2021 Half-year results

Building momentum
Delivering growth

Gerard Ryan
Chief Executive Officer

Kris Adamski
Group Treasurer

27 July 2021

Emerging from the pandemic period

Demonstrating how we play a positive and important role in society

Responsibly supporting people on low and medium incomes

- Forbearance exercised in all businesses
- Continued to provide credit in every market

Providing credit throughout the pandemic and supporting our agents

- Deemed to be an essential business by government
- Flexed our customer processes to be more accessible
- Enhanced agent reward to support incomes

Well positioned to meet the needs of our customers

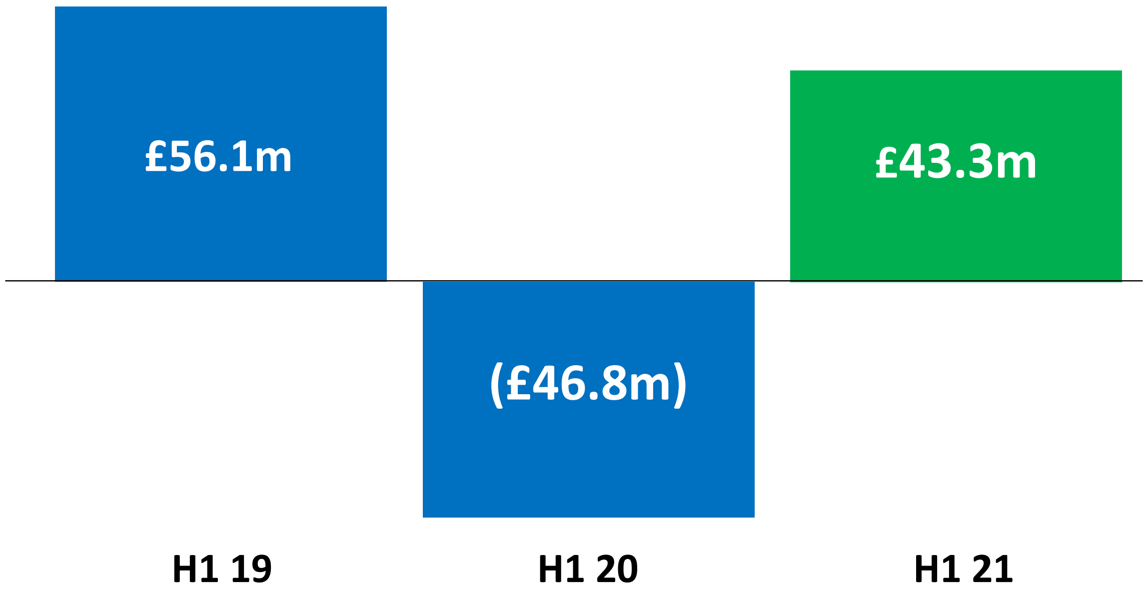
- Built loyalty with customers and agents during pandemic
- Now a more efficient and nimble business
- Plenty of competition, but fewer competitors

Doing business responsibly and successfully

Group profit before tax £43.3 million; dividend restored

- Robust trading performance despite third wave of pandemic
- Building momentum with increasing demand from April
- Excellent operational performance
- All businesses driving profit rebound
- Equity to receivables 53.8%
- Dividend payment resumed – 2.2 pence per share

Strong rebound in profitability



Building momentum; business growing again

Highly effective rebuild strategy driving growth and future profitability

- Excellent operational focus and strong credit quality drove improved impairment
- Enabled successful strategy of easing credit settings to rebuild credit issued growth
- Resulted in period end receivables increase in Q2
- And performance supported by material cost reductions from rightsizing and continued tight cost control
- Establishes foundation for further rebuilding scale in H2

+15%*

Credit issued from Q1 to Q2 2021

+5%*

Closing receivables from Q1 to Q2 2021

* At constant exchange rates

Financial performance and funding

Kris Adamski

Group Treasurer

H1 2021 Group financial performance

Significantly improved financial performance driven by lower impairment charge and cost savings

Credit issued	£460m	+25%	Strong growth - significant Q2 acceleration
Average net receivables	£657m	-22%	Receivables growth re-established in H1 2021, YoY contraction driven by reduced 2020 credit issued;
Revenue	£263m	-25%	Stabilisation in revenue during H1, YoY reduction driven by average net receivables and lower revenue yield
Impairment % revenue	14%	-24ppts*	Material improvement driven by continued strong collections
Cost-income ratio	54%	+6ppts*	Benefits of 2020 rightsizing programme offset by lower revenue from reduced portfolio
Profit before tax	£43m	+£90m	Significant improvement in financial performance; all reporting segments delivered profit

* Annualised numbers compared to 2020 full year

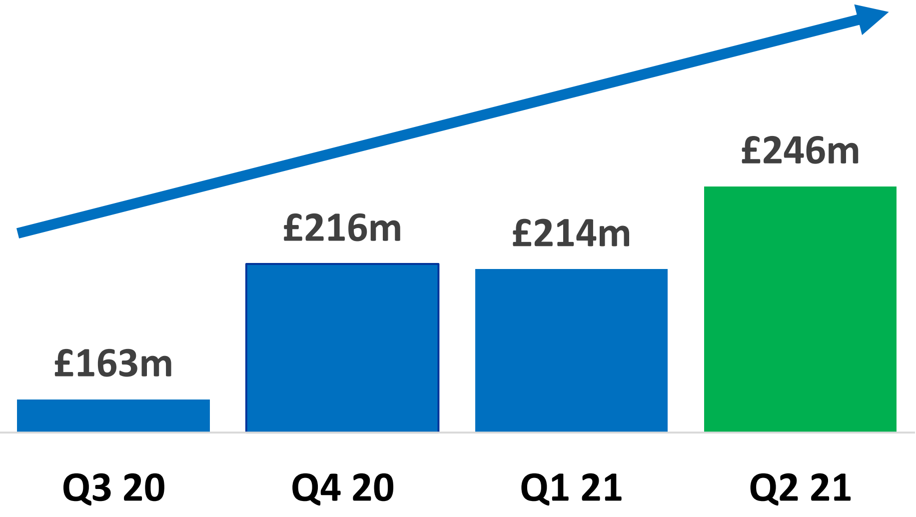
Credit issued

Rebuild strategy driving credit issued growth

Credit issued ⬆ 25%

- Growth successfully delivered; Q2 acceleration
- Successful easing of credit settings driven by:
  - Strong collections
  - Improving macroeconomic landscape
  - confidence in portfolio quality supported continued easing of credit settings
- Good retention of agents maintained customer relationships and supported growth
- Good improvement in European and Mexico home credit
- IPF Digital impacted by soft demand in Baltics due to pandemic lock downs, cautious credit settings in Spain and Finland collect out

Gaining momentum - credit issued growth*



* At constant exchange rates

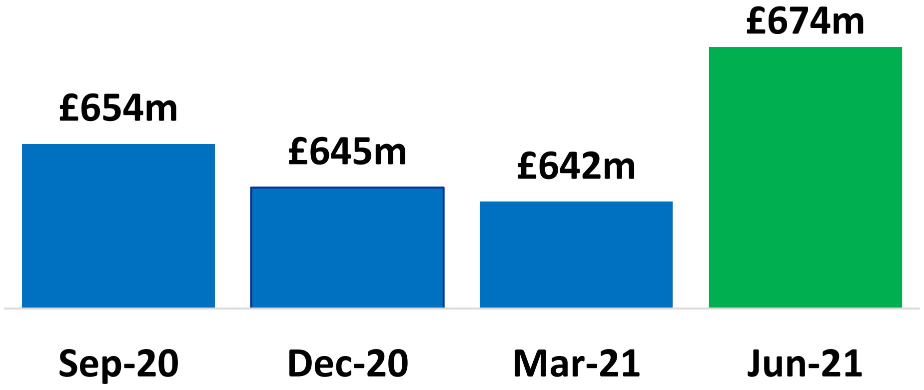
Receivables and revenue

Growth in credit issued will drive increases in receivables and revenue

Receivables

- Portfolio back in growth – closing receivables 5% higher than December 2020
- Growth driven by home credit: Europe 8% and Mexico 13%; softer performance by IPF Digital
- YOY average receivables contracted driven by restrictions on credit issued and higher impairment provisions

Rebuilding receivables*

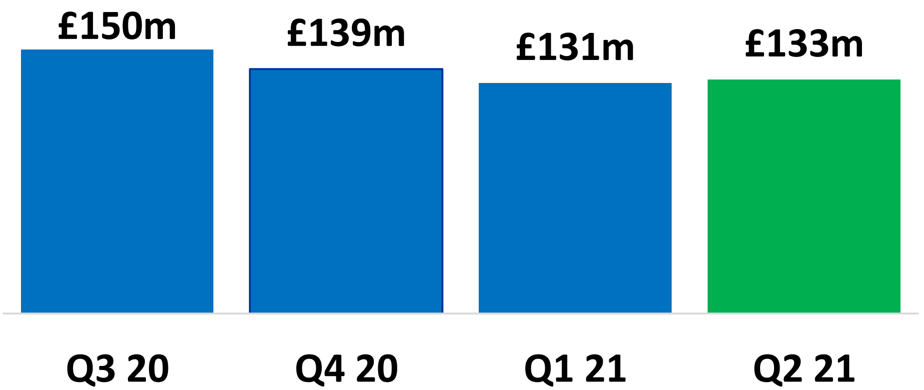


Revenue

25%

- Revenue contraction slightly faster than average receivables due to lower revenue yield in home credit
  - ➢ Temporary pandemic-related rate caps in Poland and Hungary, both now expired
  - ➢ Higher early settlement rebate charges in Poland
- Receivables growth will drive increase in revenue in H2 2021

Revenue*



* At constant exchange rates

Impairment charge

Abnormally low impairment in H1 2021 driven by operational excellence

- H1 2021 impairment charge is £170m lower than last year at £12m, driven by four factors
  - No repeat of the Covid-19 related impairment charge totalling £91m booked last year
  - Faster and stronger collections led to accelerated reduction in discounting and ECL provisions
  - Impact of a smaller receivables portfolio following contraction in 2020
  - A better underlying collection performance in H1 2021 driven by tighter credit settings and focus on operational disciplines

Impairment % revenue

Faster than anticipated improvement in impairment % revenue

Impairment % revenue ⬇ 24 ppts*

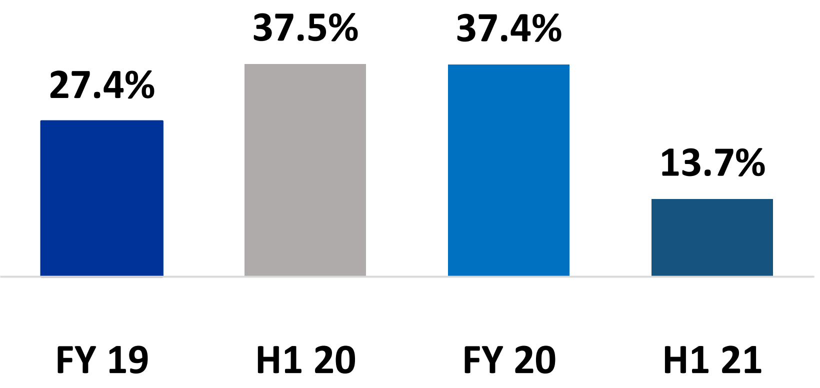
- Improvement in impairment % revenue since 2020 year end driven by H1 Covid-19 impairment charge dropping out of annualised metric

- All businesses reported stronger collections and lower impairment

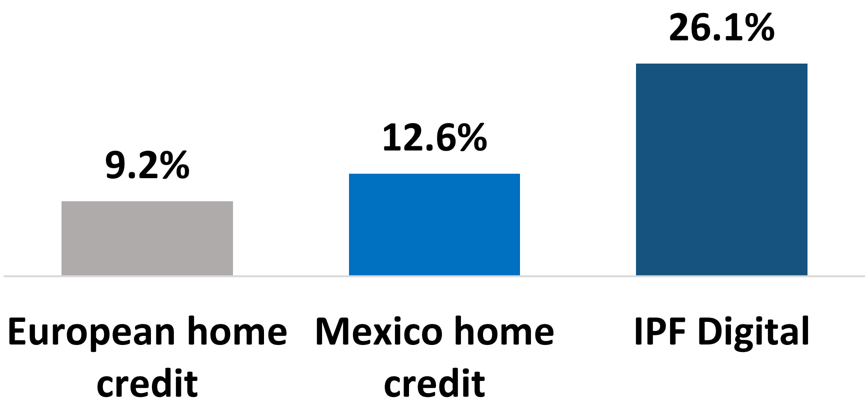
- Impairment expected to trend upwards in H2 as we relax credit and grow portfolio

- Full year 2021 ratio broadly similar to H1 with 2022 around 20%

Group impairment % revenue†



Segmental impairment % revenue†



* Annualised number compared to the 2020 year end

† Annualised number

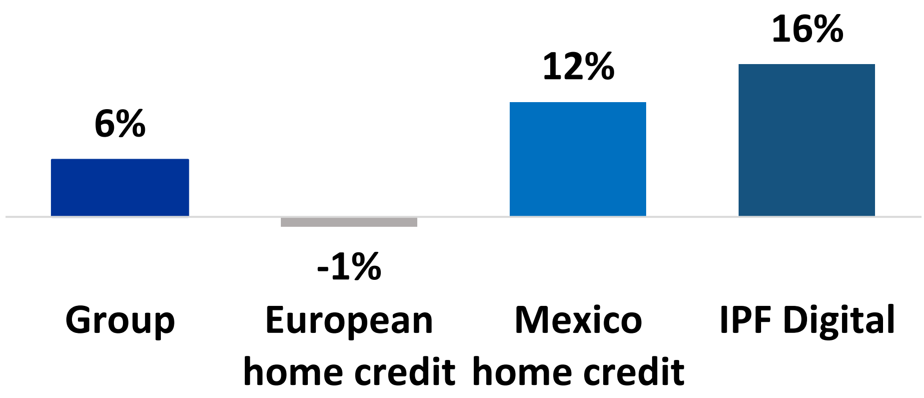
Costs

Significant cost savings delivered

Other costs ↓ 6%

- Benefits of 2020 rightsizing exercise and tight cost control delivered £13 million reduction
- Costs continue to be tightly controlled; Q2 increase to support faster growth
- Structural headcount cost savings
- Increased investment in customer acquisition help accelerate growth in European businesses
- Mexican savings largely driven by 2020 headcount restructuring
- IPF Digital reduced investment in customer acquisition

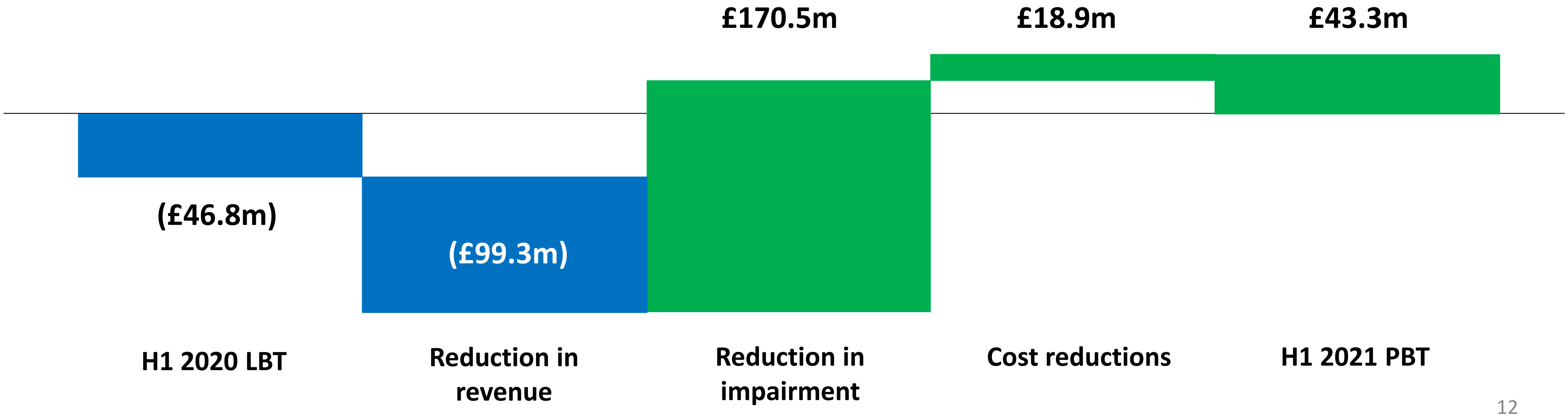
Delivering cost savings - Other costs*



* Year on year at constant exchange rates

Significantly improved financial performance

- Effective execution of rebuild strategy to return to full-year profitability and long-term growth
- Lower than expected impairment charge from very strong collections performance and significant cost savings
- Group profit before tax of £43.3 million; all reporting segments delivered profit in H1
- Expected effective tax rate of c.47%



Robust financial position

Strong funding position and well capitalised balance sheet; interim dividend restored

5%	Increase in closing receivables supporting balance sheet growth
£596m	Total debt facilities with a weighted average maturity of three years
£173m	Non-operational cash balances and undrawn facilities
54%	Equity to receivables ratio; well capitalised balance sheet
2.2 pence	Interim dividend reflecting rapid, sustainable return to profitability and balance sheet strength

Our strategy

Gerard Ryan

Chief Executive Officer

Successfully dealing with regulation

Scale and geographic diversity allow us to adapt and thrive

Temporary Covid regulatory change

• Reduced rate cap Hungary	✓ Expired 31 December 2020
• Reduced rate cap Poland	✓ Expired 30 June 2021
• Opt-in payment moratoria in multiple markets	✓ All expired
• Opt-out payment moratorium Hungary	❖ Extended to 30 September 2021

Permanent regulatory change

• Reduced rate cap Finland	✓ Strong capital discipline - successful portfolio collect out underway
• Reduced rate cap in Latvia	✓ Restructured product

Historic regulatory challenge

• Proposed severe rate cap reduction Poland - Dec 2016	✓ Government has made clear reform is accomplished

Delivering return to growth plan

Reinvigorating growth and capturing long-term growth opportunities

1

H1 2020

Protect our people, prioritise loyal customers and protect the business

✓ Completed

2

H2 2020

Rightsize the business to accelerate recovery

✓ Completed

3

2021

Rebuild the business

✓ Underway

4

2022+

Deliver sustainable long-term growth

Future Focus

European home credit

Strong execution leads to rapid return to profitability

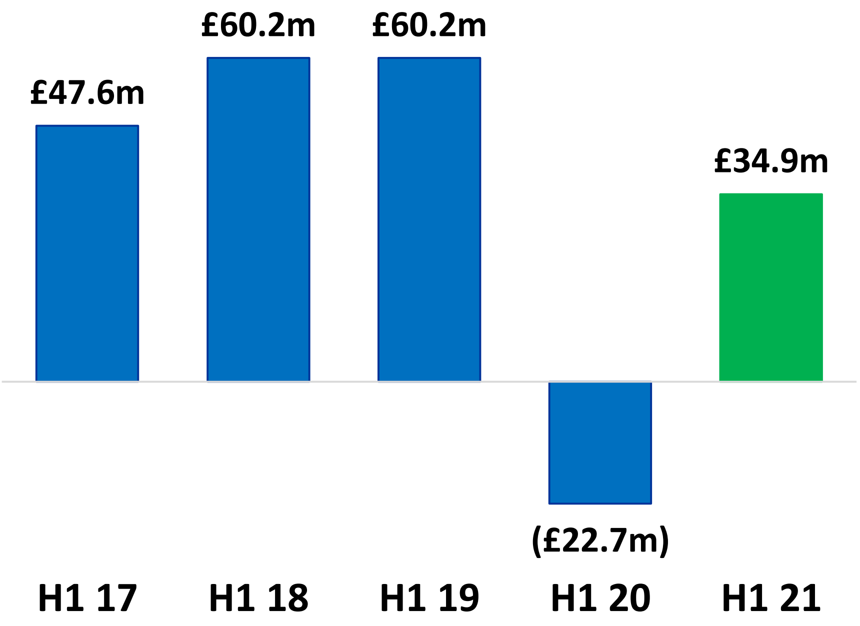
Focus on quality and relaxing credit settings

- Increasing credit issued and rebuilding receivables portfolio at appropriate pace for local market conditions
- Returning to more normalised pricing in Poland post expiry of temporary rate cap
- Maintaining robust collections, credit quality and strong cost control

Extend digital options and build long-term growth

- Opportunity to grow market share with fewer competitors
- Expand hybrid for quality customers
- Extend digital options to customers in each of our markets
- Continue very successful strategy of slightly larger and slightly longer-term loans to quality customers

Recovering financial performance
Pre-exceptional profit / (loss) before tax



Mexico home credit

Building on solid foundations – improved credit quality and core processes

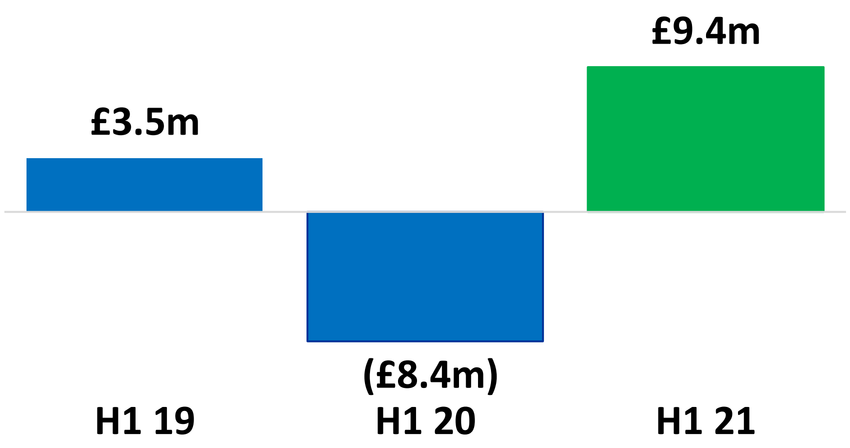
Build on momentum and maintain quality improvements

- Leverage operational improvements delivered since 2019
- Easing credit settings but mindful of potential third wave
- Drive further efficiencies on back of MyProvi rollout
- Maintain tight control of cost base

Enable long-term growth; large-scale opportunity

- Digital transformation – expanding hand-held technology functionality
- Increase speed of credit decisioning to improve customer journey
- Revitalise Negocio micro-business lending post-pandemic
- Partner IPF Digital to establish hybrid offering for better quality customers

Significant improvement in profitability

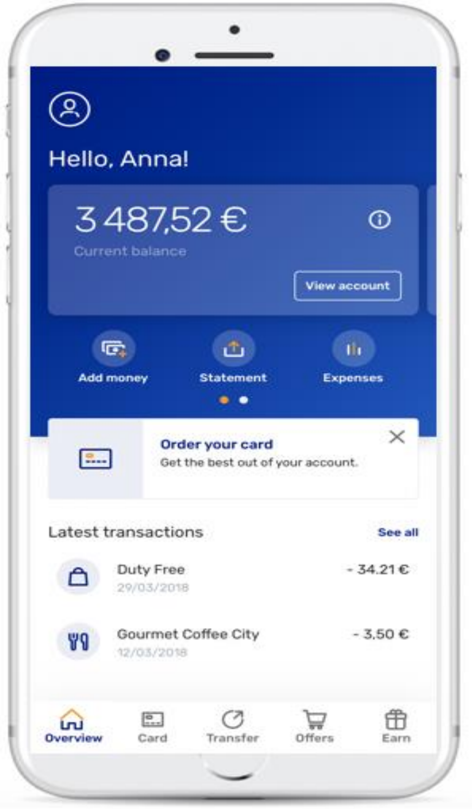


IPF Digital

Overcoming difficulties to rebuild profitability and accelerate growth

Established markets
Estonia, Latvia, Lithuania and Finland

- Meet growing consumer demand in Baltics
- 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

- Build scale in Australia and Mexico
- Accelerate growth now digital businesses in Poland are merged
- Establish viability of new product in Spain
- Rollout mobile wallet to new markets
- Bring new markets to profitability

Positive outlook

Resilient, well-funded business model and strong long-term prospects

- Longstanding successful track record based on meeting the needs of underbanked or underserved consumers responsibly
- Pandemic proved the value of the role our business plays in society
- Well positioned to meet recovering demand for affordable credit from our consumer segment
- Return to growth strategy on track to deliver strong return to sustainable growth and profitability
- Commitment to paying progressive dividends and delivering returns to shareholders

Questions

Appendices

Group

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,818	**1,679**	(139)	(7.6)	(7.6)
Credit issued	378.2	**459.5**	81.3	21.5	25.1
Average net receivables	862.9	**656.9**	(206.0)	(23.9)	(22.0)
Revenue	362.2	**262.9**	(99.3)	(27.4)	(25.4)
Impairment	(182.2)	**(11.7)**	170.5	93.6	93.5
Net revenue	180.0	**251.2**	71.2	39.6	45.1
Finance costs	(27.3)	**(25.8)**	1.5	5.5	3.4
Agents' commission	(36.3)	**(32.3)**	4.0	11.0	7.7
Other costs	(163.2)	**(149.8)**	13.4	8.2	6.3
Pre-exceptional (loss) / profit before taxation	(46.8)	**43.3**	90.1	192.5	
Exceptional items	(6.5)	**-**	6.5	100.0	
(Loss) / profit before taxation	(53.3)	**43.3**	96.6	181.2	

European home credit

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	850	**808**	(42)	(4.9)	(4.9)
Credit issued	201.4	**288.0**	86.6	43.0	47.5
Average net receivables	483.2	**388.6**	(94.6)	(19.6)	(17.2)
Revenue	184.9	**140.1**	(44.8)	(24.2)	(21.8)
Impairment	(87.9)	**9.0**	96.9	110.2	110.5
Net revenue	97.0	**149.1**	52.1	53.7	59.1
Finance costs	(16.3)	**(15.8)**	0.5	3.1	0.6
Agents' commission	(25.3)	**(21.6)**	3.7	14.6	11.5
Other costs	(78.1)	**(76.8)**	1.3	1.7	(0.7)
Pre-exceptional (loss)/ profit before taxation	(22.7)	**34.9**	57.6	253.7	

Mexico home credit

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	670	624	(46)	(6.9)	(6.9)
Credit issued	72.3	87.5	15.2	21.0	29.6
Average net receivables	119.0	95.1	(23.9)	(20.1)	(16.4)
Revenue	91.0	64.9	(26.1)	(28.7)	(25.8)
Impairment	(45.1)	(8.5)	36.6	81.2	81.4
Net revenue	45.9	56.4	10.5	22.9	34.6
Finance costs	(4.3)	(3.1)	1.2	27.9	24.4
Agents' commission	(11.0)	(10.7)	0.3	2.7	(0.9)
Other costs	(39.0)	(33.2)	5.8	14.9	11.9
Pre-exceptional (loss) / profit before taxation	(8.4)	9.4	17.8	211.9	

IPF Digital

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	298	**247**	(51)	(17.1)	(17.1)
Credit issued	104.5	**84.0**	(20.5)	(19.6)	(19.6)
Average net receivables	260.7	**173.2**	(87.5)	(33.6)	(33.0)
Revenue	86.3	**57.9**	(28.4)	(32.9)	(32.6)
Impairment	(49.2)	**(12.2)**	37.0	75.2	74.8
Net revenue	37.1	**45.7**	8.6	23.2	21.9
Finance costs	(6.7)	**(6.9)**	(0.2)	(3.0)	(3.0)
Other costs	(39.2)	**(32.7)**	6.5	16.6	16.2
Pre-exceptional (loss) / profit before taxation	(8.8)	**6.1**	14.9	169.3	

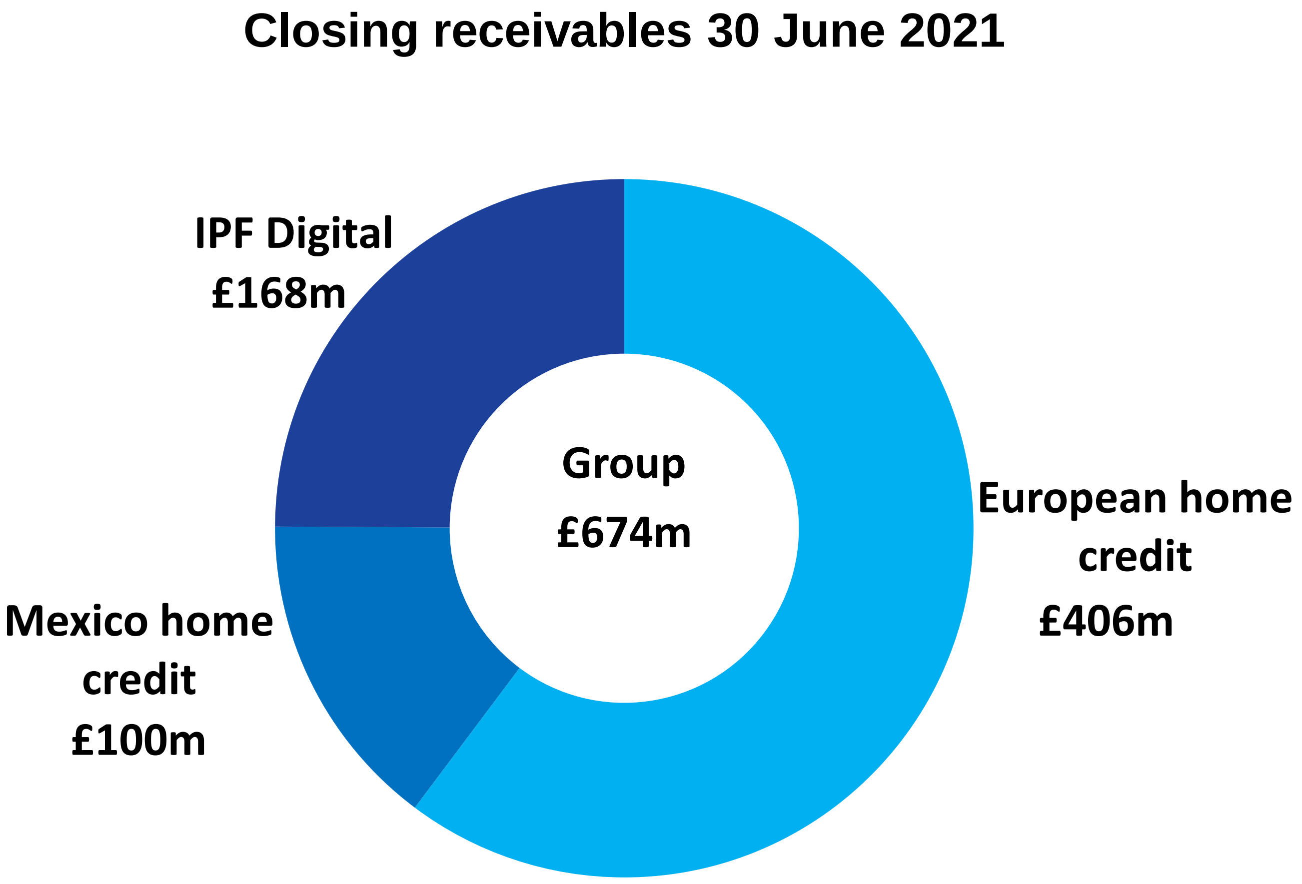
IPF Digital – Established markets

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	136	102	(34)	(25.0)	(25.0)
Credit issued	54.8	30.4	(24.4)	(44.5)	(44.8)
Average net receivables	128.9	87.3	(41.6)	(32.3)	(31.9)
Revenue	37.4	25.5	(11.9)	(31.8)	(31.5)
Impairment	(15.0)	(1.3)	13.7	91.3	91.2
Net revenue	22.4	24.2	1.8	8.0	7.6
Finance costs	(3.5)	(3.5)	-	-	-
Other costs	(11.9)	(9.5)	2.4	20.2	19.5
Pre-exceptional profit before taxation	7.0	11.2	4.2	60.0	

IPF Digital – New markets

	HY 2020 £m	HY 2021 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	162	**145**	(17.0)	(10.5)	(10.5)
Credit issued	49.7	**53.6**	3.9	7.8	8.5
Average net receivables	131.8	**85.9**	(45.9)	(34.8)	(34.2)
Revenue	48.9	**32.4**	(16.5)	(33.7)	(33.5)
Impairment	(34.2)	**(10.9)**	23.3	68.1	67.7
Net revenue	14.7	**21.5**	6.8	46.3	43.3
Finance costs	(3.2)	**(3.4)**	(0.2)	(6.3)	(6.3)
Other costs	(20.7)	**(17.5)**	3.2	15.5	15.0
Pre-exceptional (loss) / profit before taxation	(9.2)	**0.6**	9.8	106.5	

Geographical contribution



Strong financial profile

	Jun 2020	Jun 2021
Receivables (£m)	756.4	**674.2**
Equity (£m)	388.5	**363.0**
Equity to receivables	51.4%	**53.8%**
Gearing	1.6x	**1.3x**
(Loss)/earnings per share (p)	(27.7)	**10.3**
Interest cover	2.6x	**2.8x**

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

	June 2020	June 2021	Change at CER %
Goodwill	24.7	23.4	-
Fixed assets	72.7	56.0	(20.5%)
Receivables	756.4	674.2	(5.7%)
Cash	100.6	100.4	0.9%
Borrowings	(615.3)	(471.8)	21.1%
Other net assets / (liabilities)	49.4	(19.2)	(142.0%)
Equity	388.5	363.0	1.9%

Borrowings is stated net of deferred issuance costs of £6.8 million

Exchange rates

	FX rates 23 July 2021	Jan-June 2021		Jan-June 2020	
		Closing rates June 2021	Average H1 2021	Closing rates June 2020	Average H1 2020
Polish zloty	5.3	5.3	5.2	4.9	5.1
Czech crown	30.0	29.6	29.7	29.4	30.4
Euro	1.2	1.2	1.1	1.1	1.1
Hungarian forint	418.0	413.3	408.6	381.6	401.1
Romanian leu	5.8	5.7	5.6	5.3	5.5
Mexican peso	27.6	28.4	28.1	27.8	28.8
Australian dollar	1.9	1.8	1.8	1.8	1.9

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