A resilient performance in challenging times

Gerard Ryan
Chief Executive Officer

2020 Full-year Results
3 March 2021

2020 – a year of unprecedented challenges

- Huge personal upheaval, and in some cases tragedy, for our customers and colleagues
- Freedom of movement suspended, striking at the heart of our agent-customer relationships
- Alternative sales and collections practices became a new and immediately critical issue
- Remote working required for 6,000 colleagues at three weeks notice
- Temporary repayment moratoria and reduced rate caps introduced, and some subsequently extended
- Bond refinancing launch in March suspended due to market interruption
- Debt purchase market closed for several months

Our business model has been tested and proven

Resilient performance following decisive actions to tackle Covid-19 challenges

- Highly effective strategic response to Covid-19
- Rightsizing exercise and tight cost control delivered significant cost savings
- Actions laid foundations for robust and improving H2 trading performance: £64.8 million profit swing H1 to H2
- Business refinanced and equity:receivables ratio increased

£58m
Cost savings

£210m
Headroom on bank facilities*

55.4%
Equity to receivables

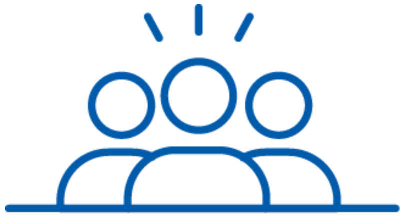
*Non-operational cash and headroom on undrawn bank facilities

Our Covid-19 response strategy

Return to growth plan developed to deliver firm foundations to rebuild and grow

International Personal Finance

1



H1 2020

Protect our people, prioritise loyal customers and protect the business

2

H2 2020

Rightsize the business to accelerate recovery

3

2021

Rebuild the business

4

2022+

Deliver sustainable long-term growth

Return to growth plan in 2020

Phases 1 and 2 executed successfully

1

H1 2020

Protect our people, prioritise loyal customers and protect the business

- Personal health #1 priority
- PPE provided to agents and field teams
- Protected agent commissions
- Alternative payment methods enabled for customers
- Promoted payment holidays / deferred payments
- Liquidity preserved

2

H2 2020

Rightsize the business to accelerate recovery

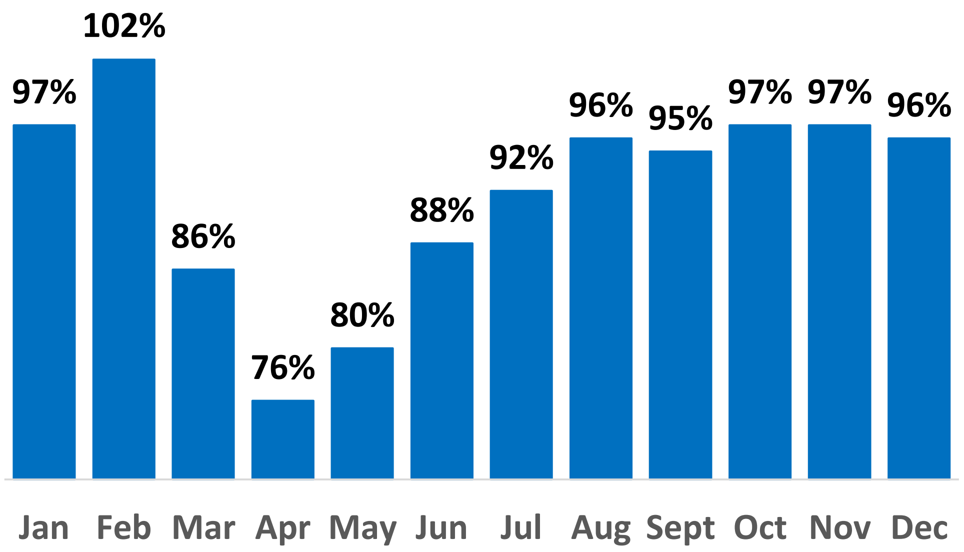
- Major cost base restructuring achieved
- Closed / merged operations
- Successfully refinanced the business
- Rebalanced collections and sales

✓ Completed

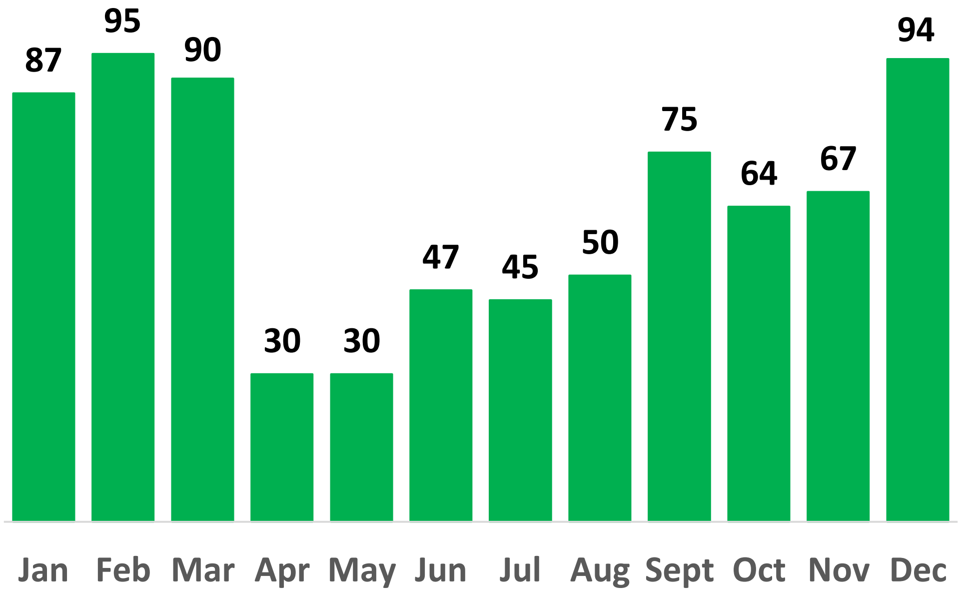
Resilient performance delivered

Delivered progressively improving trading and operational performance in H2 2020

Robust collections effectiveness[1]



Rebuilding credit issued[2] (£m)

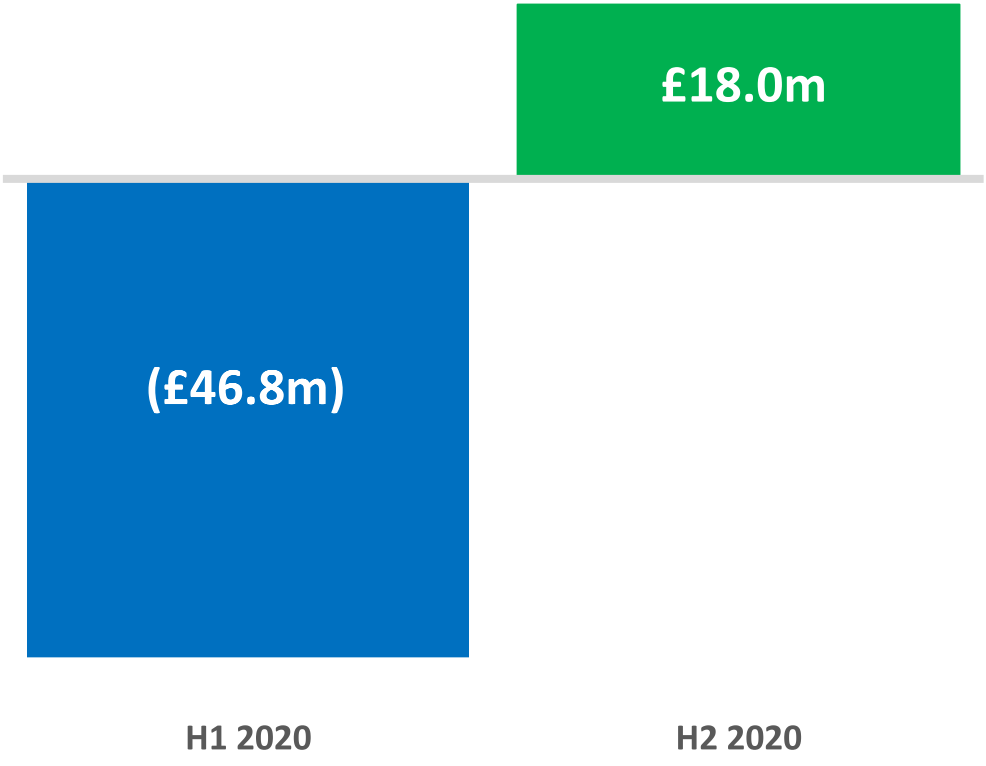


[1] Collections effectiveness defined as percentage of collections made (adjusted for portfolio size) compared with pre-Covid expectations
[2] March, June, September and December were 5 week months

Strong foundations to rebuild and deliver growth

- Reduction in scale of portfolio and sales
- Immediate negative impact on impairment but credit settings delivering higher quality business
- Significantly more efficient with lower cost base
- Return to profitability in H2 2020
- Business refinanced and well positioned to rebuild

Return to profitability in H2 2020



Financial performance and funding

Justin Lockwood

Chief Financial Officer

2020 Group financial performance

Covid-19 impacts drive loss for the full year driven by smaller portfolio and elevated impairment charge; return to profitability in H2

Credit issued	£772m	-41%	Focus on credit quality, serving loyal customers to safeguard customer base; progressive increases in H2
Average net receivables	£778m	-19%	Contraction driven by restrictions on credit issued and higher impairment provisions
Revenue	£661m	-22%	Reduction due to contraction in average net receivables and lower revenue yield
Impairment % revenue	37.4%	+10.0ppts	Increase due to pandemic and application of IFRS 9 – material improvement in H2
Cost-income ratio	47.7%	+4.2ppts	Rightsizing programme completed – 16% reduction in costs
Pre-exceptional loss before tax	(£28.8m)	-£142.8m	Significant pandemic impacts in profitability; return to profitability in H2 with profit of £18 million

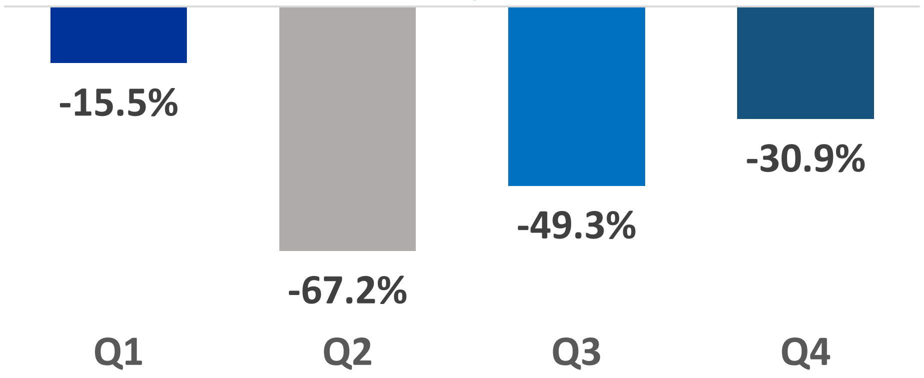
Credit issued

Tightened credit settings to protect credit quality and liquidity

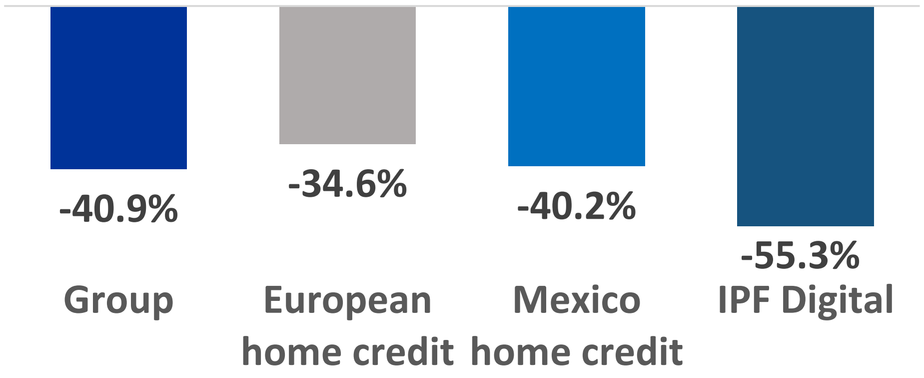
Credit issued ↓ 41%

- Prioritised loyal customers to safeguard customer base and focus on credit quality
- Credit settings in Mexico home credit and IPF Digital new markets had already been tightened in H2 2019 to manage credit performance
- Tightened credit settings resulted in most significant reduction in Q2 with progressive recovery through H2 as settings were eased
- Ceased new lending in IPF Digital Finland from H2 2020

Credit issued by quarter
(YOY % change @ CER)



Credit issued by business
(YOY % change @ CER)

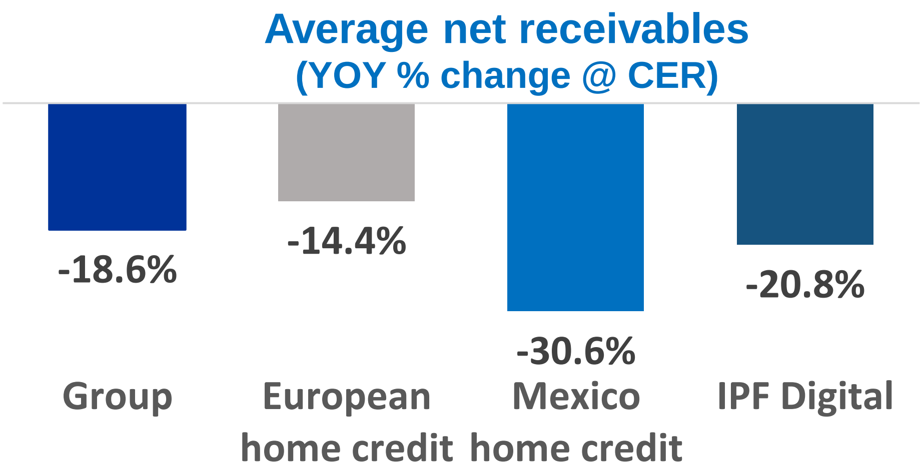


Receivables and revenue

Revenue contraction driven by smaller portfolio and compression in revenue yields

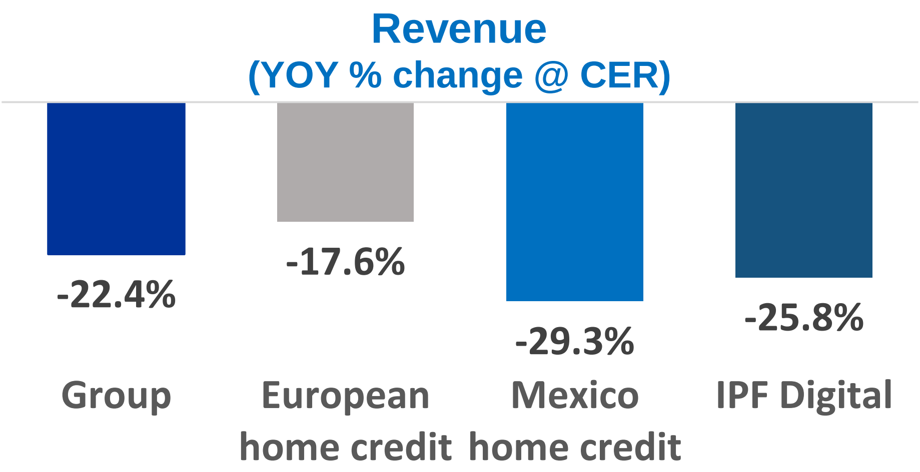
Average net receivables ⬇ 19%

- Contraction driven by restrictions on credit issued and higher impairment provisions
- Smallest reduction in European home credit due to strongest step-up in credit issued in H2
- Largest reduction in Mexico due to credit tightening and short duration of portfolio



Revenue ⬇ 22%

- Lower issue value resulted in reduction in average net receivables, driving lower revenue
- Annualised Group revenue yield compressed by 5ppts:
  - Higher early settlement rebate charges and lower rate cap in Poland
  - Higher claims management costs in Spain



Impairment % revenue

Increase in impairment in H1 driven by Covid-19 and stabilisation in H2. Normalisation of impairment charge expected in 2021

European home credit

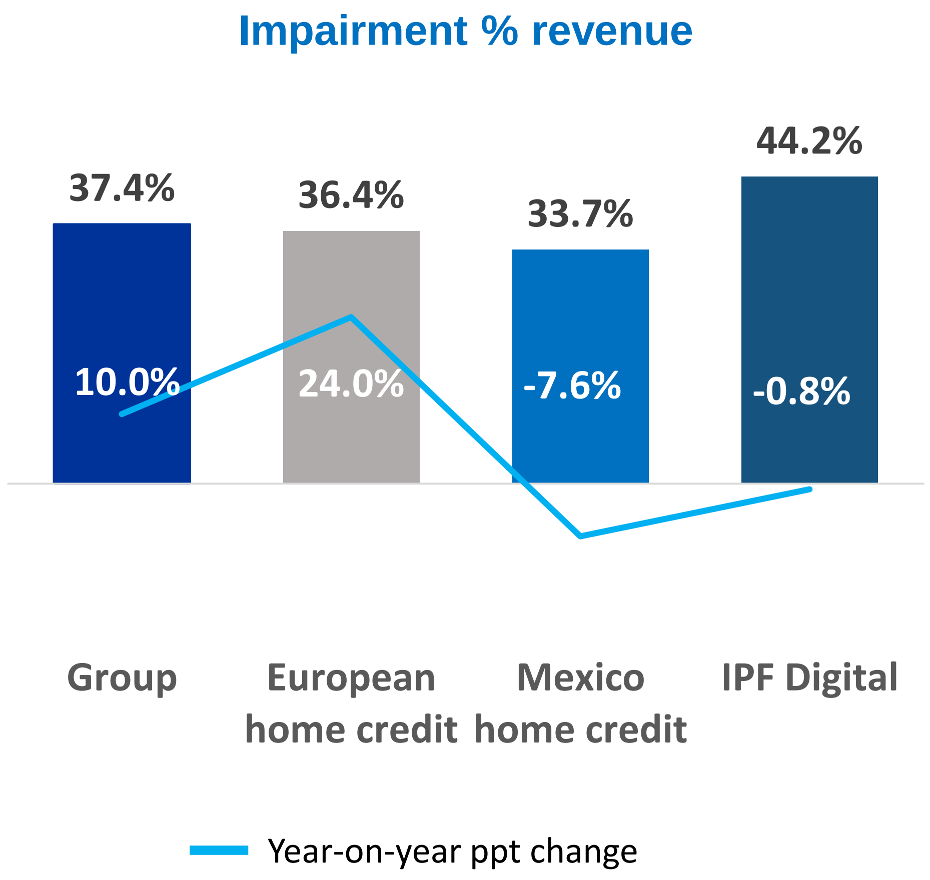
- Disruption to collections arising from freedom of movement restrictions and debt repayment moratoria together with anticipation of recessionary impact drive incremental impairment
- Most significant impact in Hungary due to opt-out debt repayment moratorium

Mexico home credit

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

IPF Digital

- Focus on improving credit quality in new markets resulted in underlying improvement, offset by Covid-19 impact – impairment % revenue largely unchanged



Costs

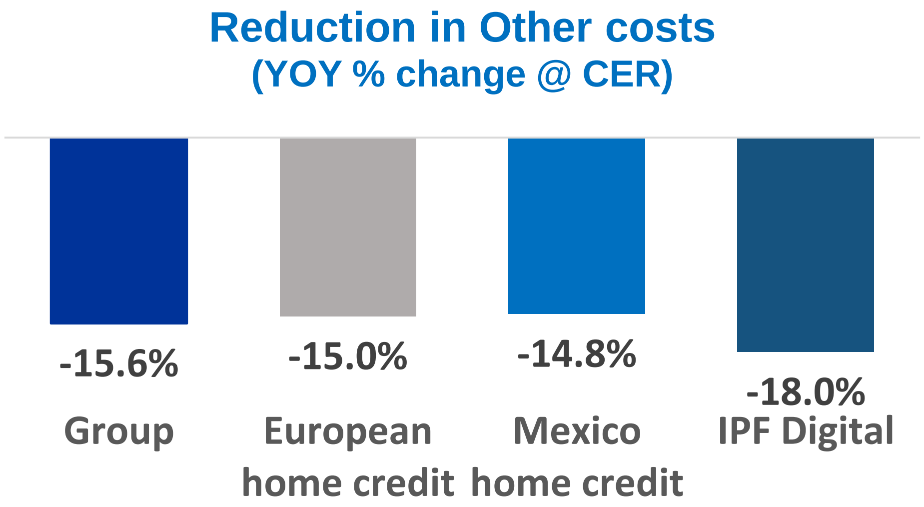
Significant cost savings - cost base resized for 2021 and beyond; supported agent incomes

Other costs ↓ 16%

- Significant cost reduction programme delivered £58 million year-on-year benefit
- Comprised immediate reductions in H1 followed by rightsizing in H2
- Cost base in 2021 expected to be broadly similar to 2020

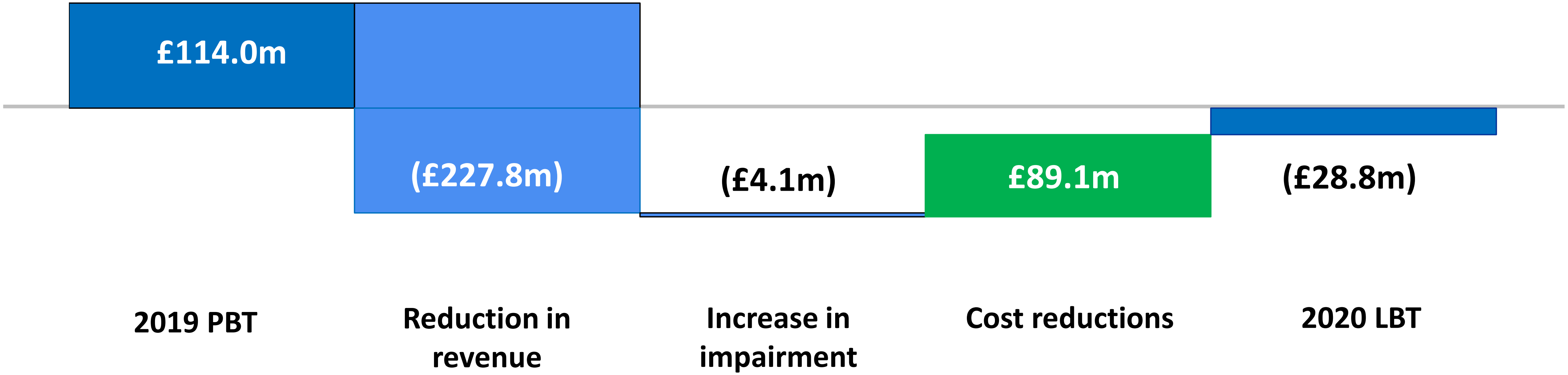
Collecting commission ↓ 6%

- 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



Year-on-year profitability walk

- 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 IFRS 9
- Cost reduction actions partially mitigate the impact
- Group pre-exceptional loss of £28.8 million for 2020; return to profitability in H2 with profit of £18.0 million



Exceptional items and tax charge

Exceptional expense of £11.9 million and tax charge of £23.5 million

Exceptional items

- Tightening of existing rate cap in Finland resulted in IPF Digital Finland closure. Incremental impairment provision and accelerated amortisation of software assets
- Restructuring costs in Poland and Mexico in H1 and rightsizing in H2
- Successful appeal on 2008 and 2009 tax cases resulted in exceptional interest income for the period 2017 to 2019

Tax charge

- Tax charge of £23.5 million on the reported loss, largely driven by:
    1. Non-deductible impairment charge in certain markets
    2. Taxes charged with reference to profits in previous years
    3. Write off of deferred tax assets
- First two factors are recurring features, latter not expected to recur
- Tax charge expected to normalise progressively as profitability recovers in later years

Exceptional items

	£ million
Closure of IPF Digital Finland	(10.6)
Restructuring costs	(9.5)
Interest income – tax cases	8.2
Net exceptional expense	**(11.9)**

Balance sheet, cash flow and liquidity

Strong capital position: equity to receivables at 55% and long term debt funding secured

55%	Equity to receivables ratio strengthened to 55% at December 2020 (December 2019: 45%) due to portfolio contraction
£269m	Focus on liquidity and credit risk management generated £269 million of cash before financing in 2020.
€341m	Eurobond refinancing completed with issuance of 9.75% €341 million 5-year bond and amended covenant package agreed across bond and bank portfolio
£624m	Total debt facilities of £624 million with a weighted average maturity over three years
£210m	Non-operational cash balances of £85 million and undrawn facilities of £125 million at December 2020 to support our return to growth plan

Our strategy

Gerard Ryan

Chief Executive Officer

We play a positive and important role in society

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

Our role in society

To make a difference in the lives of our customers through the provision of straightforward financial products

How we serve

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

- Medium to high incomes, Good credit ratings — Banks
- Medium incomes, Imperfect credit ratings — IPF Digital
- Low to medium incomes, Imperfect credit ratings — Home credit

Unregulated market

Return to growth plan in 2021 and beyond

Reinvigorate growth and capture long-term growth opportunities

3

2021

Rebuild the business

- Gradual return to pre-Covid-19 credit settings
- Reprice as temporary moratoria and price caps are removed
- Rebuild volumes, maintain operating leverage

✔ Underway

4

2022+

Deliver sustainable long-term growth

- Add digital to Europe home credit markets
- Develop hybrid sales channel
- Deliver well controlled growth in Mexico home credit
- Build digital market share

Future Focus

European home credit

Easing restrictions and evolving digital options will enable longer-term, profitable growth

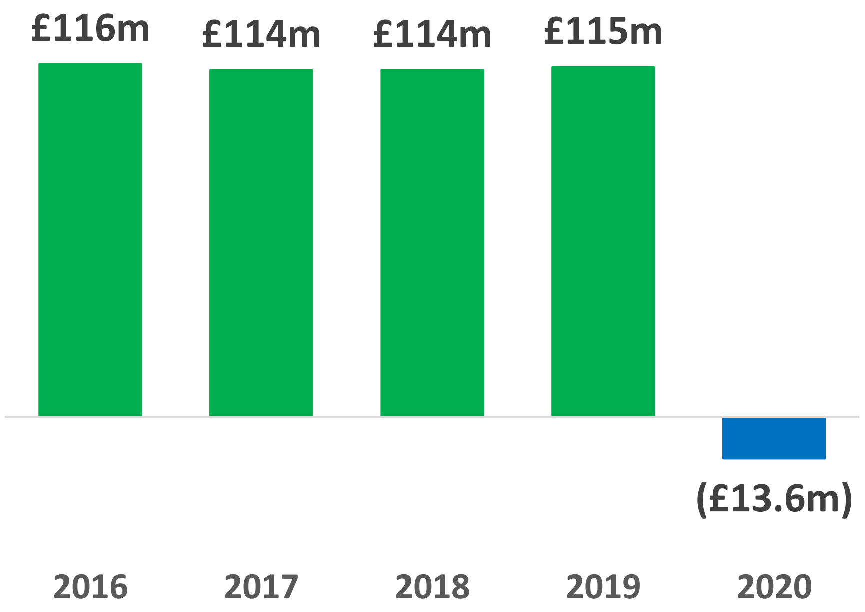
Focus on quality and relaxing credit settings

- Increase credit issued and re-serve customers as temporary debt repayment moratoria and Polish rate cap expire
- Maintain robust collections, credit quality and strong cost control

Extend digital options and build long-term growth

- Take market share from competitors exiting market
- Continue very successful strategy of slightly larger and slightly longer-term loans to quality customers
- Extend digital options to customers - prove digital offering in Czech Republic and introduce in Hungary and Romania
- Grow hybrid and end-to-end digital options for quality customers
- Offer increased choice of value-added services
- Digitise all non value-add processes to improve customer journey

Pre-exceptional profit/ (loss) before tax



Mexico home credit

Deliver steady well-controlled growth as pandemic eases; take advantage of growth opportunity

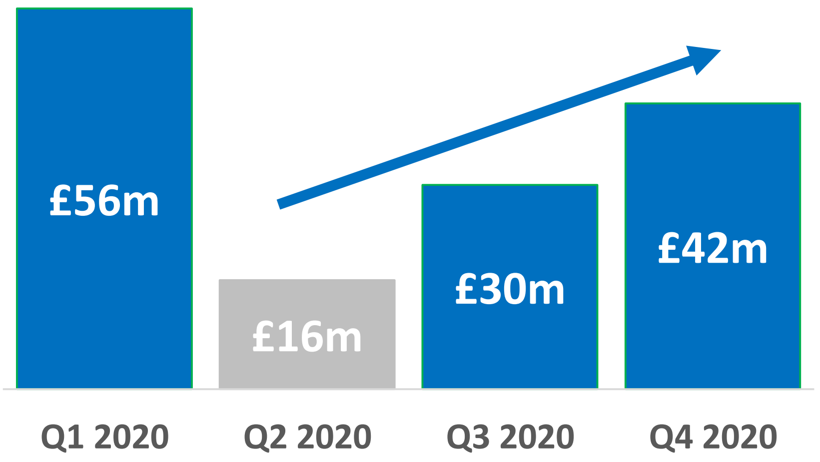
Maintain quality improvements, build momentum

- Increase credit issued but only as pandemic effects ease
- Build on improved portfolio quality
- Extract further efficiencies from branch network
- Focus on rigorous cost management

Enable long-term growth

- Modernise agent network with hand held technology
- Increase speed of credit decisioning to improve customer journey
- Revitalise Negocio micro-business lending post pandemic
- Establish hybrid offering for better quality customers

Increasing credit issued



45m

people in IPF target consumer segment

IPF Digital

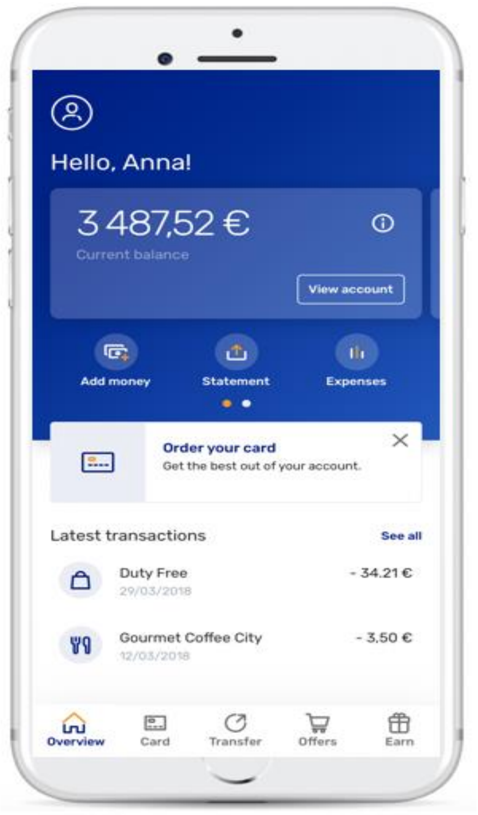
Rollout mobile wallet and rebuild growth in new markets to take advantage of great opportunity

Established markets
Estonia, Latvia, Lithuania and Finland

- Relax credit settings as pandemic eases
- Rollout mobile wallet in Latvia and Estonia to:
  - ➢ attract new customer segments
  - ➢ establish customer relationship before loan required
  - ➢ improve retention
- Successfully collect-out Finnish portfolio

New markets
Poland, Spain, Australia and Mexico

- Deliver efficiencies and scale from united digital business in Poland
- Rebuild volumes in Spain with new product launch in early '21
- Use lessons learned in mobile wallet rollout to promote product in new markets
- Bring new markets to profitability through scale, quality improvements and cost leverage



Proven business model, positive outlook

Strong fundamentals and long-term prospects

- We play an important key role in society by providing credit responsibly to those who are underbanked or underserved
- Well positioned to satisfy significant demand for affordable credit from these consumers
- We are rebuilding receivables portfolio to return to full-year profitability, supported by material cost reductions
- Strong funding position with a weighted average maturity of over three years
- Strengthened balance sheet to finance long-term growth and deliver value to all stakeholders

International Personal Finance

Questions

Appendices

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

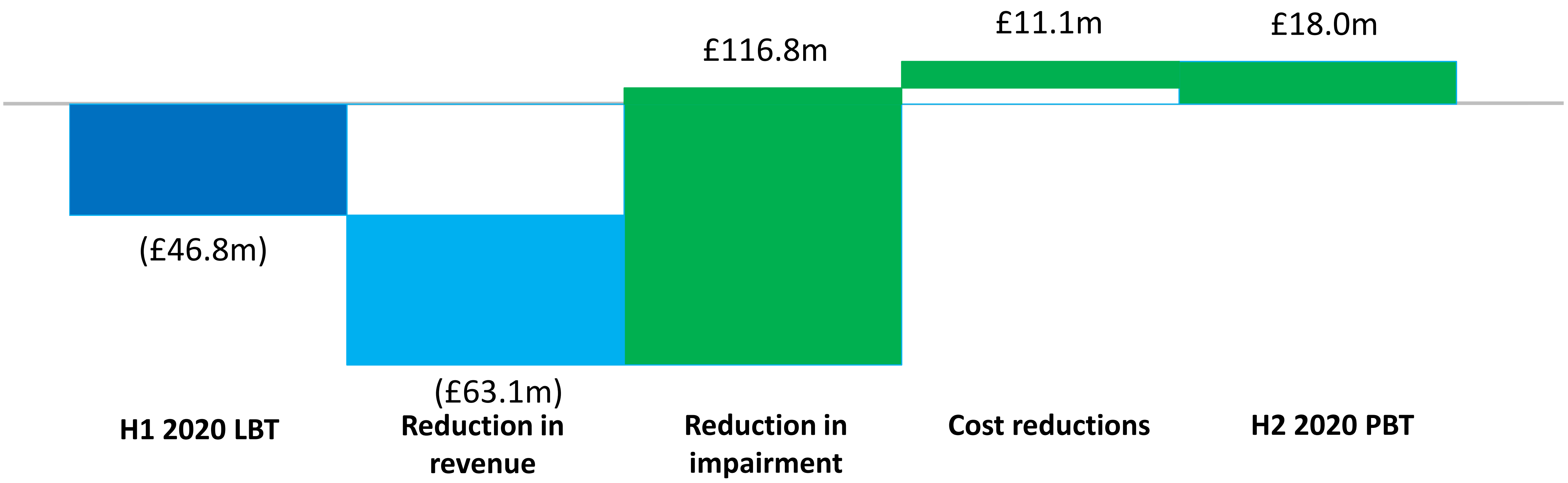
- Expected increase in ECL due to recession
- Disruption to forward flow agreements

Pandemic-related impairment charge

Home credit	
Permanent reduction in cash flows recorded as an increase in ECL	£33m
Delayed cash flows discounted and expected to reverse	£16m
Actual missed collections during Covid-19 period	£20m
IPF Digital	
Combined impact of increased default forecasts and disruption to forward flow agreements	£11m

H1 2020 to H2 2020 profitability walk

Robust and improving second half trading performance; £64.8 million profit swing H1 to H2



Group

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	2,109	1,682	(427)	(20.2%)	
Credit issued	1,353.0	772.2	(580.8)	(42.9%)	(40.9%)
Average net receivables	986.6	777.6	(209.0)	(21.2%)	(18.6%)
Revenue	889.1	661.3	(227.8)	(25.6%)	(22.4%)
Impairment	(243.5)	(247.6)	(4.1)	(1.7%)	(6.9%)
Net revenue	645.6	413.7	(231.9)	(35.9%)	(33.4%)
Finance costs	(63.5)	(55.0)	8.5	13.4%	10.4%
Agents' commission	(81.0)	(72.0)	9.0	11.1%	6.0%
Other costs	(387.1)	(315.5)	71.6	18.5%	15.6%
Pre-exceptional profit / (loss) before taxation	114.0	(28.8)	(142.8)		
Exceptional items	-	(11.9)	(11.9)		
Profit / (loss) before taxation	114.0	(40.7)	(154.7)		

European home credit

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,009	**860**	(149)	(14.8%)	
Credit issued	751.3	**479.6**	(271.7)	(36.2%)	(34.6%)
Average net receivables	562.0	**468.4**	(93.6)	(16.7%)	(14.4%)
Revenue	452.2	**363.4**	(88.8)	(19.6%)	(17.6%)
Impairment	(56.0)	**(132.3)**	(76.3)	(136.3%)	(139.7%)
Net revenue	396.2	**231.1**	(165.1)	(41.7%)	(40.1%)
Finance costs	(37.1)	**(33.3)**	3.8	10.2%	7.8%
Agents' commission	(51.1)	**(50.7)**	0.4	0.8%	(2.0%)
Other costs	(192.9)	**(160.7)**	32.2	16.7%	15.0%
Pre-exceptional profit / (loss) before taxation	115.1	**(13.6)**	(128.7)		
Exceptional items	-	**2.5**	2.5		
Profit / (loss) before taxation	115.1	**(11.1)**	(126.2)		

Mexico home credit

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	795	599	(196)	(24.7%)	
Credit issued	268.2	143.6	(124.6)	(46.5%)	(40.2%)
Average net receivables	164.4	102.5	(61.9)	(37.7%)	(30.6%)
Revenue	247.6	157.1	(90.5)	(36.6%)	(29.3%)
Impairment	(102.3)	(53.0)	49.3	48.2%	42.2%
Net revenue	145.3	104.1	(41.2)	(28.4%)	(20.2%)
Finance costs	(11.8)	(7.7)	4.1	34.7%	27.4%
Agents' commission	(29.9)	(21.3)	8.6	28.8%	20.8%
Other costs	(93.1)	(71.6)	21.5	23.1%	14.8%
Pre-exceptional profit before taxation	10.5	3.5	(7.0)		
Exceptional items	-	(2.7)	(2.7)		
Profit before taxation	10.5	0.8	(9.7)		

IPF Digital

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	305	**223**	(82)	(26.9%)	
Credit issued	333.5	**149.0**	(184.5)	(55.3%)	(55.3%)
Average net receivables	260.2	**206.7**	(53.5)	(20.6%)	(20.8%)
Revenue	189.3	**140.8**	(48.5)	(25.6%)	(25.8%)
Impairment	(85.2)	**(62.3)**	22.9	26.9%	26.4%
Net revenue	104.1	**78.5**	(25.6)	(24.6%)	(25.2%)
Finance costs	(14.4)	**(13.9)**	0.5	3.5%	4.1%
Other costs	(86.5)	**(70.6)**	15.9	18.4%	18.0%
Pre-exceptional profit / (loss) before taxation	3.2	**(6.0)**	(9.2)		
Exceptional items	-	**(11.3)**	(11.3)		
Profit / (loss) before taxation	3.2	**(17.3)**	(20.5)		

IPF Digital – Established markets

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	150	116	(34)	(22.7%)	
Credit issued	165.5	85.0	(80.5)	(48.6%)	(49.4%)
Average net receivables	137.7	117.9	(19.8)	(14.4%)	(15.5%)
Revenue	83.1	71.6	(11.5)	(13.8%)	(15.1%)
Impairment	(16.4)	(20.5)	(4.1)	(25.0%)	(22.8%)
Net revenue	66.7	51.1	(15.6)	(23.4%)	(24.4%)
Finance costs	(7.2)	(7.8)	(0.6)	(8.3%)	(5.4%)
Other costs	(26.8)	(24.9)	1.9	7.1%	8.1%
Pre-exceptional profit before taxation	32.7	18.4	(14.3)		
Exceptional items	-	(9.7)	(9.7)		
Profit before taxation	32.7	8.7	(24.0)		

IPF Digital – New markets

	FY 2019 £m	FY 2020 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	155	107	(48)	(31.0%)	
Credit issued	168.0	64.0	(104.0)	(61.9%)	(61.3%)
Average net receivables	122.5	88.8	(33.7)	(27.5%)	(26.8%)
Revenue	106.2	69.2	(37.0)	(34.8%)	(34.3%)
Impairment	(68.8)	(41.8)	27.0	39.2%	38.5%
Net revenue	37.4	27.4	(10.0)	(26.7%)	(26.7%)
Finance costs	(7.2)	(6.1)	1.1	15.3%	14.1%
Other costs	(45.7)	(34.1)	11.6	25.4%	23.9%
Pre-exceptional loss before taxation	(15.5)	(12.8)	2.7		
Exceptional items	-	(1.6)	(1.6)		
Loss before taxation	(15.5)	(14.4)	1.1		

Strong financial profile

	Dec 2019	Dec 2020
Receivables (£m)	973.6	**669.1**
Equity (£m)	436.4	**370.5**
Equity to receivables	44.8%	**55.4%**
Gearing	1.5	**1.4**
Earnings/(loss) per share (p)	32.2	**(28.9)**
Interest cover	3.0	**2.1**

2020 interest cover includes adjustments for material items of an unusual or non-recurring nature arising from the Covid-19 pandemic made in accordance with the terms of debt facilities.

Balance sheet

	Dec 2019	Dec 2020	Change at CER %
Goodwill	23.1	**24.4**	-
Fixed assets	82.0	**63.1**	(23.5%)
Receivables	973.6	**669.1**	(30.9%)
Cash	37.4	**116.3**	211.0%
Borrowings	(676.4)	**(492.0)**	27.5%
Other net assets	(3.3)	**(10.4)**	(126.1%)
Equity	436.4	**370.5**	(13.8%)

Borrowings is stated net of deferred issuance costs of £7.4 million

Exchange rates

	FX rates 1 March 2020	2020		2019	
		Closing rates Dec 2020	Average 2020	Closing rates Dec 2019	Average 2019
Polish zloty	5.2	5.1	5.0	5.0	4.9
Czech crown	30.2	29.3	30.1	30.1	29.2
Euro	1.2	1.1	1.1	1.2	1.1
Hungarian forint	420.0	405.7	399.0	391.0	370.0
Romanian leu	5.6	5.4	5.5	5.7	5.4
Mexican peso	28.8	27.1	28.3	25.0	24.6
Australian dollar	1.8	1.8	1.8	1.9	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