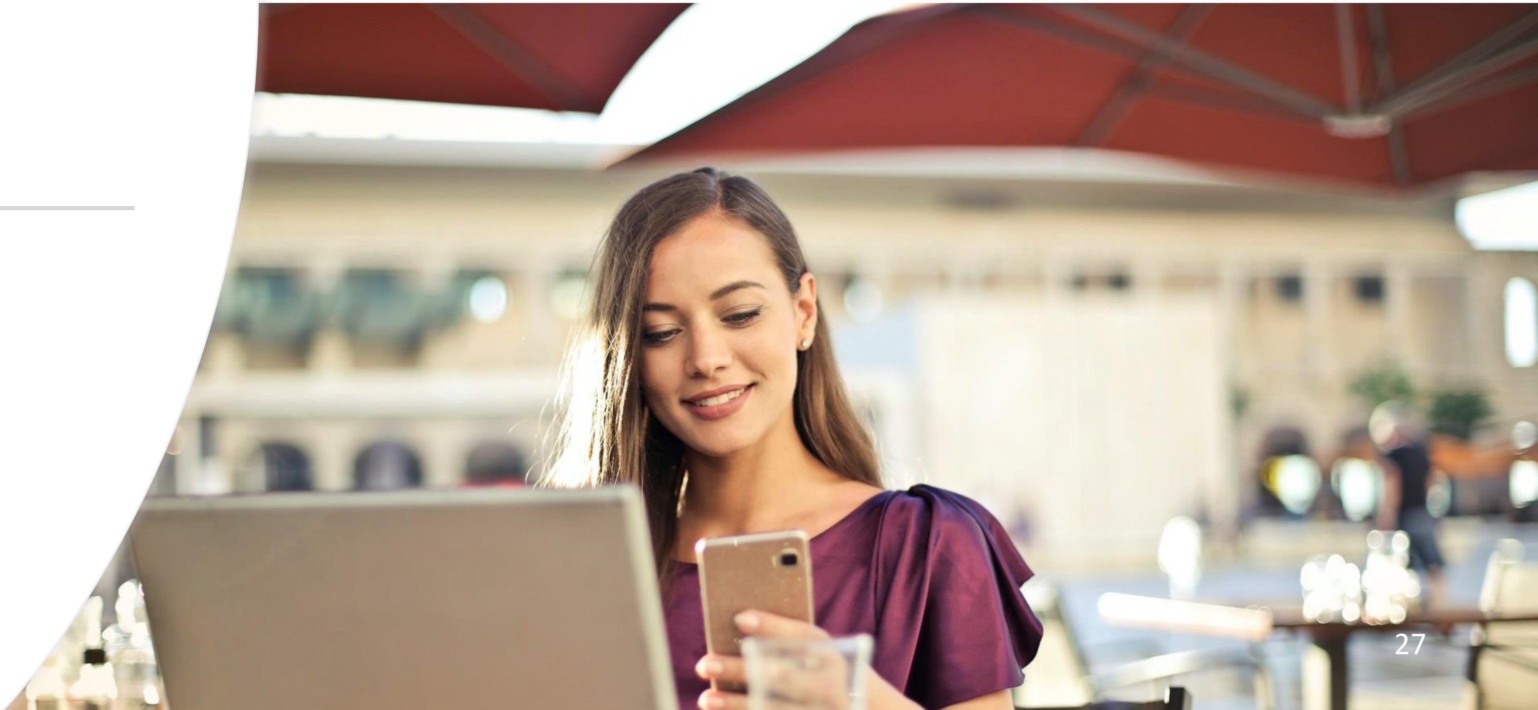
- J-curves unwinding following substantial investments required to establish these businesses

A strong investment case and positive outlook

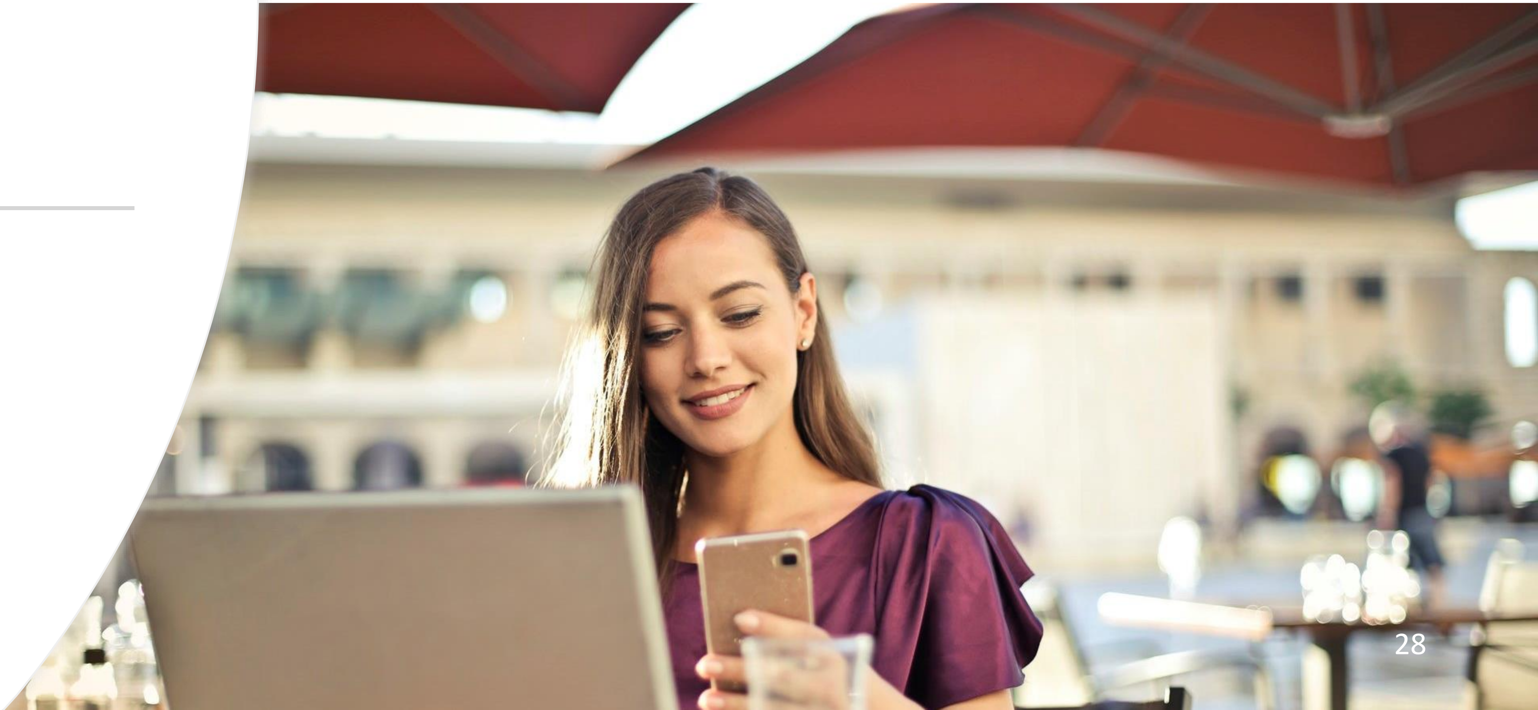
Strong fundamentals and long-term prospects despite Covid-19 disruption

Highly responsible and socially inclusive lending	• A clear role in society providing essential finance for people with low to medium incomes • World's largest home credit business and a successful fintech operator • Providing affordable finance to consumers who are underserved by mainstream credit providers
Effective risk management	• Track record of delivering profitability against a backdrop of increased regulation over the last decade • Well-diversified geographic portfolio, generating income in 10 markets • Successful track record of managing key risks; credit, regulation and liquidity across multiple countries
Fundamentals remain robust post Covid-19 disruption	• Maintained core USPs during the pandemic crisis and customers have remained loyal to us • Demand for our loans expected to stay strong and supply from competition to weaken • Home credit business model has proven resilient in previous economic downturns
Strong cash generation & a conservative balance sheet	• Issued > 25 million loans and generated more than £1billion profit over the last 10 years • £233 million paid out in dividends in the last decade • Robust balance sheet with 51% equity to receivables ratio, £389 million in net assets, and £213 million of non-operational cash and headroom on undrawn debt facilities at 30 June 2020
A clear path to reestablish growth for a strong 2021	• Decisive steps taken to reduce the cost base and prioritise investments to accelerate recovery • Collections improving month-on-month since the height of the crisis allowing lending to be prudently increased • Strong opportunities for longer-term growth in all three divisions

Questions



Appendices



Global business with strong history of returns

Issued over 25 million loans and generated more than £1 billion profit since 2010

A history of success	Trading and growing for 23 years 1.8m active customers Diversified products and channels; multiple price points
Consistently strong returns	Consistent double digit return on assets £233m dividends paid since 2010
Prudent financial policy	Conservative target equity to receivables ratio of 40% met consistently Strategy of borrowing long and lending short

Serving 1.8m customers in 10 markets

Total adult population of 214m

Group

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	2,197	**1,818**	(379)	(17.3)	
Credit issued	672.3	**378.2**	(294.1)	(43.7)	(41.6)
Average net receivables	970.9	**862.9**	(108.0)	(11.1)	(7.8)
Revenue	446.9	**362.2**	(84.7)	(19.0)	(15.3)
Impairment	(123.8)	**(182.2)**	(58.4)	(47.2)	(55.5)
Net revenue	323.1	**180.0**	(143.1)	(44.3)	(42.0)
Finance costs	(31.8)	**(27.3)**	4.5	14.2	11.1
Agents' commission	(41.0)	**(36.3)**	4.7	11.5	6.9
Other costs	(194.2)	**(163.2)**	31.0	16.0	12.9
Pre-exceptional profit / (loss) before taxation	56.1	**(46.8)**	(102.9)	(183.4)	
Exceptional loss	-	**(6.5)**	(6.5)	(100.0)	
Profit / (loss) before taxation	56.1	**(53.3)**	(109.4)	(195.0)	

European home credit

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,032	**881**	(151)	(14.6)	
Credit issued	364.6	**215.2**	(149.4)	(41.0)	(39.0)
Average net receivables	549.8	**511.1**	(38.7)	(7.0)	(3.7)
Revenue	229.1	**191.2**	(37.9)	(16.5)	(13.7)
Impairment	(30.5)	**(94.1)**	(63.6)	(208.5)	(220.1)
Net revenue	198.6	**97.1**	(101.5)	(51.1)	(49.5)
Finance costs	(18.5)	**(16.3)**	2.2	11.9	8.9
Agents' commission	(25.6)	**(25.3)**	0.3	1.2	(1.6)
Other costs	(94.3)	**(81.1)**	13.2	14.0	11.5
Pre-exceptional profit / (loss) before taxation	60.2	**(25.6)**	(85.8)	(142.5)	

Mexico home credit

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	861	**670**	(191)	(22.2)	
Credit issued	136.4	**72.3**	(64.1)	(47.0)	(42.1)
Average net receivables	167.8	**119.0**	(48.8)	(29.1)	(22.7)
Revenue	126.6	**91.0**	(35.6)	(28.1)	(21.3)
Impairment	(53.1)	**(45.1)**	8.0	15.1	6.6
Net revenue	73.5	**45.9**	(27.6)	(37.6)	(31.9)
Finance costs	(6.0)	**(4.3)**	1.7	28.3	21.8
Agents' commission	(15.4)	**(11.0)**	4.4	28.6	22.0
Other costs	(48.6)	**(39.0)**	9.6	19.8	13.3
Pre-exceptional profit / (loss) before taxation	3.5	**(8.4)**	(11.9)	(340.0)	

IPF Digital

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	304	**267**	(37)	(12.2)	
Credit issued	171.3	**90.7**	(80.6)	(47.1)	(46.5)
Average net receivables	253.3	**232.8**	(20.5)	(8.1)	(7.3)
Revenue	91.2	**80.0**	(11.2)	(12.3)	(11.5)
Impairment	(40.2)	**(43.0)**	(2.8)	(7.0)	(8.9)
Net revenue	51.0	**37.0**	(14.0)	(27.5)	(27.3)
Finance costs	(7.1)	**(6.7)**	0.4	5.6	5.6
Other costs	(44.3)	**(36.2)**	8.1	18.3	17.4
Pre-exceptional loss before taxation	(0.4)	**(5.9)**	(5.5)	(1,375.0)	

IPF Digital – Established markets

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	151	**136**	(15)	(9.9)	
Credit issued	80.9	**54.8**	(26.1)	(32.3)	(32.5)
Average net receivables	134.6	**128.9**	(5.7)	(4.2)	(4.4)
Revenue	40.9	**37.4**	(3.5)	(8.6)	(8.8)
Impairment	(7.4)	**(15.0)**	(7.6)	(102.7)	(102.7)
Net revenue	33.5	**22.4**	(11.1)	(33.1)	(33.3)
Finance costs	(3.5)	**(3.5)**	-	-	-
Other costs	(13.5)	**(11.9)**	1.6	11.9	12.5
Pre-exceptional profit before taxation	16.5	**7.0**	(9.5)	(57.6)	

IPF Digital – New markets

	HY 2019 £m	HY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	153	**131**	(22)	(14.4)	
Credit issued	90.4	**35.9**	(54.5)	(60.3)	(59.4)
Average net receivables	118.7	**103.9**	(14.8)	(12.5)	(10.6)
Revenue	50.3	**42.6**	(7.7)	(15.3)	(13.8)
Impairment	(32.8)	**(28.0)**	4.8	14.6	12.8
Net revenue	17.5	**14.6**	(2.9)	(16.6)	(15.6)
Finance costs	(3.6)	**(3.2)**	0.4	11.1	11.1
Other costs	(23.1)	**(17.7)**	5.4	23.4	21.7
Loss before taxation	(9.2)	**(6.3)**	2.9	31.5	

Strong financial profile

	Jun 2019	Jun 2020
Receivables (£m)	1,009.8	**756.4**
Equity (£m)	453.9	**388.5**
Equity to receivables	44.9%	**51.4%**
Gearing	1.6x	**1.6x**
Earnings/(loss) per share (p)	14.8	**(27.7)**
Interest cover	3.0x	**3.0x**

Balance sheet

	Jun 2019	Jun 2020	Change at CER %
Goodwill	24.4	**24.7**	-
Fixed assets	80.6	**72.7**	(7.5)
Receivables	1,009.8	**756.4**	(21.9)
Cash	37.9	**100.6**	174.9
Borrowings	(715.6)	**(615.3)**	11.1
Other net assets	16.8	**49.4**	260.6
Equity	453.9	**388.5**	(9.5)

Borrowings is stated net of deferred issuance costs of £2.1 million

Exchange rates

	FX rates 4 Sep 2020	2020 Closing rates Jun 2020	2020 Average H1	2019 Closing rates Jun 2019	2019 Average H1
Polish zloty	5.0	4.9	5.1	4.8	4.9
Czech crown	29.7	29.4	30.4	28.6	29.2
Euro	1.1	1.1	1.1	1.1	1.1
Hungarian forint	403.7	381.6	401.1	361.5	366.7
Romanian leu	5.4	5.3	5.5	5.3	5.4
Mexican peso	28.6	27.8	28.8	24.4	24.7
Australian dollar	1.8	1.8	1.9	1.8	1.8

Contacts

Equity IR contact

Rachel Moran
Investor Relations Manager
Telephone:+44 (0)113 285 6700 / +44 (0)7760 167637
Email: rachel.moran@ipfin.co.uk

Debt funding IR contact

Krzysztof Adamski
Group Treasurer
Telephone: +48 600400394
Email: krzysztof.adamski@ipfdigital.com