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THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED IN CONNECTION WITH "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") ("REGULATION S") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A") OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

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THE SHARES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (2) IN AN "OFFSHORE TRANSACTION" AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission and the attached document and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) and amendments thereto ("Qualified Investors"). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and attached document relate is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

**Confirmation of your Representation:** This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to J.P. Morgan Securities plc (which conducts its United Kingdom investment banking activities as J.P. Morgan Cazenove), RBC Europe Limited (which conducts its United Kingdom investment banking activities as RBC Capital Markets) and Macquarie Capital (Europe) Limited (which conducts its United Kingdom investment banking activities as Macquarie Capital) (together, the "Underwriters"), the Company, the Selling Shareholders (as defined in Part 15 "Definitions and Glossary") that you have understood and agree to the terms set out herein, and (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in "offshore transactions", as defined in, and in reliance on, Regulation S; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (iii) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom; and (iv) you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this electronic transmission and the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this electronic transmission or the attached document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. If a jurisdiction requires that the offering to which this electronic transmission and/or the attached document relates be made by a licensed broker or dealer and any Underwriter or any affiliate of an Underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Underwriter or affiliate on behalf of the Company in such jurisdiction.

You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Selling Shareholders, the Underwriters nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document

distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. None of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer or the Shares or any responsibility for any acts or omissions of the Company, any of the Directors, any of the Selling Shareholders or any other person in connection with the Offer. To the fullest extent permitted by law, the Underwriters and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement or any such act or omission of the Company, any of the Directors, any of the Selling Shareholders or any other person. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the attached document.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to the attached document.

**Restriction:** Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited to that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## Prospectus



### IN TOTAL WE'VE HELPED...

over 100,000 people  
to get on the road

over 100,000 people  
to consolidate their debt

over 80,000 people  
with home improvements

This document comprises a prospectus (the "Prospectus") for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the "Prospectus Directive") relating to Amigo Holdings PLC (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). The Prospectus will be made available to the public in accordance with the Prospectus Rules.

Application has been made to the FCA for all of the ordinary shares of the Company (the "Shares") issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the "London Stock Exchange") for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "Admission"). Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 29 June 2018. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on 4 July 2018. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange.**

The directors of the Company, whose names appear on page 57 of this Prospectus (the "Directors"), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

**Prospective investors should read this Prospectus in its entirety. See in Part 1 "Risk Factors" for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.**

## AMIGO HOLDINGS PLC

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10024479)*

**Offer of 118,836,758 Shares  
at an Offer Price of 275 pence per Share  
and admission to the Premium Listing Segment of the Official List  
and to trading on the Main Market of the London Stock Exchange**

*Joint Global Co-ordinator, Joint Bookrunner  
and Sponsor*

*Joint Global Co-ordinator and Joint  
Bookrunner*

**J.P. Morgan Cazenove**

**RBC Capital Markets**

*Joint Bookrunner*

**Macquarie Capital**

**ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION**

**Issued and fully paid**

Number	Nominal value
475,333,760 . . . . .	0.25 pence per Share

Each of J.P. Morgan Securities plc (which conducts its United Kingdom investment banking activities as J.P. Morgan Cazenove), and RBC Europe Limited (which conducts its United Kingdom investment banking activities as RBC Capital Markets), who are authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the FCA and the PRA in the United Kingdom, and Macquarie Capital (Europe) Limited (which conducts its United Kingdom investment banking activities as Macquarie Capital), who are authorised and regulated by the FCA in the United Kingdom, (together, the “Underwriters”) are acting exclusively for the Company and no-one else in connection with the Offer. None of the Underwriters will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer or any responsibility for any acts or omissions of the Company, any of the Directors, any of the Selling Shareholders or any other person in connection with the offering of the Shares. Each of the Underwriters and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement or any such act or omission of the Company, any of the Directors, any of the Selling Shareholders or any other person. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

In connection with the Offer, the Underwriters and any of their respective affiliates acting as an investor for its or their own account(s) may purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connections with the Offer or otherwise. Accordingly, references in this Prospectus to Shares being offered, sold or otherwise dealt with should be read as including any offer to purchase or dealing by the Underwriters or any of them or any of their respective affiliates acting as an investor for its or their own account(s). In addition, each of the Underwriters and any of their respective affiliates may in the ordinary course of their business activities enter into financing arrangements with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Each of the Underwriters and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Selling Shareholders for which they would have received customary fees. Each of the Underwriters and their respective affiliates may provide such services to the Company and/or the Selling Shareholders and any of its affiliates in the future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

## Notice to overseas shareholders

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”). The Shares offered by this Prospectus may not be offered or sold in the United States, except to qualified institutional buyers (“**QIBs**”), as defined in, and in reliance on, the exemption from the registration requirements of the U.S. Securities Act provided in Rule 144A under the U.S. Securities Act (“**Rule 144A**”) or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, the Offer is being made in offshore transactions as defined in Regulation S of the US. Securities Act. This Prospectus does not constitute an offer of, or the solicitation of an offer to purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Shares have not been and will not be registered or qualified for distribution by this Prospectus under the applicable securities laws of Canada, Australia or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen in Australia or Japan or to any person located or resident in Canada. The Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders (as defined in Part 15 “Definitions and Glossary”) or the Underwriters to permit a public offering of the Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

## Available information

For so long as any of the Shares are in issue and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which it is not subject to section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act.

## Information to distributors

Solely for the purposes of the product governance requirements contained within:

- (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”);
- (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and
- (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or

otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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# SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A - E (A. 1 - E. 7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

## Section A—Introductions and warnings

### A.1 Warning

This summary should be read as an introduction to the prospectus (the "Prospectus").

Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and applied its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

### A.2 Subsequent resale of securities or final placement of securities through financial intermediaries

Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

## Section B—Issuer

### B.1 Legal and commercial name

Amigo Holdings PLC (the "Company")

### B.2 Domicile and legal form

The Company was incorporated on 24 February 2016 as a private company limited by shares in the United Kingdom with the name Amigo Holdings Limited and its registered office situated in England and Wales. On 8 June 2018 the Company re-registered as a public limited company with the name Amigo Holdings PLC. The principal legislation under which the Company operates is the Companies Act 2006.

### B.3 Current operations and principal activities

The Group is the leading company in the UK guarantor loan space, with a product market share of approximately 88% and a Net Loan Book of £647 million and approximately 182,000 borrowers as of 31 March 2018. It pioneered the guarantor loan concept in the UK, which is a personal loan for which interest and principal payments are guaranteed by a second individual, typically a family member or friend with a stronger credit profile than that of the borrower. It offers a single, simple product, which is a guarantor loan under which individuals

are currently able to borrow between £500 and £10,000 over a term of between 12 months and 60 months at a standard annual percentage rate of 49.9% (which equates to a flat interest rate of 41.16%) with no fees, hidden charges or redemption penalties charged by the Group.

With a guarantor loan product, payments are guaranteed by a guarantor, meaning the Group has recourse to a second individual. A guarantor loan also enables a relationship driven loan arrangement which the Group believes provides potential benefits to all parties. The majority of its borrowers are not able to access mainstream finance due to having a thin, poor or no credit record with credit reference agencies. With a guarantor loan product, borrowers benefit from access to finance which would not otherwise be available to them and a means of building or rehabilitating their credit scores. The guarantor benefits by assisting the borrower, with whom they typically have a close existing relationship. As lender, the Group benefits as the borrower is more incentivised to ensure payments are made on debt guaranteed by a relative or friend. This mutually beneficial relationship between lender, borrower and guarantor is at the core of its business.

The Group is a mid-cost lender, defined by the FCA as credit above prime borrowing rates but below the high-cost short-term credit ("HCSTC") cap level. The Group's guarantor loan product is distinct from more expensive or less flexible forms of non-standard finance, such as payday loans, in that it offers a significantly lower interest rate (its APR of 49.9%, compared to payday loan representative APRs which, although subject to the HCSTC cap level, can exceed 1,000%), larger loan amounts (its average outstanding loan size of £3,992 for the year ended 31 March 2018, compared to average payday loan balances typically under £1,000) and longer payment terms (its average loan term for the year ended 31 March 2018 was 39 months, compared to an average payday loan term of less than 30 days). Payday loans are generally targeted towards borrowers in need of a small amount of short term credit, whereas the Group's guarantor loan product is targeted toward buyers in need of a comparatively larger loan amount for a longer term.

Since the Group's inception in 2005, it has focused exclusively on developing and refining its guarantor loan concept. The Group believes its guarantor loans are a simple and transparent product. The Group believes its established customer facing processes ensure a clear and unambiguous agreement with full understanding between all parties and that lending decisions are made responsibly. Its bespoke IT and operational platforms have been purpose built to support its guarantor lending activities, enabling consistent operational performance and speed to market, as well as what the Group believes to be a high level of customer service. Its success in customer service is illustrated by its high repeat customer rate (approximately 51.0% of the number of new loans originated in the year ended 31 March 2018 were to repeat customers), and its Trustpilot rating of 9.4, based on around 19,000 reviews.

The Group's 13 year presence in the guarantor loan market has enabled it to acquire and develop significant depth in customer data and credit scorecards. It believes it has collected the largest amount of customer data from past loans and applications of any UK guarantor lender. The Group is able to use this data in its scorecards, loan performance analysis and underwriting decisions, giving it what the Directors believe to be a significant competitive differentiator and particular advantages against new entrants to the market. As a result, the Directors believe that the Group is well positioned to participate substantively in further growth potential in the non-standard lending market.

The Group has worked to build its brand recognition through targeted advertising and marketing. Since launching the Amigo brand in 2012, the Group has invested over £62 million in building its profile through highly visible TV, radio and online advertising campaigns, with the result that the Group is now one of the most recognised non-standard finance brands in the UK. 98% of UK adults have seen an Amigo advert and the Group's website has over 900,000 unique monthly users. Its brand has become synonymous with the guarantor loan

market in the UK. The Group expects to spend up to approximately £2.0 million per month on advertising and marketing to ensure brand awareness remains high.

Compliance and Treating Customers Fairly ("TCF") are at the heart of the Group's business and its culture, and is implemented through its customer service processes and its underwriting and collection procedures. The Group seeks to treat all of its customers fairly and offers customers in financial difficulty a number of payment options tailored to their individual circumstances. For example, the Group's policies include never seeking possession or an order for sale of a customer's home and never reporting any information regarding a guarantor to credit reference agencies. The Group reviews all of its customer facing employees at least weekly and operates ongoing refresher training to ensure that ethical behaviour and the principles of treating customers fairly are embedded in its culture. This is borne out by the Group's customer satisfaction scores, which are higher than those of all the main high street banks and high in relation to other guarantor loan providers. The Group had only 80 cases referred to the UK Financial Ombudsman Service ("FOS") in total during the period 1 July to 31 December 2017, which is a relatively low number given that the Group had, in total, approximately 334,000 borrowers and guarantors as of 31 December 2017.

The Group has full Financial Conduct Authority ("FCA") authorisation. Over time, it has invested in a number of areas to build its standing with the FCA, such as enhancing its forbearance policy and increasing the detail of its affordability checks. The Group believes its relationship and ongoing dialogue with the FCA ensures it is well placed to anticipate and adapt to any changes in regulatory requirements.

In the year ended 31 March 2018, the Group generated £210.8 million in revenue, £66.1 million in profit before tax and £50.6 million in profit after tax, resulting in a risk adjusted margin of 30.8%. As of 31 March 2018, its Net Loan Book was £646.9 million. From 31 March 2016 to 31 March 2018, its Net Loan Book has grown at a compound annual growth rate ("CAGR") of 55.9%, its profit after tax has grown at a CAGR of 5.3% and its Adjusted Profit after Tax has grown at a CAGR of 26.0%.

#### **B.4a Significant recent trends affecting the Group and the industry in which it operates**

The UK consumer finance landscape includes lower cost and risk lenders, such as high street banks, mid-cost and risk lenders, such as credit unions or near prime credit cards, and higher cost and risk lenders, such as payday lenders. The Group operates in the mid-cost credit range within the UK non-standard finance market. In this specialist sector, where credit without traditional collateral is provided by non-mainstream financial institutions, the Group occupies a specific sub-sector in which security is provided by the primary borrower through a guarantor. There are a number of trends underlying the non-standard finance and guarantor lending markets in which the Group operates.

As of November 2016, there was approximately £160 billion of personal debt outstanding in the UK, as reported by the FCA, of which the Directors estimate non-mainstream credit, including guarantor loans, comprises approximately 10%, based on publicly available accounts of market participants. Over the last few years, demand for unsecured lending has been growing due to population growth, economic growth, low interest rates, falling levels of unemployment and a recovery of consumer confidence. Despite Brexit concerns, levels of employment have remained strong, and consumers have shown a willingness to spend. As a result, unsecured consumer credit balances have recovered from their lows during 2013 and have grown by approximately 8% per year between 2013 and November 2017 (source: Bank of England, Office for Budget Responsibility).

The addressable non-standard finance market encompasses approximately 20% of the UK adult population.<sup>1</sup> The Directors estimate the total UK non-standard finance market is comprised of approximately 5.0 million credit impaired adults, approximately 7.5 million adults with low credit status or no credit history and approximately 2.0 million highly indebted adults.<sup>1</sup> Together, the Directors estimate that excluding overlap, the UK non-standard finance market is comprised of a total of approximately 10 to 12 million adults.<sup>1</sup> The non-standard finance market has many distinct sub-sectors, some of which use collateral as security but most of which are unsecured. The non-standard finance market includes APRs typically ranging from 30% to 1,500% depending on whether collateral is available, the term of the loan and the individual's credit history, given the increased risk profile compared to prime lending. APRs for loans in the non-standard finance sector are usually higher than in traditional bank lending, creating potential for attractive financial returns for firms that have relevant underwriting experience.

Lending to non-standard borrowers has become more selective since 2008, particularly for larger loans. For non-standard loan balances of over £1,000, available options include secured financing (motor and second charge finance), point of sale loans and guarantor loans. For non-standard borrowers without collateral who wish to take out a personal loan, not tied to any purchase, of over £1,000, guarantor lending remains an attractive alternative in a supply constrained market. The consumer credit industry is a highly regulated environment and firms operating within it are subject to high standards of monitoring and compliance, particularly following the transition in regulatory regimes from the Office of Fair Trading ("OFT") to the FCA in April 2014. All non-standard finance businesses, including guarantor loan providers, are required to receive FCA authorisation and be able to demonstrate that, at all times, they meet the threshold conditions for authorisation and comply on an ongoing basis with the applicable FCA standards. While UK non-standard finance businesses are principally regulated by the FCA, there is additional legislation and regulation that governs consumer credit, including the Consumer Credit Act 1974 (as amended) ("CCA"). The regulatory environment therefore creates a strong barrier to entry and ensures that participants meet high standards.

The UK guarantor loan market is a segment of the unsecured credit market and the Directors estimate its size at approximately £700 million in outstanding balances as of December 2017, based on publicly available accounts of market participants. The market has seen considerable growth over recent years, given the reduced presence by mainstream banks in the unsecured, non-standard finance market and the regulation of alternative providers who did not meet regulatory requirements and standards. Guarantor loans are attractive to certain non-standard finance borrowers because they provide them with an opportunity to improve their credit score at a more accessible rate than other higher-cost, non-standard products. Guarantor loans vary in term and amount and are typically of longer term and larger size compared to other forms of non-standard credit, allowing the borrowers flexibility to suit their needs.

## B.5 Group description

The term "**Group**" refers to the Company and each of its consolidated subsidiaries and subsidiary undertakings. The trading entities of the Group are Amigo Loans Ltd and Amigo Management Services Ltd. The term "**Admission**" refers to admission of the ordinary shares of the Company of 0.25 pence each ("**Shares**") to the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on the London Stock Exchange's main market for listed securities.

## B.6 Major shareholders

As at the date of this Prospectus, the Company is controlled by Richmond Group Limited, which holds approximately 82% of the issued share capital of the Company. Richmond Group

<sup>1</sup> Based on publicly available data from the Office of National Statistics; Financial Inclusion Annual Monitoring Report 2015, University of Birmingham; Bank of England; Insolvency Statistics; Debt Camel; Registry Trust; Association of Business Recovery Professionals; and NMG surveys.

Limited is in turn controlled by Mr James Benamor, the founder of the business and one of the Directors, who holds 100.0% of Richmond Group Limited. Mr Glen Crawford, the Chief Executive Officer, holds approximately 10% of the issued share capital of the Company, Mr Stephan Wilcke, the Chairman, holds approximately 4% of the issued share capital of the Company and the remaining approximately 4% issued share capital of the Company is held by other Directors, Senior Manager and employees.

In connection with the reorganisation of the Company in preparation for the Offer (the **"Reorganisation"**), shareholder loan notes held by Richmond Group Limited and Glen Crawford will be converted to Shares at the Offer Price, which will result in a slight increase to Richmond Group Limited's percentage shareholding, and a slight decrease to Glen Crawford's and Stephan Wilcke's respective percentage shareholdings immediately prior to Admission. All of the Selling Shareholders intend to sell approximately 25% of their respective shareholdings in the Offer.

In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Act) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company (assuming that the Reorganisation has been completed in full, and no exercise of the option granted to J.P. Morgan Securities plc, as stabilising manager (the **"Stabilising Manager"**), by the Selling Shareholders to purchase, or procure purchasers for, up to 11,883,675 additional Shares (the **"Over-allotment Option"**)):

	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
<b>Shareholders</b>						
Richmond Group Limited	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
Glen Crawford	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Stephan Wilcke	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the Reorganisation has been completed in full and no exercise of the Over-allotment Option by the Stabilising Manager.

From Admission, the Shares owned by Richmond Group Limited and the other Selling Shareholders will rank *pari passu* with other Shares in all respects.

Various independently managed funds within the Invesco Limited group have in aggregate agreed to acquire 32,245,000 Shares with a value of approximately £88,673,750 at the Offer Price, representing 6.8% of the Company's total share capital on Admission.

Various funds within the Woodford Investment Management Ltd group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

Various independently managed funds within the J.P. Morgan Asset Management group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

On 29 June 2018, Richmond Group Limited and the Company entered into the Relationship Agreement, which will take effect on Admission. Pursuant to the Relationship Agreement, Richmond Group Limited shall, and shall procure that any of its associates shall:

- (a) conduct all transactions, agreements or arrangements entered into between any member of the Group and Richmond Group Limited and its associates (or the enforcement, implementation or amendment thereof) and all relationships between any member of the

Group and Richmond Group Limited and its associates at arm's length and on normal commercial terms and, where applicable, enter into all transactions, agreements or arrangements in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules;

- (b) not take any action which would or would be reasonably likely to have the effect of preventing the Company or any other member of the Group from carrying on its business independently of Richmond Group Limited and its associates;
- (c) not take any action which would or would be reasonably likely to have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the FSMA and the Financial Services Act 2012;
- (d) not take any action which would or would be reasonably likely to have the effect of preventing the Company from complying with principles of good corporate governance set out in the UK Corporate Governance Code in force from time to time, save as otherwise disclosed in this Prospectus or in respect of non-compliance which has been agreed to in writing by a majority of the Independent Non-Executive Directors;
- (e) not exercise any voting rights in a manner which would prevent the Company from making decisions for the benefit of the Shareholders taken as a whole;
- (f) not exercise any voting rights in a manner that would require the Company to operate or make decisions solely for the benefit of any of Richmond Group Limited and its associates;
- (g) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- (h) without prejudice to (f) above, not exercise any of its voting rights to vary the Articles which would:
  - (i) be contrary to the maintenance of the Company's independence (including the Company's ability to operate and make decisions independently of Richmond Group Limited and its associates); or
  - (ii) prevent the election of independent Directors; or
  - (iii) be inconsistent with, undermine or breach any provisions of the Relationship Agreement or the Listing Rules, the Disclosure Guidance and Transparency Rules or the Market Abuse Regulation;
- (i) abstain from voting on any resolution required by paragraph 11.1.7R(3) of the Listing Rules to approve a transaction with a related party involving Richmond Group Limited or its associates; and
- (j) not exercise any of its voting rights:
  - (i) to remove the chairman or any independent non-executive director appointed by the Board; or
  - (ii) to vote against any shareholder resolution to appoint the chairman or any independent non-executive director, where such resolution has been approved by the Board,

in each case unless a prescribed chairman/director voting procedure has been followed (the "Procedure"). Pursuant to the Procedure, Richmond Group Limited shall have the right to raise any concerns regarding the existing chairman of the Board, any existing independent non-executive director or any proposed director (as the case may be),

including any proposed independent non-executive director to be appointed as a result of Richmond Group Limited appointing an additional Richmond Director. If, following a consultation process with the Company in the prescribed manner, Richmond Group Limited should remain dissatisfied, Richmond Group Limited shall (subject always to complying with the requirements of paragraphs 9.2.2ER, 9.2.2FR and 9.2.21R of the Listing Rules and to article 114 of the Articles) then:

- (A) be entitled to call a general meeting of the Company to table a shareholder resolution to remove the relevant director and shall be entitled to exercise its voting rights as it chooses in connection with any such resolution; or
- (B) be entitled to exercise its voting rights as it chooses in connection with any resolution on which all shareholders of the Company are entitled to vote, which is tabled at an annual general meeting to elect or re-elect the relevant director and/or vote on the relevant appointment (it being noted that such election/re-election would also be the subject of a separate vote of independent shareholders only tabled pursuant to paragraph 9.2.2FR of the Listing Rules, in relation to which Richmond Group Limited would not be entitled to vote).

In addition, until the Relationship Agreement terminates, Richmond Group Limited has undertaken to the Company that it shall not, and will procure that (insofar as is within its power or control) that any of its associates shall not, operate, establish, own or acquire a company, an undertaking, a business, a business operation or other enterprise or entity which from time to time itself or through one or more of its subsidiary undertakings in the UK and/or Ireland, operates in the guarantor loan market, or offers any products or services which compete with such products or services as are offered or marketed by the Group. This non-compete undertaking shall not prohibit Richmond Group Limited from being entitled to acquire up to 5% in aggregate of the shares of any class of any company engaged in business that would constitute a "competing business" provided the shares of such company are listed on a recognised stock exchange.

Subject to the non-compete undertaking set out above, each of the Company and Richmond Group Limited has also undertaken to the other that it will not, and will procure that (insofar as is within its power or control) that any of its associates shall not, take any action to claim compensation for past use or prevent the future use, or further independent development, by the other (or any of the other's associates) of certain intellectual property, provided that such intellectual property was used by the Company or Richmond Group Limited (as the case may be) or any of their respective associates prior to or at the point of Admission.

Furthermore, Richmond Group Limited has undertaken that, until the termination of the Relationship Agreement, it shall not, and shall procure (insofar as is within its power or control) that any its associates shall not, solicit for service or employment any Director or member of senior management without the prior approval of the majority of the independent directors of the Board or any other employee of the Group without the prior approval of the Chief Executive Officer (subject to limited pre-agreed exceptions).

The Relationship Agreement entitles Richmond Group Limited to appoint (and remove and reappoint) one natural person to be a non-executive director for so long as it and its associates hold in aggregate 10% or more of the voting rights attaching to the issued share capital of the Company and Richmond Group Limited shall be further entitled to appoint an additional natural person to be a non-executive director for so long as it and its associates hold in aggregate 30% or more of the voting rights attaching to the issued share capital of the Company (any such appointee a "Richmond Director"). In addition, the Relationship Agreement provides that:

- (a) Richmond Group Limited's right to appoint a second Richmond Director shall be subject to the Company having such number of independent directors as is compliant with the

recommendations of the UK Corporate Governance Code in force from time to time prior to Richmond Group Limited giving notice to the Company pursuant to the Relationship Agreement of any such intended additional director appointment;

- (b) for so long as Richmond Group Limited and its associates hold in aggregate 10% or more of the voting rights attaching to the issued share capital of the Company, the Company shall (if requested by Richmond Group Limited) procure that one of the Richmond Directors is appointed as a member of the Company's nomination committee; and
- (c) where a second Richmond Director is to be appointed pursuant to the Relationship Agreement, the independent directors of the Company shall consider whether the appointment of a second Richmond Director would make the appointment of an additional independent director desirable in the context of the principles of good corporate governance and, if the appointment of an additional independent director is considered so desirable, the Board shall consult with the Company's nomination committee regarding such an appointment.

The Company has agreed in the Relationship Agreement, to the extent permitted by applicable laws and regulation, to provide certain information to Richmond Group Limited on an ongoing basis in order to enable Richmond Group Limited and its associates to complete any tax return, compilation or filing or to comply with any other laws or regulations which apply to Richmond Group Limited or any of its associates.

The Relationship Agreement will be effective as from Admission and remain in effect for so long as Richmond Group Limited and any of its associates hold, in aggregate, 10% of the total voting rights attaching to the issued share capital of the Company and the Shares continue to be admitted to listing on the Official List of the FCA.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Richmond Group Limited and ensure that all agreements and transactions between the Group, on the one hand, and Richmond Group Limited and its associates and/or persons acting in concert with Richmond Group Limited or its associates, on the other hand, will be at arm's length and on a normal commercial basis.

Following Admission, the Articles will allow the election of independent directors to be conducted in accordance with any requirements of the Listing Rules.

In all other circumstances, following Admission Richmond Group Limited will have the same voting rights attached to the Shares as all other shareholders.

#### **B7. Key financial information and narrative description of significant changes to financial condition and operating results of the Group during or subsequent to the period covered by the historical key financial information**

The selected financial information set out below has been extracted without material adjustment from the historical financial information relating to the Group included in Part 12 "Historical Financial Information".

## Consolidated income statement

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
Revenue . . . . .	102.1	128.6	210.8
Interest payable and funding facility fees . . . . .	(5.9)	(12.6)	(30.4)
Shareholder loan note interest . . . . .	—	(23.4)	(21.2)
Impairment charge . . . . .	(9.7)	(8.8)	(44.8)
Operating expenses . . . . .	(32.0)	(38.2)	(46.2)
IPO costs and related financing . . . . .	—	—	(2.1)
Other operating income . . . . .	1.0	—	—
<b>Profit before tax . . . . .</b>	<b>55.5</b>	<b>45.6</b>	<b>66.1</b>
Tax on profit . . . . .	(9.9)	(13.0)	(15.5)
<b>Profit after tax &amp; total comprehensive income attributable to equity shareholders of the Company . . . . .</b>	<b>45.6</b>	<b>32.6</b>	<b>50.6</b>

## Consolidated statement of financial position

	As at 31 March		
	2016	2017	2018
(£ millions)			
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	0.9	0.7	0.6
Intangible assets . . . . .	0.1	0.1	0.1
Deferred tax asset . . . . .	0.1	0.2	—
	1.1	1.0	0.7
<b>Current assets</b>			
Amounts receivable from customers . . . . .	272.2	414.5	666.3
Other receivables . . . . .	1.3	2.3	2.3
Cash at bank and in hand . . . . .	12.1	4.4	12.2
	285.6	421.2	680.8
<b>Total assets . . . . .</b>	<b>286.7</b>	<b>422.2</b>	<b>681.5</b>
<b>Current liabilities</b>			
Trade and other payables . . . . .	(7.6)	(11.1)	(18.8)
Current tax liabilities . . . . .	(4.5)	(4.7)	(12.7)
<b>Non-current liabilities</b>			
Borrowings . . . . .	(70.8)	(283.4)	(455.0)
Shareholder loan notes . . . . .	—	(179.9)	(201.1)
Deferred tax liability . . . . .	—	—	(0.2)
<b>Total liabilities . . . . .</b>	<b>(82.9)</b>	<b>(479.1)</b>	<b>(687.8)</b>
<b>Net assets/(liabilities) . . . . .</b>	<b>203.8</b>	<b>(56.9)</b>	<b>(6.3)</b>
<b>Equity</b>			
Share capital . . . . .	—	1.0	1.0
Share premium . . . . .	—	0.9	0.9
Merger reserve . . . . .	—	(295.2)	(295.2)
Retained earnings . . . . .	203.8	236.4	287.0
<b>Shareholder equity . . . . .</b>	<b>203.8</b>	<b>(56.9)</b>	<b>(6.3)</b>

## Consolidated statement of cash flows

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
Profit for the period . . . . .	45.6	32.6	50.6
<b>Adjustments for:</b>			
Impairment charge . . . . .	9.7	8.8	44.8
Income tax expense . . . . .	9.9	13.0	15.5
Shareholder loan note interest accrued . . . . .	—	23.4	21.2
Interest expense . . . . .	5.9	12.6	30.4
Interest accrued on loan book . . . . .	(104.7)	(133.6)	(222.1)
Depreciation of property, plant and equipment . . . . .	0.5	0.3	0.2
<b>Operating cash flows before movements in working capital . . . . .</b>	<b>(33.1)</b>	<b>(42.9)</b>	<b>(59.4)</b>
Increase in receivables . . . . .	(5.4)	(7.4)	(8.8)
Decrease in net payables . . . . .	—	(0.3)	7.5
Tax paid . . . . .	(10.5)	(12.7)	(7.2)
Interest paid . . . . .	(5.9)	(8.5)	(28.2)
Proceeds from intercompany funding . . . . .	(11.5)	42.0	3.1
Repayment of intercompany funding . . . . .	—	(42.5)	(5.0)
Proceeds from external funding . . . . .	(12.2)	387.6	276.6
Repayment of external funding . . . . .	9.0	(175.0)	(105.0)
Repayment of shareholder loan notes . . . . .	—	(140.0)	—
<b>Net cash (used in)/from operating activities before loans issued and collections on loans . . . . .</b>	<b>(69.6)</b>	<b>0.3</b>	<b>73.6</b>
Loans issued . . . . .	(142.5)	(276.8)	(470.1)
Collections . . . . .	212.4	265.5	404.4
<b>Net cash from/(used in) operating activities . . . . .</b>	<b>0.3</b>	<b>(11.0)</b>	<b>7.9</b>
<b>Investing activities</b>			
Purchases of property, plant, equipment . . . . .	(0.2)	(0.2)	(0.1)
<b>Net cash used in investing activities . . . . .</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.1)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital . . . . .	—	3.5	—
<b>Net cash from financing activities . . . . .</b>	<b>—</b>	<b>3.5</b>	<b>—</b>
<b>Net increase / (decrease) in cash and cash equivalents . . . . .</b>	<b>0.1</b>	<b>(7.7)</b>	<b>7.8</b>
Cash and cash equivalents at beginning of period . . . . .	12.0	12.1	4.4
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>12.1</b>	<b>4.4</b>	<b>12.2</b>

Certain significant changes to the Group's financial condition and results of operations occurred during the years ended 31 March 2016, 2017 and 2018, which are set out below.

The Group's revenue increased by £82.2 million, or 63.9%, to £210.8 million for the year ended 31 March 2018 from £128.6 million for the year ended 31 March 2017. This increase in revenue was primarily due to the increase in interest income in line with growth in Net Loan Book, which increased by £244.7 million to £646.9 million as of 31 March 2018 from £402.2 million as of 31 March 2017 as a result of the level of Loans Issued, which was 69.8% higher for the year ended 31 March 2018 as compared with the year ended 31 March 2017. The Group's revenue increased by £26.5 million, or 26.0%, to £128.6 million for the year ended 31 March 2017 from £102.1 million for the year ended 31 March 2016. This increase in revenue was primarily due to the increase in interest income in line with growth in Net Loan Book which increased by £135.9 million to £402.2 million as of 31 March 2017 from

£266.3 million as of 31 March 2016 as a result of the level of loan origination, which was 94.2% higher for the year ended 31 March 2017 as compared with the year ended 31 March 2016.

The Group's profit after tax increased by £18.0 million, or 55.2%, to £50.6 million for the year ended 31 March 2018 from £32.6 million for the year ended 31 March 2017. This increase in profit was primarily due to higher revenues as a result of the increase in Net Loan Book. The Group's profit after tax decreased by £13.0 million or 28.5% to 32.6 million for the year ended 31 March 2017 from £45.6 million for the year ended 31 March 2016. This decrease in profit after tax was primarily due to increased expenses as a result of interest on shareholder loan notes, which were issued in April 2016.

Other than the above, there has been no significant change in the financial position or results of operations of the Group since 31 March 2018, the date to which the last audited consolidated financial information of the Group was prepared.

## Key performance indicators

The Directors consider the following metrics to be the key performance indicators ("KPIs") used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. In addition to the Group's results determined in accordance with IFRS, the Directors believe the following non-IFRS financial measures are useful in evaluating the Group's operating performance and are as presented below.

	As at 31 March		
	2016	2017	2018
(£ millions, except for percentages, ratios and number of borrowers)			
<b>Primary Key Performance Indicators:</b>			
Adjusted Profit after Tax <sup>(1)</sup> . . . . .	45.6	54.3	72.4
Impairment charge as a percentage of revenue . . . . .	9.5%	6.8%	21.3%
Net Loan Book <sup>(2)</sup> . . . . .	266.3	402.2	646.9
Net borrowings <sup>(3)</sup> /Adjusted Tangible Equity <sup>(4)</sup> . . . . .	0.3x	2.3x	2.3x
Net borrowings <sup>(3)</sup> /Loan Book . . . . .	21.5%	68.0%	66.3%
Number of borrowers <sup>(5)</sup> (number) . . . . .	98,252	127,273	181,996

	As at 31 March		
	2016	2017	2018
(£ millions, except for percentages and ratios)			
<b>Other Financial Data:</b>			
Adjusted Profit after Tax as a percentage of revenue .....	44.7%	42.2%	34.3%
Risk Adjusted Revenue <sup>(6)</sup> .....	92.4	119.8	166.0
Risk Adjusted Margin <sup>(7)</sup> .....	35.5%	35.0%	30.8%
Adjusted EBITDA <sup>(8)</sup> .....	60.9	81.9	120.0
Adjusted EBITDA <sup>(8)</sup> as a percentage of revenue .....	59.6%	63.7%	56.9%
Net Interest Margin <sup>(9)</sup> .....	35.3%	33.1%	32.9%
Cost:Income Ratio <sup>(10)</sup> .....	31.3%	29.7%	21.9%
Impairment charge as a percentage of Loan Book <sup>(11)</sup> .....	3.5%	2.1%	6.7%
Adjusted return on average assets <sup>(12)</sup> .....	16.8%	15.3%	13.1%
Adjusted return on average Adjusted Tangible Equity <sup>(13)</sup> .....	25.4%	33.2%	45.6%
Adjusted Free Cash Flow excluding Loan Originations <sup>(14)</sup> .....	196.9	247.2	383.1
Loan Book <sup>(2)</sup> .....	273.6	410.4	668.1
Net borrowings <sup>(3)</sup> /Adjusted EBITDA <sup>(8)</sup> .....	1.0x	3.4x	3.7x
Adjusted Tangible Equity <sup>(4)</sup> .....	203.7	122.9	194.7
Borrowings/Adjusted Tangible Equity <sup>(4)</sup> .....	0.3x	2.3x	2.3x
Borrowings/Loan Book .....	25.9%	69.1%	68.1%
Adjusted Tangible Equity <sup>(4)</sup> /total assets .....	0.71x	0.29x	0.29x

(1) The Group defines "Adjusted Profit after Tax" as profit after tax plus shareholder loan note interest and IPO costs and related financing less incremental tax expense. The following table sets forth a reconciliation of Adjusted Profit after Tax to profit after tax for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
<b>Profit after tax</b> .....	45.6	32.6	50.6
Shareholder loan note interest <sup>(a)</sup> .....	—	23.4	21.2
IPO costs and related financing .....	—	—	2.1
Incremental tax expense <sup>(b)</sup> .....	—	(1.7)	(1.5)
<b>Adjusted Profit after Tax</b> .....	45.6	54.3	72.4

Adjusted Profit after Tax is not a measurement of performance under IFRS, and you should not consider Adjusted Profit after Tax as an alternative to profit after tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted Profit after Tax is a useful indicator of profitability and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Profit after Tax and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted Profit after Tax may not be indicative of the Group's historical operating results, nor is it meant to be predictive of potential future results.

(a) The shareholder loan notes were issued in April 2016 and therefore there is no shareholder loan note interest prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity, and therefore the Company will not accrue or pay shareholder loan note interest following Admission.

(b) Incremental tax expense is calculated by applying the UK corporation tax rate to the deductible element of costs added back in the calculation of Adjusted Profit after Tax.

(2) Amounts receivable from customers or "Net Loan Book" is comprised of:

	As at 31 March		
	2016	2017	2018
(£ millions)			
Loan Book <sup>(a)</sup> .....	273.6	410.4	668.1
Provision for impairment <sup>(b)</sup> .....	(7.3)	(8.2)	(21.2)
<b>Net Loan Book<sup>(c)</sup></b> .....	266.3	402.2	646.9

(a) Loan Book represents total outstanding loans and excludes deferred broker costs.

(b) Provision for impairment represents the Group's estimate of the portion of loan accounts that are not in arrears or are up to five payments in arrears for which the Group will not ultimately be able to collect payment. Provision for

impairment excludes loans that are six or more payments in arrears, which are charged off of the Statement of Financial Position and are therefore no longer included in the Loan Book.

(c) Net Loan Book represents Loan Book less provision for impairment.

(3) Net borrowings is comprised of:

	As at 31 March		
	2016	2017	2018
Borrowings . . . . .	(70.8)	(283.4)	(455.0)
Cash at bank and in hand . . . . .	12.1	4.4	12.2
<b>Net borrowings . . . . .</b>	<b>58.7</b>	<b>279.0</b>	<b>442.8</b>

(4) The Group defines "Adjusted Tangible Equity" as shareholder equity less intangible assets plus shareholder loan notes. The following table sets forth a reconciliation of Adjusted Tangible Equity to shareholder equity for the years ended 31 March 2016, 2017 and 2018.

	As at 31 March		
	2016	2017	2018
Shareholder equity . . . . .	203.8	(56.9)	(6.3)
Intangible assets . . . . .	(0.1)	(0.1)	(0.1)
Shareholder loan notes <sup>(a)</sup> . . . . .	—	179.9	201.1
<b>Adjusted Tangible Equity . . . . .</b>	<b>203.7</b>	<b>122.9</b>	<b>194.7</b>

Adjusted Tangible Equity is not a measurement of performance under IFRS, and you should not consider Adjusted Tangible Equity as an alternative to shareholder equity as a measure of the Group's equity or any other measures of performance under IFRS. The Group believes that Adjusted Tangible Equity is a useful indicator of the Group's fully converted tangible equity and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Tangible Equity and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted Tangible Equity may not be indicative of the Group's historical shareholder equity, nor is it meant to be predictive of potential future shareholder equity levels.

(a) The shareholder loan notes were issued in April 2016 and therefore there were no shareholder loan notes prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity.

(5) Number of borrowers represents customer accounts with a balance greater than zero.

(6) The Group defines "Risk Adjusted Revenue" as revenue less impairment charge. The following table sets forth a reconciliation of Risk Adjusted Revenue to revenue for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
Revenue . . . . .	102.1	128.6	210.8
Impairment charge . . . . .	(9.7)	(8.8)	(44.8)
<b>Risk Adjusted Revenue . . . . .</b>	<b>92.4</b>	<b>119.8</b>	<b>166.0</b>

Risk Adjusted Revenue is not a measurement of performance under IFRS, and you should not consider Risk Adjusted Revenue as an alternative to profit before tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Risk Adjusted Revenue is a useful indicator of profitability and can assist securities analysts, investors and other parties to evaluate the Group. Risk Adjusted Revenue and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Risk Adjusted Revenue may not be indicative of the Group's historical operating results, nor are they meant to be predictive of potential future results.

(7) The Group defines "Risk Adjusted Margin" as Risk Adjusted Revenue divided by the average of Loan Book at the beginning of the period and the end of the period.

(8) The Group defines "Adjusted EBITDA" as profit before tax, depreciation, amortisation of bank facility fees, interest payable and recoverable, other operating income, shareholder loan note interest and IPO costs and related financing. The following table sets forth profit before tax and Adjusted EBITDA for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
<b>Profit before tax</b>			
Depreciation	55.5	45.6	66.1
Amortisation of bank facility fees <sup>(a)</sup>	0.5	0.3	0.2
Interest payable and receivable <sup>(b)</sup>	1.9	2.9	2.5
Other operating income <sup>(c)</sup>	4.0	9.7	27.9
Shareholder loan note interest <sup>(d)</sup>	(1.0)	—	—
IPO costs and related financing <sup>(e)</sup>	—	23.4	21.2
<b>Adjusted EBITDA</b>	<b>60.9</b>	<b>81.9</b>	<b>120.0</b>

Adjusted EBITDA is not a measurement of performance under IFRS, and you should not consider Adjusted EBITDA as an alternative to profit before tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted EBITDA is a useful indicator of profitability and cash flow and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted EBITDA and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of potential future results.

- (a) Amortisation of bank facility fees represents the amortisation of the arrangement fees paid when the Group's previous revolving credit facility, Senior Secured Notes, and Revolving Credit Facility were put in place plus the non utilisation fee on its previous revolving credit facility and the Revolving Credit Facility.
- (b) Interest payable and receivable represents interest payable on the previous revolving credit facility, the Revolving Credit Facility, the Senior Secured Notes and other loans payable less interest receivable on cash balances.
- (c) Other operating income represents the write off of a liability to a Richmond Group Limited subsidiary on the liquidation of that subsidiary.
- (d) The shareholder loan notes were issued in April 2016 and therefore there is no shareholder loan note interest prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity, and therefore the Company will not accrue or pay shareholder loan note interest following Admission.
- (e) The IPO costs and related financing have been incurred in connection with the Offer and will not be a recurring expense following Admission.

(9) The Group defines "Net Interest Margin" as net interest income divided by average interest bearing assets at the beginning of the period and the end of the period.

Net interest income is comprised of:

	For the year ended 31 March		
	2016	2017	2018
<b>Revenue</b>			
Interest payable and funding facility fees	102.1	128.6	210.8
<b>Net interest income</b>	<b>(5.9)</b>	<b>(12.6)</b>	<b>(30.4)</b>
<b>Net interest income</b>	<b>96.2</b>	<b>116.0</b>	<b>180.4</b>

Interest bearing assets is comprised of:

	As at 31 March		
	2016	2017	2018
<b>Loan Book</b>			
Cash at bank and in hand	273.6	410.4	668.1
<b>Interest bearing assets</b>	<b>12.1</b>	<b>4.4</b>	<b>12.2</b>
<b>Interest bearing assets</b>	<b>285.7</b>	<b>414.8</b>	<b>680.3</b>

(10) The Group defines "Cost:Income Ratio" as operating expenses excluding IPO costs and related financing divided by revenue.

(11) Impairment charge as a percentage of Loan Book represents the Group's impairment charge for the period divided by Loan Book at the end of the period.

(12) Adjusted return on average assets is calculated as Adjusted Profit after Tax divided by the average of total assets at the beginning of the period and the end of the period.

(13) Adjusted return on average Adjusted Tangible Equity is calculated as Adjusted Profit after Tax divided by the average of Adjusted Tangible Equity at the beginning of the period and the end of the period.

(14) The Group defines "Adjusted Free Cash Flow excluding Loan Originations" as cash collections less non-direct costs (expenses excluding advertising and credit score costs). The following table sets forth the calculation of Adjusted Free Cash Flow excluding Loan Originations for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
Collections .....	212.4	265.5	404.4
Non-direct costs .....	(15.5)	(18.3)	(21.3)
<b>Adjusted Free Cash Flow excluding Loan Originations .....</b>	<b>196.9</b>	<b>247.2</b>	<b>383.1</b>

Adjusted Free Cash Flow excluding Loan Originations is not a measurement of performance under IFRS, and you should not consider Adjusted Free Cash Flow excluding Loan Originations as an alternative to a measure of the Group's cash flow, as a measure of its ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted Free Cash Flow excluding Loan Originations is a useful indicator of cash flow and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Free Cash Flow excluding Loan Originations and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted Free Cash Flow excluding Loan Originations may not be indicative of the Group's historical cash flow, nor is it meant to be predictive of potential future cash flow.

## B.8 Key pro forma financial information

Not applicable. There is no pro forma financial information.

## B.9 Profit forecast

Not applicable. There is no profit forecast or estimate.

## B.10 Description of the nature of any qualifications in the audit report on the historical financial information

Not applicable. There are no qualifications to the accountant's report on the historical financial information.

## B.11 Insufficient working capital

Not applicable. In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## Section C—Securities

### C.1 Type and class of securities

Pursuant to the Offer, 118,836,758 Shares are expected to be sold by the Selling Shareholders. In addition, a further 11,883,675 Shares are being made available by the Selling Shareholders (the "Over-allotment Shares") pursuant to the Over-allotment Option.

When admitted to trading, the Shares will be registered with ISIN number GB00BFFK8T45 and SEDOL number BFFK8T4.

### C.2 Currency

British pounds sterling.

### C.3 Number of securities to be issued

Immediately prior to the completion of the Offer, the issued share capital of the Company will be £1,188,334, comprising 475,333,760 ordinary shares of 0.25 pence each (all of which were fully paid or credited as fully paid). Immediately following completion of the Offer, the issued share capital of the Company is expected to be £1,188,334 comprising

475,333,760 Shares of 0.25 pence each (all of which will be fully paid or credited as fully paid).

#### **C.4 Description of the rights attaching to the securities**

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

#### **C.5 Restrictions on the free transferability of the securities**

There are no restrictions on the free transferability of the Shares.

#### **C.6 Admission**

Application has been made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

#### **C.7 Dividend policy**

The Directors expect to adopt a progressive dividend policy that focuses on providing increasing returns to shareholders, whilst also ensuring that the Group retains the flexibility to continue to deploy capital towards profitable growth. In the short to medium term, the Directors expect to maintain dividend payments of at least 35% of retained profit. The Directors intend to pay initial pro rata dividends in January 2019 and July 2019, corresponding to the stub period for the half year 2019 and full-year 2019 respectively. Following these initial dividends, the Directors intend that the Company will pay an interim dividend in respect of each financial year in the approximate proportions of one-third and two-thirds respectively, of the total annual expected dividend (if any).

### **Section D—Risks**

#### **D.1 Key information on the key risks specific to the issuer and its industry**

The occurrence of any of the key risks below could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

- Changes in the economic environment in the United Kingdom may negatively impact the Group's performance.
- Any failure to comply with applicable legislation or regulation of the non-standard finance sector and the broader consumer credit industry could result in the suspension, termination or impairment of the Group's ability to conduct business.
- Changes to the regulatory environment in the United Kingdom, including in connection with the UK's withdrawal from the European Union, or an increasing volume of legislation may materially and adversely affect the Group's industry and impede the Group's business.
- Unless prescriptive rules as to the content and execution of regulated consumer agreements are followed, those agreements may be unenforceable.

- If an approved person of an authorised non-standard finance firm does not comply with his obligations, the firm could be subject to an enforcement action.
- The Group is exposed to the credit risk of its borrowers and guarantors.
- If the credit quality of the Group's customers deteriorates and/or the Group is unable to effectively control its level of delinquencies in the future, the Group's business, results of operations and financial condition may be materially adversely affected.
- The Group's estimates of provision for impairment of its Loan Book may not be adequate, in particular in connection with pilot lending initiatives; as a result, the Group's results of operations and financial condition may be negatively affected.
- The Group is highly dependent on its data gathering systems and proprietary customer and applicant profiles, and if the Group were to lose access to such data or if the data were to become public, the Group's business could be materially and adversely affected.
- The statistical models and analytical tools the Group uses in its business may prove to be inaccurate, and the Group may not achieve the collections anticipated.
- The Group depends on the accuracy and completeness of information about customers, and any misrepresented or inaccurate information could adversely affect the Group's business, results and reporting of its operations and financial condition.
- The Group is subject to risks of customer fraud.
- The Group may experience security and privacy breaches of the systems it uses to protect personal data.
- Any negative impact on the reputation of and value associated with the Group's brand could adversely affect its business, and the Group may be unable to protect its trademarks and other intellectual property or may otherwise have its brand names harmed.
- Negative attention and news regarding the non-standard finance and personal loan industry and individual non-standard finance providers may have a negative impact on consumers' willingness to engage the Group for their non-standard financing needs, and on customers' willingness to pay the debt owed to the Group.
- The Group's confidentiality agreements may be breached, or the Group may fail to protect its proprietary processes, systems or trade names.
- The Group's operations could suffer from telecommunications or technology interruptions.
- The Group may be unable to successfully anticipate, manage or adapt to technological advances within its industry, which would result in increased technology costs.
- The Group operates in markets that are competitive. The Group may be unable to compete with businesses that offer alternative and potentially more attractive non-standard finance, and its competitors may develop competitive strengths that it cannot match.
- The actions of the Group's competitors may have an adverse effect on the Group's ability to conduct its business.
- The Group's need to adapt to customers' changing financial circumstances may result in increased servicing costs, reduced cash flow or imprecise modeling.
- Changes in government spending and welfare policy (including in relation to universal credit) could have a material adverse effect on the Group's business, results of operations or financial condition.

- The Group is subject to ongoing risks of litigation, investigations, and proceedings; there is a risk that the Group will be engaged in more litigation than a consumer finance firm operating in the traditional finance sector.
- The Group's senior management team members and key employees are important to the Group's continued success and the loss of one or more members of its senior management team or one or more of its key employees could materially and adversely affect its business.
- The Group may not be able to hire and retain enough sufficiently trained employees to support its operations.
- The Group's rapid growth may strain its resources or affect its ability to maintain its performance levels, which could materially and adversely affect its business.
- If the Group expands internationally, its business will be exposed to a range of risks that could adversely and materially affect the Group's business.
- The Group may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert its resources.
- The Group focuses on non-standard finance and is therefore reliant on demand for such financial products; to the extent the Group offers new products and services, it may face higher costs and difficulty achieving profitability.
- If internet search engine providers change their methodologies for organic rankings or paid search results, or the Group's organic rankings or paid search results decline for other reasons, the Group's new customer growth or volume from returning customers could decline.
- The Group relies to a certain degree on the third party introducer network and other distribution channels to source customers, and any adverse changes in these relationships could materially adversely affect the Group's business, results of operations and financial condition.
- The Group's operating results depend on the effectiveness of its marketing and advertising programmes.
- The Group's level of indebtedness (and the agreements governing its indebtedness) could, in certain circumstances, have a material adverse effect on the Group's operations and its ability to pay dividends.

### **D.3 Key information on the key risks specific to the securities**

There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained. Moreover, even if a market develops, Shares may be subject to market price volatility and the market price of the Shares may decline disproportionately in response to developments that are unrelated to the Group's operating performance, or as a result of sales of substantial amounts of such Shares in the public markets, for example following the expiry of the lock-up period, or the issuance of additional Shares in the future, and shareholders could earn a negative or no return on, or otherwise experience a dilution, of their investment in the Company.

In addition, Richmond Group Limited will retain a significant interest in and will continue to exert substantial influence over the Group following the Offer and its interests may differ from or conflict with those of other shareholders.

Finally, shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.

## Section E—Offer

### E.1 Net proceeds and costs of the offer

Pursuant to the Offer, the Selling Shareholders will receive aggregate proceeds of approximately £318.0 million from the sale of the Shares, net of underwriting commissions and other estimated fees and expenses of approximately £8.8 million.

The fees and expenses to be borne by the Company in connection with Admission including professional fees and expenses, the costs of printing and distribution of documents and the FCA's fees, are estimated to amount to approximately £5.0 million (including VAT).

No expenses will be charged to any purchaser of Shares by the Company or the Selling Shareholders.

### E.2a Reasons for the offer and use of proceeds

The Directors believe that the Offer will:

- further increase the Group's public profile and brand recognition;
- improve financing options available to the Group in the future, providing it with access to a wider range of institutional investors and a stronger capital markets profile;
- assist in recruiting, retaining and incentivising key management and employees; and
- provide the Selling Shareholders with a partial realisation of their investment in the Group.

No proceeds will be received by the Company pursuant to the Offer.

### E.3 Terms and conditions of the offer

The Offer consists of an institutional offer only. In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States and (ii) in the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Shares allocated under the Offer have been fully underwritten, subject to certain conditions, by the Underwriters. Allocations under the Offer will be determined at the sole discretion of the Company and the Selling Shareholders after having received a recommendation from the Joint Global Co-ordinators. All Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price.

Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 29 June 2018. The earliest date for such settlement of such dealings will be 4 July 2018. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 4 July 2018. Settlement of dealings from that date will be on a two-day rolling basis.

### E.4 Material interests

There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.

## E.5 Selling Shareholders and lock-up

### *Expected interests of the Selling Shareholders immediately prior to and following Admission*

The indicative interest in Shares of the Selling Shareholders immediately prior to Admission, together with their respective interests in Shares immediately following Admission, assuming no exercise of the Over-allotment Option, are set out in the table below.

	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Number of shares	Percentage of issued share capital	Number of Shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
<b>Shareholders</b>						
Richmond Group Limited <sup>(2)</sup>	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
Glen Crawford	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Stephan Wilcke	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%
Other Directors, Senior Manager and employees	17,351,245	3.7%	4,340,159	0.9%	13,254,390	2.8%

#### **Note:**

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the Reorganisation has been completed in full.

(2) The business address of Richmond Group Limited is Walton House, 56-58 Richmond Hill, Bournemouth, BH2 6EX, United Kingdom.

### *Lock-up arrangements*

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of ("Transfer"), any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

Pursuant to the Underwriting Agreement, Richmond Group Limited has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, Transfer any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

Pursuant to the Underwriting Agreement and, as the case may be, the Deeds of Election, the Selling Shareholders (other than Richmond Group Limited), the Directors and the Senior Manager have agreed that, subject to certain exceptions, during the period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, Transfer any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. With respect to James Benamor, this lock-up shall not apply to any disposals of Shares by Richmond Group Limited following the expiry of its lock-up period as a Selling Shareholder.

In addition, pursuant to the Deeds of Election, the Selling Shareholders, other than Richmond Group Limited, have agreed that, subject to the following paragraph, from the date of Admission until three years from the date of Admission, he or she will not, without the prior written consent of the Company, directly or indirectly, other than pursuant to the Offer and subject to certain customary restrictions, Transfer any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect (including a transaction involving derivatives) as, or agree to do, any of the foregoing.

On or at any time after the first anniversary of the date of Admission, the Selling Shareholders that are subject to the lock-up arrangements set out in the paragraph above may elect to Transfer up to one third of their Shares by notifying the Company in writing. Further, on or at any time after the second anniversary of the date of Admission, such Selling Shareholders may elect to Transfer in aggregate: (i) up to one third of their Shares; and (ii) any of the one third Shares permitted to be but not Transferred on or at any time after the first anniversary of the date of Admission, in each case, by notifying the Company in writing.

## **E.6 Dilution**

Not applicable. As there will be no issuance of new Shares pursuant to the Offer, there will be no dilution as a result of the Offer.

## **E.7 Expenses charged to the investor**

Not applicable. No commissions, fees or expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Shares pursuant to the Offer.

## PART 1

## RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

Risks related to the Group's business are described below, followed by risks related to the Offer and the Shares.

### Risks related to the Group's business

#### **1. Changes in the economic environment in the United Kingdom may negatively impact the Group's performance.**

The Group's performance may be affected by a deterioration of economic conditions in the United Kingdom, as the Group currently mainly operates in the UK. In 2012, the UK experienced its first double dip recession since 1975. While the unemployment rate in the UK has been falling recently, real wage growth has been subdued for an extended period of time following the financial crisis in 2008 and home prices in some regions remain below their highs prior to the previous recession. In the wake of the recession, the economy is slowly improving, but remains fragile and may be adversely affected by any increase or decrease in interest rates. It also remains to be seen what impact the UK's withdrawal from the European Union will have on the UK economy, which could have a series of adverse consequences, including:

- a sustained period of economic, fiscal, monetary, social and political uncertainty, adversely affecting the UK, continental European and global economic and market conditions, including levels of investment and lending, and contributing to instability in global financial and foreign exchange markets;
- reduced business and consumer confidence in the UK;
- increased counterparty risk in the UK and in the EU generally;
- shifts by financial service providers to other locations in the EU to retain access to the EU single market via passporting arrangements as a pre-emptive matter;

- legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate;
- renewed uncertainty around a potential new referendum on Scotland's independence;
- increased tensions in Northern Ireland;
- uncertainty as to the future of the Eurozone and the EU; and
- the potential risk of a future macro-economic downturn impairing customers' ability to repay their debts.

The Group may experience an increase in its costs of funds as lending to UK-based borrowers may become more costly. Collections on its outstanding guarantor loans may diminish compared to its historical experience should its customers find it more difficult to make payments as a result of the economic impacts of the outcome of the UK referendum. The Group's potential pool of customers may become diminished by any reduction in immigration from the EU associated with the effects of the UK referendum. Recent immigrants to the UK from the EU can experience difficulties in obtaining loans from standard creditors due to a lack of UK credit history, meaning they may turn to non-standard finance; any reduction in EU immigration may reduce the Group's potential customer base as a result. In addition, the Group's Luxembourg and Irish subsidiaries are domiciled within the EU, and after the UK's withdrawal from the EU, the remainder of the Group will be domiciled outside of the EU in the UK. As a result, the Group may be subject to increased regulatory and compliance costs should the regulatory regimes diverge between the EU and the UK following a withdrawal of the UK from the EU.

If the UK economy or the global economy suffers a downturn that increases the unemployment rate, leads to austerity measures (such as reductions in the government's provisions of public benefits or public sector employment), reduces disposable income or impacts interest rates and the availability of credit, customers may be unable or unwilling to continue repaying debt and the Group may not be able to continue to provide guarantor loans to customers in the non-standard finance sector in a manner consistent with its past practices. If interest rates were to rise, the amount of disposable income available for customers to repay their overall borrowing obligations could decrease. Even if the Group is able to develop tailored payment plans for certain of the affected customers in order to try to reduce the number of defaults, such measures may prove unsuccessful, or if the measures are successful in avoiding some defaults, total collections may be reduced or the timing of receipt of payments may be extended as a result of these measures, any of which could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

An improvement in the economic conditions in the UK could have both positive and negative impacts on the Group's business. Although improved economic conditions may lead to more reliable and consistent payments on guarantor loans due to the improved financial position of the customers, the Group may experience reduced demand in the non-standard finance sector as a result and may see more competitive rates for the guarantor loan options offered by its competitors. Rising interest rates due to a change in the economic environment or other factors beyond the Group's control may also increase its financing costs, which could impair its ability to continue to operate a profitable business.

Any of the foregoing effects, and others the Group cannot anticipate, could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

**2. Any failure to comply with applicable legislation or regulation of the non-standard finance sector and the broader consumer credit industry could result in the suspension, termination or impairment of the Group's ability to conduct business.**

The non-standard finance sector and the broader consumer credit industry in the UK are regulated under various laws and regulations.

UK non-standard finance businesses are principally regulated by the Financial Conduct Authority ("FCA"), the UK Information Commissioner's Office ("ICO") and the Advertising Standards Authority ("ASA"). The FCA regards non-standard finance as a "high risk" activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The FCA has greater powers of enforcement than its predecessor the Office for Fair Trading ("OFT") and can be expected to be more proactive and assertive in relation to the regulation of consumer credit. The FCA Handbook has a specialist consumer credit sourcebook ("CONC") for the consumer credit sector, which includes rules and guidance in relation to, *inter alia*, assessments of affordability and creditworthiness, financial promotions and the handling of vulnerable customers; communications with customers; arrears, default and recovery of debt; and debt advice and statute barred debt.

While UK non-standard finance businesses are principally regulated by the FCA, there is additional legislation and regulation that governs consumer credit, including the CCA, which imposes obligations on lenders, and any person who exercises the rights and duties of lenders. These obligations include, amongst others, to correctly document credit agreements and guarantees and indemnities, give borrowers rights to withdraw, provide post-contract information such as statements of account, notices of sums in arrears and default notices, protect consumers who purchase a good or service from a linked supplier and not to take certain recovery or enforcement action until prescribed forms of post-contractual notices have been served and prescribed time periods have elapsed. The FCA has consulted on plans to replace certain retained provisions of the CCA with separate rules and guidance and has to report to HM Treasury by 1 April 2019. The Group is also subject to the enforcement powers of the ICO and ASA in respect of consumer data protection and broadcast advertising, respectively. In addition, the Group is subject to various legislation and regulations concerning consumer protection and data protection. Any failure to comply with such legislation or regulation may have serious consequences on the enforceability of the underlying credit agreement as well as a risk that the FCA may revoke or suspend a firm's permissions or authorisation. The FCA has already taken action against, and have imposed requirements on, a number of well-known financial institutions, other financial institutions and debt management companies.

In addition, the Group is subject to laws regarding money laundering, financing of terrorism and laws prohibiting it, its employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the UK's Proceeds of Crime Act 2002 and Bribery Act 2010 (including the Fourth European Union Anti-Money Laundering Directive which imposes additional requirements with respect to determining beneficial ownership and identifying politically exposed persons). On 20 December 2017, it was confirmed that an agreement between the European legislative bodies regarding the latest amendments to the anti-money laundering legislation had been reached. This will become the Fifth European Union Anti-Money Laundering Directive and is expected to enter into force by the end of 2019—however there may be further legislative work undertaken on this throughout 2018 before any text is finalised and published.

Compliance with this extensive regulatory framework is expensive and labour-intensive. Failure to comply with any applicable laws, regulations, rules or contractual compliance obligations could result in investigations, information gathering, appointment of a skilled person, public censures, financial penalties, disciplinary measures, liability and/or enforcement actions being brought against the Group, including licences or permissions that the Group

needs to do business not being granted or being revoked or suspended. Damage to the Group's reputation, whether because of a failure to comply with applicable laws, regulations or rules, revocation of a permission or authorisation, any other regulatory action or the Group's failure to comply with contractual compliance obligations, could deter customers from choosing the Group as their non-standard finance provider. Any of these developments could impair the Group's ability to conduct its business and could have a material adverse effect on its financial condition, financial returns or results of operations.

The Group cannot predict the manner in which existing laws or regulations might be administered or interpreted or the nature, scope or effect of future regulatory requirements to which the Group might be subject. Changes to the laws and regulations applicable to the Group's operations, as well as changes in interpretation and application of such laws and regulations, could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

**3. *Changes to the regulatory environment in the United Kingdom, including in connection with the UK's withdrawal from the European Union, or an increasing volume of legislation may materially and adversely affect the Group's industry and impede the Group's business.***

Changes in laws and regulations applicable to the Group's operations, or the manner in which they are interpreted or applied, including in connection with the UK's withdrawal from the European Union, could limit the Group's activities in the future, significantly increase the cost of regulatory compliance, reduce the Group's income, lead to liability for past actions or affect the Group's ability to collect on its currently outstanding loans. These negative effects could result from changes in collection laws and guidance, laws related to credit reporting, laws imposing limits on interest rates, consumer bankruptcy laws, laws related to the management and enforcement of consumer debt, court and enforcement procedures, the statute of limitation for debts, guarantor lending specific laws or regulations, accounting standards, taxation requirements, employment laws, communications laws, data privacy and protection laws, anti-bribery and corruption laws and anti-money laundering laws, among others.

The volume of legislation that is applicable to the consumer credit industry in the UK and the EU has increased over the last few years. In addition to the laws and regulations specifically mentioned elsewhere in this Prospectus, there are a significant number of other legal requirements that apply to the Group. The legal requirements to which the Group is already subject, or with which the Group voluntarily complies, may change, and the Group may become subject to new legislation. In certain cases in the past, regulators have issued interpretations of legislation which were counter to the interpretations market participants had taken. For example, in connection with payment protection insurance, market participants had taken a view regarding requirements in connection with the sale of such insurance, however when the regulator made clear that interpretation was incorrect, it subjected market participants to significant liability in connection with past sales. If similar interpretations were issued in connection with the regulations affecting the Group that resulted in liability for past actions or affected the Group's ability to collect on its currently outstanding loans, those changes could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

Furthermore, the Group must comply with court rules and regulations in the United Kingdom, such as application fees imposed during proceedings to litigate an account. To the extent the Group is forced in certain circumstances to pursue legal enforcement for collections and recoveries, the increase in enforcement fees could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

Additionally, there can be no assurance that the UK regulatory bodies will continue to permit guarantor loans to be made to consumers in their current form. Currently the Group's

business is focused exclusively on the guarantor loan product, with no diversification into other products or forms of financing. Should there be any change in the regulatory environment which significantly affects the guarantor loan product to the extent that such a product becomes no longer legally or financially viable, this would materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

If any of the above legislative changes are implemented and become law, the Group's ability to conduct its non-standard finance business could be impaired, and it could have a material adverse effect on the Group's financial condition, financial returns or results of operations.

The current focus on the consumer credit sector due to the new FCA regime and the highly publicised work being undertaken by the FCA may result in more cases of alleged non-compliance and more customer complaints as customers become more aware of potential instances of technical mistakes being made by firms. For example, in 2015 the FCA made changes to the consumer credit rules in its Consumer Credit sourcebook in relation to, *inter alia*, guarantor loans and in 2017 issued final guidance as to default notices for guarantor loans. In 2017, the FCA also issued proposed new guidance for consultation on the creditworthiness and affordability assessments that firms carry out, including with a guarantor. The FCA has also noted that future revision or guidance may be issued in this area, which may require the Group to implement changes to its business. In addition, claims management companies and consumer rights groups could increase their focus on the non-standard finance industry and, in particular, the collection of debts owed under credit agreements regulated by the CCA or focus on the new consumer credit rules in the CONC issued by the FCA. Such negative publicity or attention could result in increased litigation against the Group. If any of the foregoing occurs, it may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**4. *Unless prescriptive rules as to the content and execution of regulated consumer agreements are followed, those agreements may be unenforceable.***

Certain consumer credit agreements are regulated under the Financial Services and Markets Act 2000, as amended ("FSMA"). Entering into such agreements is a regulated activity, and will require the person undertaking such activity to be authorised by the FCA (or have an interim permission). The content, execution and ongoing notice requirements for such regulated agreements are set out in the CCA, the Consumer Rights Act 2015, FSMA and related legislation, rules and regulations. If an agreement which is regulated has not been drafted or executed in accordance with the provisions of the relevant rules, the laws and regulations provide that such an agreement may, in certain cases, not be enforceable or otherwise will only be enforceable once a court order has been obtained. For example, if a notice sent to a customer under a regulated consumer agreement is not drafted in compliance with the relevant form and content requirements, the agreement itself is likely to be unenforceable until a compliant notice is sent to the customer, and interest and charges otherwise due before a compliant notice is sent out may be refundable to the customer since the customer may be absolved of liability to pay interest during a "period of non-compliance." In addition, non-standard finance firms are subject to various other requirements under other consumer protection legislation, for example, the general duty to act honestly and fairly towards customers under the Consumer Protection from Unfair Trading Regulations 2008.

Consumer credit legislation can be difficult to interpret and implement with absolute certainty, which means that inadvertent non-compliance with statutory provisions can occur. If a non-standard finance firm's regulated agreements or notices do not comply with the CCA and related rules and regulations, even inadvertently, this can result in (a) debt being irrecoverable; (b) a consumer's obligation to pay interest being removed; (c) the firm being required to refund interest; and/or (d) the agreement being otherwise unenforceable. If the regulated agreements or post-contractual notices of the Group, or any firm in which the

Group may acquire an interest in the future, were found to be unenforceable, this could reduce the Group's income from operations and have a material adverse effect on its business, financial condition, financial returns and results of operations. Furthermore, courts have wide-ranging powers which allow them to modify (including by reducing the amounts due) or even repudiate agreements between consumers and credit providers if the courts determine that there is an unfair relationship between the credit provider and the customer, including as a result of activities of the credit provider's associates, e.g. a third party introducer.

In addition to restrictions on the ability to collect from the customer pursuant to the agreement, failure to comply with applicable laws, regulations, rules and guidance could result in investigations or regulatory enforcement action by a firm's regulators, which could lead to fines or the variation, suspension or withdrawal of authorisation for the Group, or any firm in which Group may acquire an interest in the future. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**5. *If an approved person of an authorised non-standard finance firm does not comply with his obligations, the firm could be subject to an enforcement action.***

Under the FCA's approved persons regime, a person performing a "controlled function" at an FCA-authorised non-standard finance firm must be approved by the FCA before performing that function. Such a person will only be approved if he or she is fit and proper to perform the relevant function and must comply with the FCA's Statements of Principle and Code of Practice for Approved Persons. If the FCA finds that an approved person is no longer fit and proper to perform his responsibilities, it may withdraw that person's approved status.

Similarly, if the FCA finds that an approved person fails to comply with the FCA's Statements of Principle and Code of Practice for Approved Persons, it may issue a variety of sanctions, including removing or imposing limitations on that approved person's approved status or issuing a public statement concerning the misconduct in question. Beginning in mid-to-late 2019, instead of the approved persons regime for persons performing senior roles at the firm, the Group will become subject to the FCA's Senior Managers and Certification Regime.

Implementing the Senior Managers and Certification Regime may require significant management attention and result in the Group incurring additional costs as a result of reviewing and incorporating changes to the Group's management.

If an approved person in the current regime or senior manager under the new regime ceases to be approved to perform one or more functions, it would require significant changes to the firm's management by necessitating the appointment of additional persons eligible to become approved persons and the removal of the person who is no longer approved to perform that function. Moreover, the FCA could issue a public statement concerning the misconduct of a senior member of a non-standard finance firm's staff. Should any of this occur in the Group it could have a material adverse effect on the Group's reputation, its ability to attract and retain business, its financial condition, financial returns and results of operations.

**6. *The Group is exposed to the credit risk of its borrowers and guarantors.***

The Group makes personal loans to a segment of the population that has difficulty obtaining credit from mainstream financial institutions. In doing so, the Group assumes the risk that its borrowers will be unable or unwilling to pay amounts in full when due. Despite the Group's credit review process, it may be unable to fully and properly evaluate the financial condition of each prospective borrower and each prospective guarantor, and his or her respective creditworthiness/affordability. Moreover, a borrower's personal situation may change and render him or her unable to repay amounts borrowed, for example, due to changes in personal circumstances or due to the impact of macro-economic trends, political events or other adverse developments or events. This may also be the case with a guarantor.

The Group uses internally developed models and other data analytics tools in order to analyse loan creditworthiness/affordability and assess borrowers' and guarantors' financial situations and ability to pay back potential loans. The Group is, however, likely to have imperfect information about the ability of customers to pay, the time at which customers will pay and the cost required to service and collect on loans, all of which factors will affect the Group's decisions regarding loan origination. In addition, from time to time the Group undertakes trials of originating loans to customers outside of its historical origination profiles, and as a result has limited performance data relating to that subset of origination profiles. Any failure to correctly assess the credit risk of potential customers, and/or make appropriate impairment provisions for the resulting losses, may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**7. *If the credit quality of the Group's customers deteriorates and/or the Group is unable to effectively control its level of delinquencies in the future, the Group's business, results of operations and financial condition may be materially adversely affected.***

Despite the Group's underwriting criteria and risk management framework, the credit quality of the Group's prospective customers may decrease. An increase in delinquencies could reduce the Group's profitability and cash flow and result in higher costs to service its loans (due to the increased time and effort required to collect payments), which the Group may not be able to fully recover. There can be no assurance that the Group will be able to effectively ensure the credit quality of its customers will be maintained and/or control the level of delinquencies in its total loan assets. The Group's business is dependent on consistent, high-quality underwriting processes and servicing of loans, in particular as the Group's loans are typically extended to customers who fall outside the lending criteria of high street banks and thus may be subject to higher delinquency risk. If the quality of the Group's underwriting processes or servicing of these loans were to deteriorate, the amount of the Group's delinquencies could increase in the future. Underwriting guidelines cannot predict two of the most common reasons for a default on a loan: loss of employment and prolonged or serious medical illness. Factors beyond the Group's control, such as the impact of macroeconomic trends, may also result in increases in delinquencies. Likewise, there is no precise method for predicting loan losses, and there can be no assurance that the Group's monitoring and risk management procedures will effectively predict such losses or that its provision for impairment will be sufficient to cover future losses. If the Group is unable to effectively assure the credit quality of its customers and/or control its level of delinquencies in the future, the Group's business, financial condition, financial returns and results of operations could be materially adversely affected.

**8. *The Group's estimates of provision for impairment of its Loan Book may not be adequate, in particular in connection with pilot lending initiatives; as a result, the Group's results of operations and financial condition may be negatively affected.***

The Group maintains a provision for impairment of its Loan Book for its estimate of the portion of loan accounts that are not in arrears or are up to five payments in arrears for which the Group will not ultimately be able to collect payment. This provision, however, is an estimate, and actual losses could be greater. In particular, the Group did not begin its pilot lending initiatives until 2016, and therefore has a limited amount of historical arrears performance data for that subset of its customers, thereby increasing the risk of the impairment provision being inadequate. If actual losses are greater than the Group's provision for impairment, the Group's business, financial condition, financial returns and results of operations could be adversely affected.

**9. *The Group is highly dependent on its data gathering systems and proprietary customer and applicant profiles, and if the Group were to lose access to such data or if the data were to become public, the Group's business could be materially and adversely affected.***

The Group's core models and customer/applicant databases provide information that is critical to its business. The Group relies on data provided to it by credit reference agencies, its third party introducer partners and other sources in order to operate its systems, develop its proprietary customer profiles and run its business generally. If these credit reference agencies were to terminate their agreements with the Group or change in the services they provide, for any reason, for example, due to a change in governmental regulation, or if they were to raise the price of their services significantly, the Group's business could be materially and adversely affected. Changes to the rules governing the availability, quantum or quality of the data, or the way searches are recorded on the credit file of the borrower or guarantor, could materially impact the Group's business. If any of the proprietary information or data that the Group uses became public, for example, due to a change in government regulations, the Group could lose a significant competitive advantage and its business could be negatively impacted.

The Group is subject to certain legislation and regulation on data protection, and information, collection and storage. Private or public sources of the Group's data could make claims that the way in which the Group collects or uses information and data violates legislation, regulation, or terms and conditions applicable to such use, and whether or not such claims have any merit, the Group's reputation could be harmed and its ability to continue to use such information and data in the manner in which it is currently used could be impaired. The Group is subject to certain legislation and regulation on data protection, and information, collection and storage, some of which is yet to be implemented, including Payment Card Industry Data Security Standards and the EU General Data Protection Regulation, which came into effect in May 2018. There can be no assurance that these new rules and regulations will not adversely impact the Group's ability to collect and utilise data.

If the Group becomes unable to continue to acquire or use such information and data in the manner in which it is currently acquired and used, if the Group's competitors are able to develop or procure similar systems or methods to develop data, or if the Group were prohibited from accessing or aggregating the data in these systems or profiles for any reason, the Group may lose a significant competitive advantage and its business could be materially and adversely affected. The loss of any of its data, access to data, change in data reporting or data advantage may have a material adverse effect on its business, financial condition, financial returns and results of operations.

**10. *The statistical models and analytical tools the Group uses in its business may prove to be inaccurate, and the Group may not achieve the collections anticipated.***

The Group's statistical models and analytical tools assess information provided to the Group by third parties, such as credit reference agencies and other mainstream or public sources, or generated by software products. The Group has no control over the accuracy of such information received from third parties. If such information is not accurate, is misinterpreted or misapplied, the Group could make incorrect calculations when offering or making loans to customers, offer loans to unsuitable customers, or make errors in its assessment of the affordability or creditworthiness of potential borrowers or guarantors. Even if the Group is provided with accurate information that is then effectively assessed by its statistical models and analytical tools, a customer could still lack the financial ability to repay their loan. The Group forecasts key performance indicators over extended periods and the risk of error in its forecasts, such as greater than expected payment defaults by its customers, is increased by the significant length of these time periods. In addition, certain of the Group's forecasts are based on historical data. The Group cannot be certain that trends in its historical data will be predictive of future results, and the Group has a limited amount of historical data for certain

of the variables that it uses. For example, the Group did not begin its pilot lending initiatives until 2016, and therefore has a limited amount of historical arrears performance data for that subset of its customers. There can be no assurance that any of the Group's current or future loans will be collected, and if the Group is unable to achieve these levels of forecasted key performance indicators, its revenue and returns on its loans may be reduced. Any of these events may have a material adverse effect on its business, financial condition, financial returns and results of operations.

**11. *The Group depends on the accuracy and completeness of information about customers, and any misrepresented or inaccurate information could adversely affect the Group's business, results and reporting of its operations and financial condition.***

In deciding whether to extend credit to customers, the Group relies on information furnished to it by customers and other third parties, including employment, income and other financial information. The Group also relies on representations of customers as to the accuracy and completeness of and explanations for that information. While the Group has a practice of independently verifying certain information about customers (such as income information) that it uses in making lending decisions and upon agreeing to loan modifications, it is not possible to verify all the information. The Group also uses a number of third party data providers to help it assess the credit quality of the customer (for instance, credit score data). Data from such providers is used both in the Group's underwriting assessment and for the purposes of its portfolio analysis. The Group does not independently review the accuracy of the third party data, which if inaccurate, could affect its underwriting decisions or how it reports its loan information. If any of the information provided to the Group is intentionally or negligently misrepresented and such misrepresentation is not detected prior to the funding or modification of a loan, the future recoverability of the loan may be adversely impacted, which may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

Additionally, financial crime in the financial services sector is a threat for lenders and borrowers that is growing and becoming more sophisticated. Further, regulators are increasingly focused on financial crime prevention. Although the Group has controls and processes designed to help it identify misrepresented information in its loan origination processes, including requiring all guarantors to participate in a telephone conversation before loans are funded (which also incorporates know-your-customer checks) and the Group also uses information supplied by third party fraud prevention agencies to support its fraud prevention activities, the Group's controls aimed at detecting and preventing financial crime (such as the use of the Group's services for money laundering or terrorism-related activities) may not perform accurately or eliminate all instances where the Group's services could be used for financial crime. Failure of the Group's financial crime prevention controls and processes could result in a breach of applicable regulation and harm the Group's reputation, which in turn could have a material adverse effect on its business, financial condition, financial returns and results of operations.

**12. *The Group is subject to risks of customer fraud.***

The Group's selection and screening processes with respect to customers, as well as its internal relationship management processes, may fail to identify fraud on the part of customers. Examples of customer fraud may include the impersonation of a guarantor, the provision of false or incomplete information, including documentation in respect of personal income, expenses and other liabilities, as part of the loan application process. Failure to properly identify customer fraud could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations. This risk is exacerbated by the Group's reliance, as part of its efforts to assess creditworthiness, on information it receives from credit reference agencies, which could be incomplete or incorrect, and could contribute

to an overly positive, and unwarranted, credit assessment, even if the customer information is accurate.

**13. *The Group may experience security and privacy breaches of the systems it uses to protect personal data.***

The Group's databases contain personal data of its customers and applicants, such as name and account number, location information relating to the address and telephone numbers for the customer and account specific information such as the date of loan origination and balance. These databases are vulnerable to damage, including telecommunications and network failures, natural disasters and human acts both by individuals external to the Group's business, as well as its employees, including fraud, identity theft and other misuse of personal data. Despite the security measures the Group has implemented, the systems may be subject to physical or electronic break-ins, cyber attacks, computer viruses and similar disruptive problems. The Group's increased profile as a result of its initial public offering may increase the risk of being a cyber attack target. The Group's data security procedures may not effectively counter evolving security risks, address the security and privacy concerns of existing or potential customers or be compliant with laws and regulations in all respects. Any security or privacy breach of these databases could expose the Group to liability, including regulatory fines or penalties, increase its expenses relating to the resolution of these breaches and the mitigation of their impact on affected individuals, harm the Group's reputation and deter consumers from turning to it for their non-standard finance needs, which could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**14. *Any negative impact on the reputation of and value associated with the Group's brand could adversely affect its business, and the Group may be unable to protect its trademarks and other intellectual property or may otherwise have its brand names harmed.***

The Group trades principally under the Amigo Loans brand name. The Group's Amigo brand, and its associated logos and advertising portfolio, including its "blue men" graphic, are important assets to the Group. Failure to protect the Group's brand and loss of trust and confidence in its brand and its products could affect its operations in a number of ways. These could include a decline in the Group's customer base, deterioration in relationships with suppliers, or difficulty in recruiting and retaining the best employees. Any of these could have an adverse impact on the Group's results of operations. Unfavourable publicity concerning the Group, its products, or any other substantial erosion in the reputation of the Group's brand could also adversely affect its business, financial condition or results of operations.

The Group's ability to protect and preserve its intellectual property is important to the Group's continued success and its competitive position due to their recognition by consumers. The Group's rights to the trade marks for Amigo and Amigo Loans are registered with the relevant intellectual property registrar in the UK, and the Amigo Loans logo is registered with the relevant intellectual property registers in the UK and Europe. As a result, if any other party seeks to use the Amigo name in a similar business in the UK, the Group should be able to enforce its rights to the name; however, there can be no assurance that a court in the relevant jurisdiction would uphold the Group's rights to the trade marks. The Group may not be able to prevent third parties from using its intellectual property without its authorisation, particularly in those countries where the laws do not protect the Group's proprietary rights as fully as in the UK. The use of the Group's intellectual property or similar intellectual property by others could reduce or eliminate any competitive advantage the Group has developed, causing the Group to lose sales or otherwise harm the reputation of its brands.

Additionally, third parties may claim that the Group's brand, logos, or other advertising material infringe their intellectual property rights. There can be no assurance that the actions

that the Group could take in such circumstances will be adequate to prevent others from seeking to block the Group's brand, logos or other advertising material as violations of proprietary rights, and the Group could become subject to litigation based on allegations of the infringement of intellectual property rights of third parties. In the event a claim of infringement against the Group is successful, the Group may be required to pay damages, royalties or licence fees to continue to use intellectual property rights that it had been using, or it may be unable to obtain necessary licences from third parties at a reasonable cost or within a reasonable time. Litigation and other legal action of this type, regardless of whether it is successful, could result in substantial costs to the Group and diversion of the Group's management and other resources.

Recently the Group has undertaken two debt sales to an FCA-authorised buyer, and the Group intends to undertake future debt sales from time to time in the future. The Group's agreements with the buyer require the buyer to adhere to the Group's debt collection policies and procedures, however there is no assurance that it will do so. In addition, the buyer has the ability to sell the debt to another buyer, with which the Group will not have a direct contractual relationship. Should the parties who have purchased or will purchase the Group's debt in the future fail to adhere to the Group's collection practices, it could result in reputational and brand damage to the Group.

**15. *Negative attention and news regarding the non-standard finance and personal loan industry and individual non-standard finance providers may have a negative impact on consumers' willingness to engage the Group for their non-standard financing needs, and on customers' willingness to pay the debt owed to the Group.***

Certain factors may cause consumers to be wary of taking out non-standard financing with the Group, more reluctant to pay their debts in full or at all, or more willing to pursue legal actions against the Group. Print, online and television media may, from time to time, publish stories about the non-standard finance industry that could cite specific examples of real or perceived abusive collection practices. Consumer blog sites and claims management companies can also add to the negative attention given to the industry. The internet has websites and chat forums where consumers list their concerns about the activities of non-standard finance providers and seek guidance from other website posters on how to handle the situation. These websites provide consumers with legal forms and other strategies to protest collection efforts. To the extent that these forms and strategies facilitate the defence of claims by customers, the Group's servicing costs may increase.

Consumers and/or print, online and television media may conflate the non-standard finance sector in which the Group operates with other similar finance areas, in particular the "payday loans" sector, the dedicated debt collection sector and debt management sector. These sectors have suffered from significant and protracted negative attention and media coverage in recent years. Despite the Group's concerted efforts to actively differentiate itself from these sectors, to the extent some consumers still confuse and conflate the different financing instruments, any negative attention those sectors attract may also have a negative impact on the Group's business.

Negative publicity could also result from the Group being named in published industry complaint data sites, receiving negative attention due to internal disputes, failing to prevent potential unlawful behaviour of its employees and engaging in disputes with former employees or being subject to negative publicity relating to any of its customers or its key executives.

Any such negative publicity could jeopardise the Group's existing consumer relationships or the Group's ability to establish new relationships with other consumers and may have a material adverse effect on its business, financial condition, financial returns and results of operations.

**16. *The Group's confidentiality agreements may be breached, or the Group may fail to protect its proprietary processes, systems or trade names.***

The Group relies upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain its competitive position. Certain of its employees possess valuable trade secrets about its models, software, customer databases and its business processes. Most of the systems, technologies and programmes that the Group uses have been developed internally, and the Group cannot be certain that its level of development documentation is comparable to that of third party software packages and the Group may have certain employees that possess important, undocumented knowledge of the Group's systems. In addition, the risk of disclosure of such proprietary know-how could be heightened if any such employee ceases to work for the Group. Further, if any such employee no longer worked for the Group, then the Group's ability to maintain, repair or modify its data analytics systems and platforms may be limited.

While it is the Group's policy to enter into confidentiality agreements with its employees and third parties to protect its proprietary know-how, there can be no assurance that:

- the Group's confidentiality agreements will not be breached or will be of sufficient duration;
- such agreements will provide meaningful protection for the Group's trade secrets or proprietary know-how; or
- adequate remedies will be available in the event of an unauthorised use or disclosure of these trade secrets and know-how.

There can be no assurance that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

In addition, each of the Company and Richmond Group Limited has also undertaken to the other that it will not, and will procure that (insofar as is within its power or control) that any of its associates shall not, take any action to claim compensation for past use or prevent the future use, or further independent development, by the other (or any of the other's associates) of certain intellectual property, provided that such intellectual property was used by the Company or Richmond Group Limited (as the case may be) or any of their respective associates prior to or at the point of Admission.

The Group may initiate lawsuits to enforce its confidentiality agreements and the ownership of its intellectual property. Initiating litigation relating to intellectual property rights is costly and may divert technical and management personnel from their day-to-day responsibilities. In many cases it may not be possible to initiate a lawsuit prior to the disclosure of the Group's trade secrets or proprietary know-how, at which point the damage to the Group's competitive position may be severe or irreparable. Furthermore, the Group may not prevail in any such litigation or proceeding. A determination in a proceeding that results in a finding of non-infringement or non-violation by others to the Group's intellectual property or confidential agreements may result in the use by competitors of the Group's technologies or processes, which may have a material adverse effect on its business, financial condition, financial returns and results of operations.

**17. *The Group's operations could suffer from telecommunications or technology interruptions.***

The Group relies on sophisticated telecommunications and computer equipment, software and other systems to conduct its day-to-day operations, including services provided by various internet service and telecommunications providers. The Group uses these systems to identify large numbers of customers, store personal data of its customers, analyse and segment accounts and monitor the results of collection efforts. The Group's capacity to service its

customers and, consequently, the Group's success depends, in large part, on its ability to record and process significant amounts of data quickly and accurately to access, maintain and expand the databases the Group uses for its non-standard financing activities. Interruption or loss of the Group's information processing capabilities, loss of stored data, the failure of computer equipment or software systems, telecommunications failure or other disruption could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations. In the recent past, there have been short periods of time during which the Group's systems have not operated at optimal levels. Such incidents have not been protracted and have been very small in scale, but there can be no assurance that a more significant issue will not arise that may interfere with the Group's IT systems in the future, which could have a material and adverse effect on the Group's ability to operate its business. A disruption in the infrastructure that supports the Group's business and the communities where it is located, for example, would adversely affect the Group's ability to operate its business. Such disruptions may include a disruption involving terrorist activities, natural disasters, or electrical, communications or other services used by the Group, its employees or third parties with whom it conducts business.

For certain systems, technologies and programmes, the Group relies on specialist IT and software providers. Some of these providers are small companies and their long term financial viability cannot be assured. The Group cannot provide assurance that it will be able to find and retain alternative providers if its current or future providers become financially unstable in the future or are no longer able to service its needs. To the extent any of the Group's systems, technologies or programmes do not function properly, including, in particular, its business analytics software, and the Group cannot find and retain suitable IT and software providers to help remedy the fault, the Group may be required to make substantial additional investments, or the Group may not be able to remedy such faults at all. For example, there have been short periods of time during which the Group's systems have not operated at optimal levels, such that, for example, there were minor network or IT outages. Such incidents have not been protracted and have been very small in scale, but there can be no assurance that a more significant issue will not arise that may interfere with the Group's IT systems in the future, which could have a material and adverse effect on the Group's ability to operate its business.

Any resulting temporary or permanent loss of the Group's ability to use its computer equipment and software systems at its call centre could disrupt its operations and could materially and adversely affect its business, financial condition, financial returns and results of operations.

In addition, the Group's operations are dependent on the systems of the banking sector as a whole. These and other systems could be interrupted by terrorist acts, natural disasters, power losses, computer viruses, distributed denial-of-service attacks or similar events. Any failure of the Group's systems or the systems of the banking and other sectors that are integral to the Group's business, especially if it also impacts the Group's backup or disaster recovery systems or ability to proceed with collections, would disrupt the Group's operations and could materially and adversely affect its business, financial condition, financial returns and results of operations.

The Group's business also depends heavily on services provided by various internet service and telecommunications providers. The Group's ability to use telecommunications systems to contact customers is governed by data protection, telecommunications and privacy requirements and regulatory rules and, to a limited extent, by guidance issued by the UK Office of Communications ("OFCOM"). These may change and may make using, accessing, transferring or storing customer documentation more onerous in the future. If the Group's equipment or systems cease to work or it becomes difficult to continue to use them in the same manner as the Group does today as a result of any regulatory development, if there is any change in the internet service or telecommunications provider markets that would affect

the Group's ability to obtain favourable rates on communication services or if there is any significant interruption in internet or telecommunications services, the Group may be prevented from providing, originating and servicing loan accounts.

Any interruption in the Group's ability to use the technology and telecommunications systems on which the Group's business relies may have a material adverse effect on its business, financial condition, financial returns and results of operations.

**18. *The Group may be unable to successfully anticipate, manage or adapt to technological advances within its industry, which would result in increased technology costs.***

Computer technology is evolving rapidly and is characterised by short product lifecycles. The Group may not be successful in anticipating, managing or adopting technological changes on a timely basis, which could reduce its profitability, competitive position or disrupt its operations and harm its business. While the Group believes that its existing information systems are sufficient to meet its current demands and continued expansion, the Group's future growth will require additional investment in these systems. The cost of these improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of the Group's business. The Group depends on having the capital resources necessary to invest in new technologies to conduct its non-standard finance business. There can be no assurance that adequate capital resources will be available to the Group when it needs to make such investments in the future.

Furthermore, if the Group becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, significant technological changes, regulatory restrictions or any other reason, the Group may lose significant competitive advantage.

Increased technology costs may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**19. *The Group operates in markets that are competitive. The Group may be unable to compete with businesses that offer alternative and potentially more attractive non-standard finance, and its competitors may develop competitive strengths that it cannot match.***

The Group faces competition from new and existing players in the non-standard finance sector. The Group competes on the basis of interest rates, approval efficiency, the terms it offers, reputation, customer service quality, consumer ratings and reviews regarding its service, industry experience and performance. The Group's current competitors, as well as any new competitors, may have substantially greater financial, technical, personnel or other resources.

Competition may also come from other sources such as car finance lenders, mortgage lenders and other financing companies. In addition, large and established mainstream banks, among others, may at some point choose to enter the non-standard finance sector, either directly or through investments in new or existing non-standard finance companies. In the future, the Group may not have the resources or ability to compete successfully with any of its competitors.

Although the Group has an established business, it focuses solely on guarantor loans. Some of its competitors, however, have more significant and more wide-ranging businesses, in addition to operations involving guarantor loans. There can be no assurance that the Group will be able to offer competitive terms for non-standard finance or that it will be able to maintain the advantages in technology (as others may have the opportunity to work with data suppliers to create their own versions of its technology processes negating its "early adopter" advantage). This would erode the advantages that the Group believes that it currently possesses. Moreover, there can be no assurance that the industry will not shift away from non-standard financing. If the Group is unable to develop and expand its business or adapt to

changing market needs as well as its current or future competitors are able to do, or at all, or if its competitors are able to operate at a lower cost of capital or make advances in their business methods that the Group is not able to make, the Group may be unable to offer guarantor loans on terms it deems appropriate in order to compete. Furthermore, the Group's proprietary technology models are not protected by registered patents or copyright and there can be no assurance that the Group's approach and methodologies will not be replicated by a competitor. Any inability to compete effectively may have a material and adverse effect on the Group's financial condition, financial returns and results of operations.

**20. *The actions of the Group's competitors may have an adverse effect on the Group's ability to conduct its business.***

The Group operates in an industry in which there are a number of competitors, many of them relatively newly established firms. Although the Group does not operate in conjunction or collaboration with any of its competitors, their actions and operations may nevertheless have an adverse effect on its business. In particular, should any of its competitors suffer from financial losses, incur regulatory fines or other public censure, be found to be operating in violation of any laws or regulations, or fail as a business, this may cause customers to be wary of engaging with other providers of non-standard finance, such as the Group. Negative publicity resulting from any actions of the Group's competitors could also have a detrimental effect on its business, through association.

The circumstances described above may also have the effect of impeding the Group's access to additional debt or equity capital, should this become necessary in the future, as banks and financial institutions may become reluctant to provide financing to non-standard finance firms as a result of negative actions by its competitors. This may further restrict the Group's business and could have a material and adverse effect on its business, financial condition, financial returns and results of operations.

**21. *The Group's need to adapt to customers' changing financial circumstances may result in increased servicing costs, reduced cash flow or imprecise modeling.***

The financial circumstances of the Group's customers are impacted by both macro-economic and personal factors. Certain government actions, including various austerity measures taken in response to the ongoing financial crisis in the UK and Europe in general have included cuts in public benefits, tax benefits and public sector employment. Private businesses may also reduce hiring or implement layoffs or reduce staff working hours, which could affect the Group's customers. Rising interest rates could impair the financial viability of customers who have variable interest rate home mortgages or other significant debt that bears floating rate interest. Each of these factors could negatively affect the Group's customers by reducing disposable income levels or otherwise impairing their ability to service debt obligations.

As required by both UK debt collection regulations and corporate policies, the Group proactively works with customers who experience a reduced ability to pay their debts to try to reach an appropriate payment plan through means such as reduced average monthly payments. Even if the Group is able to develop payment plans for certain customers, such measures may prove unsuccessful. A negative change in the financial circumstances of the Group's customers after the Group has provided them with a guarantor loan could lead to reduced collections or increased servicing costs for the Group's business, which could reduce its returns on its non-standard financing instruments. Furthermore, a reduction in monthly payments would reduce the Group's cash generation and returns on capital. The Group's modeling for future collections may also be rendered less reliable if the Group is unable to accurately predict the quantity and identity of customers who may reduce their debt payments or the amounts of such reductions.

Further, the Group's customers may lack the financial means to pay the Group's loans outstanding with them. Even if the Group's efforts were to prove successful in avoiding some

defaults, total collections may still decline or the timing of receipt of payments lengthen, any of which would impair the Group's financial performance. As a result, the continuation of difficult economic conditions or the deterioration of the general economic environment could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

**22. *Changes in government spending and welfare policy (including in relation to universal credit) could have a material adverse effect on the Group's business, results of operations or financial condition.***

Since a proportion of the Group's borrowers are wholly or partially dependent on state benefits (including tax credits), the Group's business is exposed to changes in government spending and welfare policy. In the last five years, the UK government has made numerous announcements on welfare spending and enacted the Welfare Reform Act 2012 which commenced the replacement of certain welfare benefits and tax credits with a single "universal credit." In addition, the growth of many of the working age state benefits is now limited to 1% year-on-year, which is below current levels of consumer price inflation and therefore may place pressure on the income levels of the Group's customers who receive state benefits. The UK government has also recently reassessed disability and job seeker benefits. The impact of these measures and future welfare policy changes, and the timing of any such impact, on the spending patterns and income levels of the Group's customers who receive state benefits may result in the shrinking of the income levels of such customers. This, in turn, may reduce their levels of demand for the Group's products and/or impair their ability to service debt obligations, which would have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**23. *The Group is subject to ongoing risks of litigation, investigations, and proceedings; there is a risk that the Group will be engaged in more litigation than a consumer finance firm operating in the traditional finance sector.***

The Group has been the subject of legal proceedings in the past, and is currently involved in legal proceedings in the ordinary course of its business. The Group may become subject to claims and a number of judicial and administrative proceedings, including consumer credit disputes with customers, labour disputes, contract disputes, intellectual property disputes, government audits and proceedings, tax audits and disputes and customer disputes. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures on the Group's part and the Group may ultimately incur costs relating to these proceedings that exceed its present or future financial accruals or insurance coverage. Even if the Group or its directors, officers and employees (as the case may be) are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage the Group's reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

Many customers of non-standard finance firms are likely to be customers who have difficulty accessing traditional sources of funding. It is likely that a non-standard finance firm will suffer higher levels of customer default than a firm in the traditional funding sector. This is likely to result in non-standard finance firms engaging in more enforcement actions against their customers than firms operating in the traditional financing sector.

In recent years, there has been a substantial increase in consumer claims being brought through the courts and before the Financial Ombudsman Service in attempts to claim refunds of sums paid under consumer credit agreements or to avoid making payments going forward. These claims have been fuelled by a substantial rise in the number and activity of claims management companies that aggressively advertise for potential claimants and then bring

claims in the hope and expectation that they will be paid a portion of any debt written off or repaid.

Due to higher levels of arrears, non-standard finance firms such as the Group are engaged in a proportionately greater amount of litigation than a firm operating in the traditional finance sector, and therefore there is a commensurately greater risk that any error made by that firm will be ruled upon by a court. As a result, a non-standard finance firm is likely to be at a greater risk that a court will find that it has liabilities to a customer or that its agreement with a customer is unenforceable than would be the case for a finance firm operating within the traditional financing sector. Furthermore, UK consumer credit firms must comply with specific conduct of business requirements in respect of, among other things, how they deal with customers when enforcing debts. Failure to comply with these requirements could lead to further liability.

The Group may in the future be named as defendants in litigation, including under consumer credit, tax, collections, employment, competition and other laws. Such claims against the Group, regardless of merit, could subject the Group to costly litigation and divert its management personnel from their regular responsibilities. Furthermore, if such claims are determined against the Group, it could be forced to suspend certain activities or pay damages, be subject to enforcement orders or have its registration with a particular regulator revoked.

Like the Group, other companies in the Group's industry are and have been subject to regulatory proceedings, class action lawsuits and other litigation regarding the offering of non-standard finance. The Group could suffer from interpretations of UK laws in those legal and regulatory proceedings, even if it is not a party to such proceedings. The Group anticipate that lawsuits and enforcement proceedings involving the Group's industry, and potentially involving the Group, will continue to be brought in the future.

The current focus on the consumer credit sector due to the relatively new FCA regime and the highly publicised work being undertaken by the FCA may result in more cases of alleged non-compliance and more customer complaints as customers become more aware of potential instances of technical mistakes being made by firms. For example, in 2015 the FCA made changes to the consumer credit rules in its Consumer Credit sourcebook in relation to, *inter alia*, guarantor loans and in 2017 issued final guidance as to default notices for guarantor loans. In 2016, the FCA published its thematic review of early arrears management in unsecured lending and then an impact assessment on the same topic in 2017. In 2017, the FCA also published proposed new guidance on the creditworthiness and affordability assessments that firms carry out, including with a guarantor. The FCA has also noted that future revision or guidance may be issued in this area, which may require the Group to implement changes to its business. In addition, claims management companies and consumer rights groups could increase their focus on the non-standard finance industry and, in particular, the collection of debts owed under credit agreements regulated by the CCA or focus on the new consumer credit rules in its Consumer Credit sourcebook. Such negative publicity or attention could result in increased litigation against the Group. If any of the foregoing occurs, it may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

The adverse resolution of legal or regulatory proceedings, whether by judgment or settlement, could cause the Group to have to refund the principal amount of advances, pay damages or other monetary penalties or modify or terminate its operations. The defence of such legal proceedings, even if successful, requires significant time and attention from senior officers and other management personnel that would otherwise be spent on other aspects of its business, and requires the expenditure of substantial amounts for legal fees and other related costs. Settlement of proceedings may also result in significant cash payouts and modifications to the Group's operations. Additionally, an adverse judgment or settlement in a lawsuit or regulatory proceeding could in certain circumstances provide a basis for the

termination, non-renewal, suspension or denial of an authorisation required for the Group to do business. Thus, legal and enforcement proceedings could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**24. *The Group's senior management team members and key employees are important to the Group's continued success and the loss of one or more members of its senior management team or one or more of its key employees could materially and adversely affect its business.***

The loss of the services of one or more of the Group's key management team members, including the Chief Executive, Chief Financial Officer, Director of Legal and Compliance or any of the other key employees could disrupt the Group's operations. The Group's success depends on the continued service and performance of its senior management team members and other key employees, and the Group cannot guarantee that it will be able to retain those individuals. Further, certain of the Group's key employees possess important knowledge of the Group's models and other data analytics, technology systems and regulatory compliance.

Some of the employment agreements that the Group has in place contain non-compete provisions that survive termination of employment. However, these agreements do not and will not assure the continued services of the Group's senior management team members and key employees and the Group cannot ensure that it will be able to enforce such non-compete provisions. Moreover, there can be no assurance that the Group will be able to continue attracting similarly qualified and skilled individuals to join its staff and senior management. The loss of the services of the Group's senior management team members or other key employees, particularly were they to subsequently join a competitor, could seriously impair the Group's ability to continue to manage and expand its business, or may result in an increase in regulatory exposure and risk, which may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**25. *The Group may not be able to hire and retain enough sufficiently trained employees to support its operations.***

The Group's operations are labour intensive and the Group's growth requires that it continually hire and train new employees in order to maintain its level of loan origination and collections. The Group may be unable to recruit and retain a sufficient number of trained employees to support its expanded operations. In addition, as is common in businesses with call centres, the Group typically experiences a high rate of call centre employee turnover. As a result of market conditions, the Group's competitors may attempt to hire certain employees or the Group may need to adjust employee compensation, either of which could affect the Group's ability to attract and retain employees. A higher turnover rate among the Group's employees may increase the Group's recruiting and training costs and limit the number of experienced personnel available to service the business. A diminished capacity to service the Group's customers effectively would reduce its ability to operate profitably.

**26. *The Group's rapid growth may strain its resources or affect its ability to maintain its performance levels, which could materially and adversely affect its business.***

The Group has experienced significant growth in its business since 2012, illustrated by growth in its profit before tax from £27.6 million for the year ended 31 March 2012 to £66.1 million for the year ended 31 March 2018, and growth in the Group's Adjusted EBITDA from £30.6 million for the year ended 31 March 2012 to £120.0 million for the year ended 31 March 2018. There is a risk that this growth in the Group's business may place a strain on its resources or affect the Group's ability to maintain its performance levels. The Group continues to enhance its collections systems and processes in order to more efficiently deal with the increase in the overall volume of customers. Any future growth of the business may

also strain resources, as well as require the expansion of its procedures for monitoring internal accounting functions and continued compliance with regulatory requirements and its reporting obligations. Any resulting growth of the Group's employee base may also increase the Group's need for internal audit, training and monitoring processes that are more extensive and broader in scope than those that the Group has historically required. In addition, growth in the Group's loan originations as a result of its pilot lending has resulted in an increase in impairment charges from historically low levels. Should any of these risks as a result of the Group's growth materialise, they could have a material and adverse effect on its business.

**27. *If the Group expands internationally, its business will be exposed to a range of risks that could adversely and materially affect the Group's business.***

The Group currently operates in the UK, and has plans to potentially undertake a limited expansion of its operations into Ireland. As a result of the Group's potential expansion into Ireland, and if in the future the Group expands internationally into additional jurisdictions, its business will be subject to applicable laws, regulations and licensing requirements in those new jurisdictions, which may be different from or more stringent than in the UK. Any such international expansion could expose the Group to a range of risks that it cannot influence and that could adversely and materially affect the Group's business activities in these countries. These factors include, but are not limited to:

- a lack of relevant data and the Group's inexperience with business operations in these new markets;
- difficulties in hiring, staffing and managing qualified and proficient local employees and advisers;
- fluctuations in foreign economies and currency exchange rates;
- social, political and economic instability or recessions;
- difficulties in managing multiple sites in different locations;
- difficulties in implementing and maintaining effective internal controls and risk management and compliance initiatives;
- difficulties in managing regulatory compliance in multiple locations with different regulatory requirements;
- differing labour regulations and business practices;
- inadequate infrastructure; and
- foreign tax consequences.

Any international expansion may require substantial investments in, among other things, IT systems, facilities and personnel and there can be no assurance that these investments will be successful. Moreover, international expansion may result in the incurrence of additional debt. All and any of the above could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**28. *The Group may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert its resources.***

The Group may seek to grow its business by acquiring or combining with other businesses. Successful growth through future acquisitions is dependent upon the Group's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired business into the Group. Continued growth will place additional demands on the Group's

resources, and the Group cannot be sure that it will be able to manage its growth effectively. Moreover, successful completion of an acquisition may depend on consents from third parties, including regulatory authorities and private parties, which are beyond the Group's control. Further, the Group is subject to the risks associated with write-downs and impairments to goodwill in connection with acquisitions.

If the Group makes acquisitions, there can be no assurance that it will be able to generate expected margins or cash flows, or to realise the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that the Group's assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from the Group's expectations. The Group may not be able to integrate acquisitions successfully into its business or such integration may require more investment than it expects, and the Group could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or to other parties, which may impact its results of operations. The process of integrating businesses may be disruptive to the Group's operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in the Group's results of operations as a result of difficulties or risks, including:

- unforeseen legal, regulatory, contractual and other issues;
- difficulty in standardising information and other systems;
- difficulty in realising operating synergies;
- diversion of management's attention from the Group's day-to-day business; and
- failing to maintain the quality of services that the Group has historically provided.

There can be no assurance that the Group would be able to manage an acquisition effectively, or that its infrastructure, facilities and personnel will be adequate to support or to effectively adapt in connection with the acquisition. Any of these developments could have a material adverse effect on its business, financial condition, financial returns and results of operations.

**29. *The Group focuses on non-standard finance and is therefore reliant on demand for such financial products; to the extent the Group offers new products and services, it may face higher costs and difficulty achieving profitability.***

The Group generates its revenue from, and therefore is heavily reliant on demand for, non-standard finance. A variety of factors could influence demand for the Group's non-standard loans, such as regulatory restrictions that inhibit customer access to particular financial services, increased availability or attractiveness of competing financial products, changes in consumer sentiment and spending or borrowing patterns, or changes in the personal financial circumstances of potential customers that might cause them to seek, and obtain, loans of larger size from other lending institutions or, alternatively, to exit the consumer loan market entirely. Should these patterns emerge, and should the Group fail to adapt to resulting significant decreases in customer demand for, or access to, the Group's products, its revenues could decrease significantly and on-going business operations could be adversely affected. Even if the Group were to adapt its products and services to meet changing customer demand (or its perceptions of existing or future customer demand), customers nonetheless may choose to opt for alternative products and services or otherwise cease to borrow from the Group. In any event, the effect of any product diversification or change on the results of the Group's business may not be fully ascertainable until the change has been in effect for some time.

To the extent the Group offers new products and services, it may face difficulty in adequately pricing, and therefore in achieving profitability, from offering these new products and

services. In addition, the introduction of additional products and services could subject the Group to additional regulation or regulatory oversight and consequently to higher internal compliance expenses.

To the extent that any of the foregoing decrease revenue or increase costs, or both, it could have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**30. *If internet search engine providers change their methodologies for organic rankings or paid search results, or the Group's organic rankings or paid search results decline for other reasons, the Group's new customer growth or volume from returning customers could decline.***

The Group's acquisition marketing for new customers and its returning customer relationship management are partly dependent on search engines such as Google, Yahoo! and others to direct a significant amount of traffic to the Group's desktop and mobile websites via organic ranking and paid search advertising. The Group's competitors' paid search and search engine optimisation activities may result in their sites receiving higher paid search results than the Group's and significantly increasing the cost of such advertising for the Group.

The Group's paid search activities may not produce (and in the past have not always produced) the desired results. Internet search engines often revise their methodologies, which could adversely affect the Group's organic rankings or paid search results, leading to a decline in new customer growth or existing customer retention; difficulty for the Group's customers in using its web and mobile sites; more successful organic rankings, paid search results or tactical execution efforts for the Group's competitors than for the Group; a slowdown in overall growth in the Group's customer base and the loss of existing customers; and higher costs for acquiring returning customers, which could adversely impact the Group's business. In addition, search engines could implement policies that restrict the ability of consumer finance companies, such as the Group, to advertise their services and products. For example, in 2016 Google implemented certain policies in the UK which may have had this effect to some extent. Any reduction in the number of consumers directed to the Group's web and mobile sites may have a material adverse effect on the Group's business, financial condition, financial returns and results of operations.

**31. *The Group relies to a certain degree on the third party introducer network and other distribution channels to source customers, and any adverse changes in these relationships could materially adversely affect the Group's business, results of operations and financial condition.***

The Group's success and the growth of its business are affected by its relationships with third party introducers. The Group originates certain loans through third party introducers who are not contractually obligated to do business with the Group. For the year ended 31 March 2018, 26.4% of the Group's loan originations were generated through third party introducers and 3.9% of the Group's loan originations were generated by the Group's largest third party introducer. The Group's competitors also have relationships with third party introducers and actively compete with the Group for business provided by such introducers. Accordingly, the Group may not be successful in distributing its loans through third party introduction channels or maintaining its existing relationships with third party introducers. Although third party introducers are only one of the Group's sales channels, and it does not have a significant amount of concentration in any one introducer, if a number of the third party introducers through whom the Group distributes its loans choose not to distribute its loans or otherwise ceases to be available, the level of loans the Group originates may decline and ultimately the Group's business, results of operations and financial condition could be materially adversely affected. During the year ended 31 March 2018, the Group generated loan originations through 70 third party introducers, and have historically had relationships

with a number of others. If an introducer becomes unavailable, the Group could seek to generate additional business through one or more other third party introducers, however there is no assurance that it would be able to replace any or all of the lost business. Moreover, the Group does not have control over whether the third party introducers and other sources through whom the Group distributes its loans comply with the FSMA and regulations of the FCA. If the third party introducers through whom the Group distributes its loans fail to comply with such laws and regulations or have other difficulties, or there are changes in market practice or regulation affecting third party introducers, the Group's access to certain distribution channels could be limited, which could have a material adverse effect on its business, financial condition, financial returns and results of operations. The Group could also become subject to fines and penalties if it does not have sufficient controls and processes in place to identify such third party introducer non-compliance with laws and regulations.

**32. *The Group's operating results depend on the effectiveness of its marketing and advertising programmes.***

The Group's revenues are heavily influenced by brand marketing and advertising. The Group's brand profile has largely been built up through direct marketing to customers via television, radio and online advertising, and the Group plans to make continued investment in advertising, raising awareness of what it does and the products it offers. Advertising and marketing costs are forecast to continue increasing with the continued marketing of the Group's brand through its existing advertising channels, and the Group may also look to explore new advertising channels, which may incur additional costs. However, the Group's marketing and advertising programmes may not be successful, which may cause the Group to fail to attract new customers or retain existing customers.

If the Group's marketing and advertising programmes are unsuccessful, or if its marketing and advertising campaigns happen to coincide with a larger marketing and advertising campaign from one or more of its competitors thereby rendering its campaign less visible or effective, the Group's results of operations could be materially and adversely affected. In particular, the Group's current advertising strategy is oriented towards television, which as a medium may be vulnerable to changes resulting from technological development and changes in consumer preferences and habits. Moreover, the advertising industry may become subject to increased regulation, which could affect the Group's ability to advertise in its current or planned format, and may thereby affect its ability to attract customers and continue building its brand profile amongst consumers.

In addition, the EU Data Protection Regulation ("GDPR") became directly applicable in Member States from 25 May 2018. The GDPR introduced substantial changes to the EU data protection including expanding the requirement for informed opt-in consent by customers to processing of personal data, granting customers a "right to be forgotten" and restrictions on the use of personal data for profiling purposes. These new restrictions may have an impact on the ability of the Group to continue to conduct its current marketing and advertising programmes in the same manner, or may result in additional costs associated with conducting those programmes.

Certain of the Group's competitors may have larger marketing and advertising budgets than the Group does, and the Group may have to maintain a level of marketing and advertising spend, notwithstanding any decline in revenue, in order to compete and maintain its exposure in the market. In such circumstances, the Group's margins may be diminished, which will have a negative effect on its results of operations. If the Group's marketing and advertising programmes are unsuccessful or cannot continue to be undertaken in the same manner, it could materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

**33. *The Group could be subject to tax risks attributable to previous tax assessment periods.***

The Group could accrue unanticipated tax expenses in relation to previous tax assessment periods which are still open and may be subject to a tax audit. The Group sets up tax provisions to address identifiable risks in respect of such open computations. Thus, the Directors believe that the current amount of provisions and liabilities shown in the Group's consolidated financial statements properly reflects a fair level of provisioning for tax liabilities. The Group has not been made aware of any significant findings which would not be covered by the tax provisions and liabilities for which the Group has accounted. Nevertheless, it cannot be ruled out that ongoing and/or future tax audits may lead to an additional tax expense and/or payment, which could have a material and adverse effect on the Group's business, financial condition, financial returns and results of operations.

**34. *The Group's level of indebtedness could, in certain circumstances, have a material adverse effect on the Group's operations and its ability to pay dividends.***

As at 31 March 2018 the Group had £455.0 million of third party borrowings. The Group's debt levels, debt service obligations and compliance with the related covenants under its financing arrangements could have important consequences for the Group, including the following:

- the Group's financial and operational flexibility in planning for, or responding to, changes in its business and industry could be limited;
- a substantial portion of the cash flow from the Group's operations may be dedicated to the payment of interest on existing indebtedness, thereby reducing the funds available for other purposes (including making loans to borrowers and/or the ability of the Group to make distributions to holders of shares in the capital of the Company);
- the Group's ability to obtain additional financing in the longer term, including its ability to refinance its indebtedness on comparable terms, or at all, or to pay dividends or make other investments or to undertake transactions with affiliated entities, could be limited; and
- in the event of a downturn in revenue, the Group's leverage could have a disproportionately negative effect on its profitability,

each of which, alone or in combination, could have a material adverse effect on the Group's financial condition, financial returns and results of operations.

### **Risks related to the Offer and the Shares**

**1. *Richmond Group Limited and, in turn, its controlling shareholder, James Benamor, will retain a significant interest in and will continue to exert substantial influence over the Group following the Offer and their interests may differ from or conflict with those of other shareholders.***

Immediately following Admission, Richmond Group Limited will continue to own approximately 63.5% of the issued ordinary share capital of the Company (assuming no exercise of the Over-allotment Option) and 61.4% if the Over-allotment Option is exercised in full. As a result, in addition to its right under the Relationship Agreement to appoint up to two directors to the Board, Richmond Group Limited will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors, dividend policy, remuneration policy and approval of significant corporate transactions.

The Company has entered into the Relationship Agreement with Richmond Group Limited, which contains contractual obligations on Richmond Group Limited to ensure that the Company operates independently of Richmond Group Limited after Admission. In particular, the Relationship Agreement contains undertakings from Richmond Group Limited not to

(i) influence the day-to-day running of the Company at an operational level, (ii) vote its shares in a manner which would prevent the Company from operating and making decisions for the benefit of the Shareholders as a whole or (iii) operate, establish, own or acquire a "competing business" that operates in the guarantor loan market, or offers any products or services which compete with such products or services as are offered or marketed by the Group.

In addition, each of the Company and Richmond Group Limited has also undertaken to the other that it will not, and will procure that (insofar as is within its power or control) that any of its associates shall not, take any action to claim compensation for past use or prevent the future use, or further independent development, by the other (or any of the other's associates) of certain intellectual property, provided that such intellectual property was used by the Company or Richmond Group Limited (as the case may be) or any of their respective associates prior to or at the point of Admission.

The interests of Richmond Group Limited may not always be aligned with those of other holders of Shares. Although the Relationship Agreement includes an undertaking by Richmond Group Limited not to operate, establish, own or acquire an undertaking, which constitutes a "competing business", to the knowledge of the Group, Richmond Group Limited currently operates, and may in the future operate, non-standard finance businesses, including guarantor loan businesses, in other jurisdictions, that nevertheless do not meet the definition of "competing business" under the Relationship Agreement.

The concentration of ownership in Richmond Group Limited may have the effect of delaying, deferring or preventing a change of control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could have an adverse effect on the trading price of the Shares.

**2. *The market price of the Shares could be negatively affected by sales of substantial amounts of such Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.***

Following completion of the Offer, Richmond Group Limited will own 63.5% of the Company's issued ordinary share capital (assuming no exercise of the Over-allotment Option) and 61.4% if the Over-allotment Option is exercised in full. The Company, Richmond Group Limited, the Directors and the Senior Manager are subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital. The issue or sale of a substantial number of Shares by the Company, Richmond Group Limited, the Directors or Senior Manager, or certain members of the Company's management team in the public market after the lock up restrictions in the Underwriting Agreement and related arrangements expire (or are waived by the Joint Global Co-ordinators), or the perception that these sales may occur, may depress the market price of the Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

**3. *There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.***

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to the UK Listing Authority for admission to the premium listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

**4. *Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Group's operating performance.***

The Offer Price is not indicative of the market price of the Shares following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors, as well as period to period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

**5. *Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.***

The Articles provide for pre-emption rights to be granted to shareholders in the Company, unless such rights are dis-applied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the U.S. Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable U.S. or other shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

**6. *The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed.***

There can be no guarantee that the Group's historical performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow deteriorates, then the Company's capacity to pay a dividend will suffer. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions, the Group's financial position (including the existence of sufficient distributable reserves and cash in the Group), working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time. In addition, the Group's financing agreements include provisions that may restrict the payment of dividends or other distributions.

**7. *The issuance of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.***

The Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Group may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

**8. *The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.***

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders.

As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders therefore depends on its future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

**9. *Overseas shareholders may be subject to exchange rate risk.***

The Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

**10. *The Company expects to be treated as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. tax consequences for certain U.S. investors.***

A non-U.S. corporation generally will be considered a PFIC for any taxable year in which at least 75% of its gross income is passive income, or at least 50% of the quarterly average market value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Based on the Company's organisation, assets, income and its activities, the Company expects to be treated as a PFIC for U.S. federal income tax purposes for the current taxable year and thereafter.

The characterisation of the Company as a PFIC generally will result in adverse U.S. federal income tax consequences to U.S. investors. U.S. investors will be subject to a special tax at the highest ordinary income tax rate on "excess distributions" (generally, any distributions that an investor receives in a taxable year that are greater than 125 percent of the average annual distributions that such investor has received in the preceding three taxable years, or its holding period, if shorter) and any gain recognised on the sale of the Shares. The amount of income tax on any excess distribution or gain recognised on the sale of the Shares will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distribution or gain recognised on the sale of the Shares were earned ratably over the holding period of such Shares. In addition, dividends paid by us would not be eligible for reduced rates of U.S. federal income taxation applicable to U.S. investors that are not corporations for U.S. federal income tax purposes. A "mark-to-market" election may be available to mitigate the consequences of the Company being treated as a PFIC for U.S. federal income tax purposes, provided the Shares constitute "marketable stock" as defined in U.S. Treasury regulations.

## PART 2

### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

#### General

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or the Underwriters. No representation or warranty, express or implied, is made by any of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to the FSMA, neither the delivery of this Prospectus nor any subscription or sale of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of the Prospectus or if this Prospectus contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, any of the Underwriters or any of their representatives that any recipient of this Prospectus should purchase the Shares. Prior to making any decision as to whether to purchase the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

Investors who purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of their representatives is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

## **Over-allotment and stabilisation**

In connection with the Offer, J.P. Morgan Securities plc, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 10% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Selling Shareholders will grant the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10% of the total number of Shares comprised in the Offer (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares.

## **Presentation of financial information**

The financial information in this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this Prospectus.

## Financial information

The Company's financial year runs from 1 April to 31 March. The financial information included in Part 12 "Historical Financial Information" is covered by the accountant's report included in Section A, which was prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

None of the financial information used in this Prospectus has been audited in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Accordingly, it would not be possible to express any opinion on the "**Historical Financial Information**" in Part 12 "Historical Financial Information" under U.S. GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by U.S. GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the Historical Financial Information in Part 12 "Historical Financial Information" and the implications of differences between the auditing standards noted herein.

The Group prepares its financial statements on the basis of IFRS, which differs in certain significant respects from U.S. GAAP. The Group has not presented a reconciliation of its consolidated financial statements to U.S. GAAP in this Prospectus. As there are significant differences between IFRS and U.S. GAAP, there may be substantial differences in the Group's results of operations, cash flows and financial condition if the Group were to prepare its financial statements in accordance with U.S. GAAP.

## Non-IFRS financial information

The Group has also presented certain measures in this Prospectus that are derived from its principal non-IFRS measures, including Risk Adjusted Revenue, Adjusted EBITDA, Adjusted Profit after Tax, Adjusted Free Cash Flow excluding Loan Originations, Adjusted Tangible Equity and related ratios and margins. See Part 9 "Selected Financial Information" for the definitions of these measures and reconciliations to the nearest IFRS measure.

Risk Adjusted Revenue, Adjusted EBITDA, Adjusted Profit after Tax, Adjusted Free Cash Flow excluding Loan Originations and Adjusted Tangible Equity are not measurements of performance under IFRS, and you should not consider these measures as alternatives to operating income or consolidated profits as a measure of the Group's operating performance, as a measure of its ability to meet its cash needs or any other measures of performance under generally accepted accounting principles. The Group believes that these measures are useful performance measures and indicators of its profitability and cash flow and can assist securities analysts, investors and other parties to evaluate the Group. These and similar measures may be used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. These measures may not be indicative of the Group's historical operating results, nor are they meant to be predictive of potential future results.

The non-IFRS measures presented herein have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of the Group's results as reported under IFRS.

In making an investment decision, you should rely upon your own examination of the terms of the offering and the financial information contained in this Prospectus. You should consult your own professional advisers for an understanding of IFRS.

## **Terms relating to the Group's Loan Book**

In this Prospectus, the term "Loan Book" refers to total outstanding loans in the Company's statement of financial position. Net Loan Book represents Loan Book less the provision for impairment. The Group considers an account to be in arrears after one missed payment. Provision for impairment represents the Group's accounting estimate of the portion of loan balances that are not in arrears or are up to five payments in arrears for which the Group will not ultimately be able to collect payment. Provision for impairment excludes loans that are six or more payments in arrears, which are charged off of the Group's statement of financial position and are therefore no longer included in the Loan Book. After it has charged off a loan, the Group continues its collection efforts with respect to that loan. To the extent that the Group is able to recover value on charged-off loans, the Group records that value as a reduction in its impairment charge in its statement of income. Impairment charge represents the statement of income charge for the movement in both the provision for impairment and the value of charged-off loans between the beginning and the end of the period.

## **Indicative Loan Book cash flow**

Indicative Loan Book cash flow represents the Group's estimate of future cash flow from its existing Loan Book without taking into consideration the effect of early settlements and repeat business. In order to calculate indicative Loan Book cash flow at the respective dates, the Group calculated the sum of payments due on the Loan Book, less an estimated allowance for impairments of 0.5% per month, for a period of 39 months. The estimated allowance of impairments of 0.5% per month represents 15% of estimated future interest, which is based on the ratio of impairment to revenue for the year ended 31 March 2018, less an expected reduction, given that impairment is recognised early in the lifecycle of a loan and taking into account historical Loan Book payment patterns. The period of 39 months represents the weighted average term remaining on the Loan Book as of 31 March 2018. Indicative Loan Book cash flow is an estimate and actual future cash flow will be dependent upon a variety of factors, and may therefore vary from the estimate. Accordingly, no opinion or any other form of assurance is provided with respect to indicative Loan Book cash flow.

## **Currency presentation**

Unless otherwise indicated, all references to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. The Company prepares its financial statements in GBP.

The following tables set out, for the periods set forth below, the high, low, average and period-end Bloomberg Composite Rate expressed as U.S. dollar per £1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the composite bid rate is equal to the highest bid rate of all currently active, contributed, bank indications, and the composite ask rate is equal to the lowest ask rate offered by these same bank indications. The Bloomberg Composite Rate is a mid-value rate between the composite bid rate and the composite ask rate. The rates may differ from the actual rates used in the preparation of the combined historical financial information and other financial information appearing in this Prospectus.

The average rate for a year, a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that year, month, or shorter period, as the case may be.

Period (year/month)	Period end	Average	High	Low
(U.S. dollar per £1.00)				
2013 .....	1.6556	1.5647	1.6556	1.4867
2014 .....	1.5578	1.6476	1.7166	1.5516
2015 .....	1.4736	1.5284	1.5881	1.4632
2016 .....	1.2357	1.3554	1.4880	1.2123
2017 .....	1.3524	1.2886	1.3582	1.2068
January 2018 .....	1.4184	1.3813	1.4256	1.3501
February 2018 .....	1.3785	1.3964	1.4231	1.3785
March 2018 .....	1.4034	1.3976	1.4222	1.3735
April 2018 .....	1.3765	1.4075	1.4325	1.3765
May 2018 .....	1.3293	1.3465	1.3627	1.3244
June 2018 (through 15 June) .....	1.3284	1.3366	1.3413	1.3284

Source: Bloomberg

## Roundings

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

## Market, economic and industry data

This document contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this document consist of Directors' estimates based on data compiled by professional organisations and on data from other external sources, including the Bank of England and the Office of National Statistics and from services from L.E.K. Consulting (International) Limited.

The Company confirms that all such data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this Prospectus, the source of such information has been identified.

## Service of process and enforcement of civil liabilities

The Company has been incorporated under English law. Service of process upon Directors and officers of the Company may be difficult to obtain within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under US. federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a U.S. court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

## No incorporation of website information

The contents of the Company's website do not form part of this Prospectus.

## **Definitions and glossary**

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Part 15 "Definitions and Glossary".

## **Information not contained in this Prospectus**

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

## **Information regarding forward-looking statements**

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Summary", "Risk Factors", "Business" and "Operating and Financial Review" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks, uncertainties and other important factors include, but are not limited to, those listed under the heading "Risk Factors".

The following include some but not all of the factors that could cause actual results or events to differ materially from the anticipated results or events:

- Changes in the economic environment in the United Kingdom may negatively impact the Group's performance.
- Any failure to comply with applicable legislation or regulation of the non-standard finance sector and the broader consumer credit industry could result in the suspension, termination or impairment of the Group's ability to conduct business.
- Changes to the regulatory environment in the United Kingdom, including in connection with the UK's withdrawal from the European Union, or an increasing volume of legislation may materially and adversely affect the Group's industry and impede the Group's business.
- Unless prescriptive rules as to the content and execution of regulated consumer agreements are followed, those agreements may be unenforceable.

- If an approved person of an authorised non-standard finance firm does not comply with his obligations, the firm could be subject to an enforcement action.
- The Group is exposed to the credit risk of its borrowers and guarantors.
- If the credit quality of the Group's customers deteriorates and/or the Group is unable to effectively control its level of delinquencies in the future, the Group's business, results of operations and financial condition may be materially adversely affected.
- The Group's estimates of provision for impairment of its Loan Book may not be adequate, in particular in connection with pilot lending initiatives; as a result, the Group's results of operations and financial condition may be negatively affected.
- The Group is highly dependent on its data gathering systems and proprietary customer and applicant profiles, and if the Group were to lose access to such data or if the data were to become public, the Group's business could be materially and adversely affected.
- The statistical models and analytical tools the Group uses in its business may prove to be inaccurate, and the Group may not achieve the collections anticipated.
- The Group depends on the accuracy and completeness of information about customers, and any misrepresented or inaccurate information could adversely affect the Group's business, results and reporting of its operations and financial condition.
- The Group is subject to risks of customer fraud.
- The Group may experience security and privacy breaches of the systems it uses to protect personal data.
- Any negative impact on the reputation of and value associated with the Group's brand could adversely affect its business, and the Group may be unable to protect its trademarks and other intellectual property or may otherwise have its brand names harmed.
- Negative attention and news regarding the non-standard finance and personal loan industry and individual non-standard finance providers may have a negative impact on consumers' willingness to engage the Group for their non-standard financing needs, and on customers' willingness to pay the debt owed to the Group.
- The Group's confidentiality agreements may be breached, or the Group may fail to protect its proprietary processes, systems or trade names.
- The Group's operations could suffer from telecommunications or technology interruptions.
- The Group may be unable to successfully anticipate, manage or adapt to technological advances within its industry, which would result in increased technology costs.
- The Group operates in markets that are competitive. The Group may be unable to compete with businesses that offer alternative and potentially more attractive non-standard finance, and its competitors may develop competitive strengths that it cannot match.
- The actions of the Group's competitors may have an adverse effect on the Group's ability to conduct its business.
- The Group's need to adapt to customers' changing financial circumstances may result in increased servicing costs, reduced cash flow or imprecise modeling.
- Changes in government spending and welfare policy (including in relation to universal credit) could have a material adverse effect on the Group's business, results of operations or financial condition.

- The Group is subject to ongoing risks of litigation, investigations, and proceedings; there is a risk that the Group will be engaged in more litigation than a consumer finance firm operating in the traditional finance sector.
- The Group's senior management team members and key employees are important to the Group's continued success and the loss of one or more members of its senior management team or one or more of its key employees could materially and adversely affect its business.
- The Group may not be able to hire and retain enough sufficiently trained employees to support its operations.
- The Group's rapid growth may strain its resources or affect its ability to maintain its performance levels, which could materially and adversely affect its business.
- If the Group expands internationally, its business will be exposed to a range of risks that could adversely and materially affect the Group's business.
- The Group may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert its resources.
- The Group focuses on non-standard finance and is therefore reliant on demand for such financial products; to the extent the Group offers new products and services, it may face higher costs and difficulty achieving profitability.
- If internet search engine providers change their methodologies for organic rankings or paid search results, or the Group's organic rankings or paid search results decline for other reasons, the Group's new customer growth or volume from returning customers could decline.
- The Group relies to a certain degree on the third party introducer network and other distribution channels to source customers, and any adverse changes in these relationships could materially adversely affect the Group's business, results of operations and financial condition.
- The Group's operating results depend on the effectiveness of its marketing and advertising programmes.
- The Group's level of indebtedness (and restrictions in the financing agreements relating to such indebtedness) could, in certain circumstances, have a material adverse effect on the Group's operations and its ability to pay dividends.

Should one or more of these risks or uncertainties materialise or should any of the assumptions underlying the above or other factors prove to be incorrect, the Group's actual future business, results of operations and/or financial condition, performance, prospects, anticipated growth, strategies or opportunities could differ materially from those described herein as currently anticipated, believed, estimated or expected.

Investors or potential investors should not place undue reliance on the forward looking statements in this Prospectus. Investors should read the sections of this Prospectus titled "Risk Factors", "Industry Overview", "Business" and "Operating and Financial Review" for a more complete discussion of the factors that could affect the Group's future performance and the markets in which it operates. In light of the possible changes to the Group's beliefs, assumptions and expectations, the forward looking events described in this Prospectus may not occur. Additional risks currently not known to the Group or that the Group has not considered material as of the date of this Prospectus could also cause the forward looking events discussed in this Prospectus not to occur.

Forward looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure Guidance and Transparency Rules of the FCA.

## PART 3

### DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

<b>Directors</b> . . . . .	Glen Crawford, Executive Director and Chief Executive Officer Simon Dighton, Executive Director and Chief Financial Officer Stephan Wilcke, Independent Chairman Roger Lovering, Senior Independent Non-Executive Director Richard Price, Independent Non-Executive Director James Benamor, Non-Executive Director
<b>Company Secretary</b> . . . . .	Nicholas Beal
<b>Registered and head office of the Company</b> . . . . .	Nova Building 118 - 128 Commercial Road Bournemouth BH2 5LT United Kingdom
<b>Joint Global Co-ordinator, Joint Bookrunner and Sponsor</b> . . . . .	J.P. Morgan Securities plc 25 Bank Street Canary Wharf, London E14 5JP United Kingdom
<b>Joint Global Co-ordinator and Joint Bookrunner</b> . . . . .	RBC Europe Limited Thames Court 1 Queenhithe London EC4V 3DQ United Kingdom
<b>Joint Bookrunner</b> . . . . .	Macquarie Capital (Europe) Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom
<b>English and U.S. legal advisers to the Company</b> . . . . .	White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom
<b>English and U.S. legal advisers to the Joint Global Co-ordinators, Joint Bookrunners and Joint Sponsor</b> . . . . .	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
<b>Reporting Accountants and Auditors</b> . . . . .	KPMG LLP 66 Queen's Square Bristol BS1 4BE United Kingdom
<b>Registrars and Receiving Agents</b> . . . . .	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

## PART 4

# EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

### Expected timetable of principal events

Event	Time and date
Announcement of Offer Price and allocation .....	7.00 a.m. on 29 June 2018
Commencement of conditional dealings on the London Stock Exchange .....	8.00 a.m. on 29 June 2018
Admission and commencement of unconditional dealings in the Shares on the London Stock Exchange .....	8.00 a.m. on 4 July 2018
Crediting of Shares to CREST accounts .....	4 July 2018
Despatch of definitive share certificates (where applicable) .....	Within 40 business days of Admission

**It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. Temporary documents of title will not be issued.**

All times are London times. Each of the times and dates in the above timetable is subject to change without further notice.

### Offer statistics<sup>(1)</sup>

Offer Price (per Share) .....	275 pence
Number of Shares being offered in the Offer <sup>(2)</sup> .....	118,836,758
Percentage of the issued Share capital being offered in the Offer <sup>(2)</sup> .....	25%
Number of Shares subject to the Over-allotment Option .....	11,883,675
Number of Shares in issue following the Offer .....	475,333,760
Market capitalisation of the Company at the Offer Price .....	£1,307.2 million
Estimated gross proceeds of the Offer receivable by the Selling Shareholders <sup>(2)</sup> .....	£326.8 million

#### Notes:

(1) Assumes all of the steps set out in paragraph 2 of Part 14 "Additional Information—Reorganisation" are completed in full. To the extent that these steps are not completed in full, the Offer will not proceed and Admission will not be sought.

(2) Does not include any Over-allotment Shares that may be sold pursuant to the Over-allotment Option.

## PART 5 INDUSTRY OVERVIEW

*The following information relating to the guarantor loan market has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should read this Part 5 in conjunction with the more detailed information contained in this Prospectus including Part 1 "Risk Factors" and Part 10 "Operating and Financial Review".*

### Introduction

The UK consumer finance landscape reaches from lower risk and cost lenders, such as high street banks, and mid-risk and cost lenders, such as credit unions, to higher risk and cost lenders, such as payday lenders. Within this spectrum, the Group operates in the mid-cost credit range of the UK non-standard finance market.

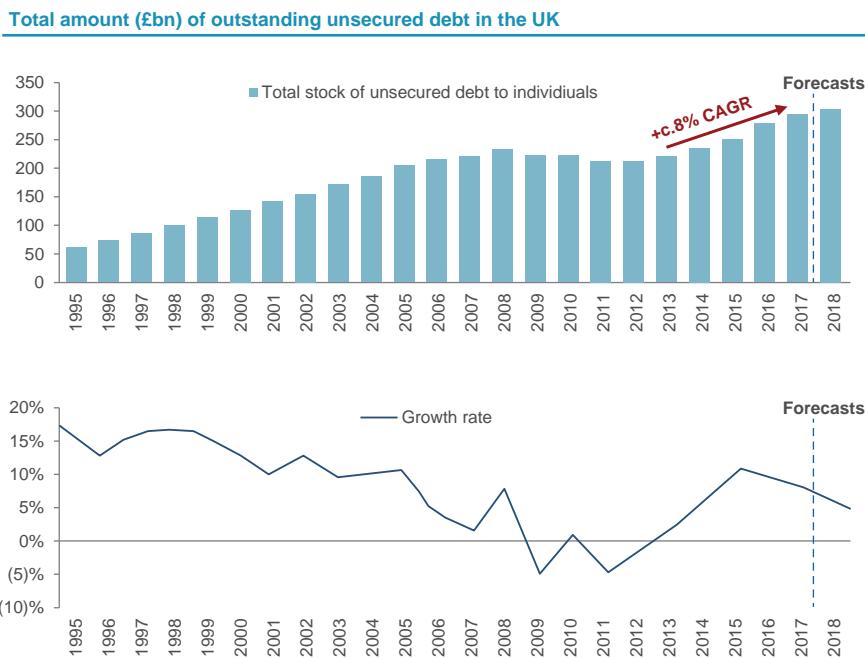
In this specialist sector, where credit without traditional collateral or appropriate credit history is provided by non-mainstream financial institutions, the Group occupies a specific sub-sector in which security is provided by the primary borrower through a guarantor. There are a number of secular trends underlying the non-standard finance and guarantor lending markets in which the Group operates.

### Unsecured credit market

As of November 2016, there was approximately £160 billion of personal debt outstanding in the UK, as reported by the FCA, of which the Directors estimate non-mainstream credit, which includes guarantor loans, comprises approximately 10%, based on publicly available accounts of market participants. Non-mainstream credit products are defined as those which are not credit cards, arranged or unarranged overdrafts, motor finance agreements or unsecured personal loans. It therefore includes products such as high-cost short-term credit (HCSTC) loans, catalogue credit, home credit and rent-to-own agreements.

Over the last few years, demand for unsecured lending has been growing due to population growth, economic growth, low interest rates, falling levels of unemployment and a recovery of consumer confidence. Despite Brexit concerns, levels of employment have remained strong, and consumers have shown a willingness to spend. As a result, unsecured consumer credit

balances have recovered from their lows during 2013 and have grown by approximately 8% per year between 2013 and November 2017.



Source: Bank of England, Office for Budget Responsibility.

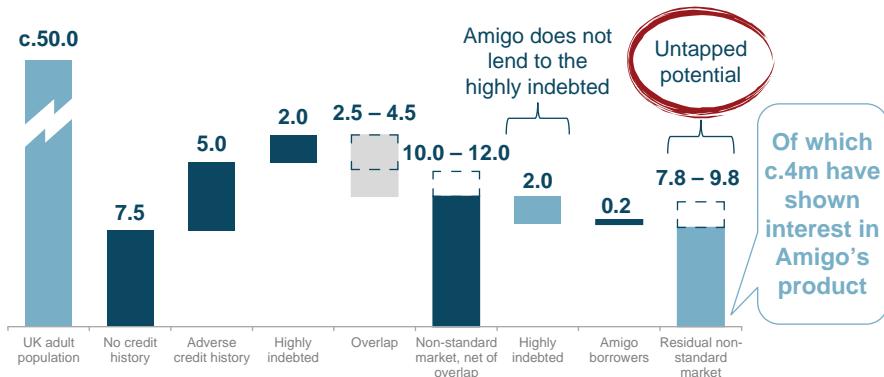
Excludes credit cards

Note: CAGR calculated for the period Dec-2013 to Nov-2017

## Non-standard finance market

The addressable non-standard finance market encompasses approximately 20% of the UK adult population. The Directors estimate the total UK non-standard finance market is comprised of approximately 5.0 million credit impaired adults, approximately 7.5 million adults with low credit status or no credit history and approximately 2.0 million highly indebted adults. Examples of individuals with impaired credit history includes those with county court judgments issued against them and "middle income" individuals who have suffered a life event such as redundancy, illness or divorce that has led to credit difficulties. Examples of individuals with thin or no credit history include people who have recently relocated to the UK, young professionals employed for the first time and borrowers with variable or not easily verifiable income. Together, the Directors estimate that excluding overlap, the UK non-standard finance market is comprised of a total of approximately 10 to 12 million adults. After eliminating the highly indebted segment of the market (which the Group does not target) and the Group's approximately 0.2 million borrowers as of 31 March 2018, the Group has approximately 7.8 to 9.8 million potential additional customers in the UK non-standard finance market. Of those potential additional customers, 4.2 million individuals have previously expressed an interest in the Group, compared to the Group's approximately 364,000 existing customers as of 31 March 2018.

## Potential in the UK non-standard finance market (millions)



Source: Company (Amigo Loans Group Ltd); Office of National Statistics; Financial Inclusion Annual Monitoring Report 2015, University of Birmingham; Bank of England; Insolvency Statistics; Debt Camel; Registry Trust; Association of Business Recovery Professionals; NMG surveys.

Following the global financial crisis, non-standard finance has historically grown at a faster rate in comparison to the overall market. The overall population of UK adults with no, thin or adverse credit history increased through the global financial crisis and has recently shown resilience. Both before the financial crisis and in the recovering economic environment, there have been approximately 3 million individuals claiming unemployment- or incapacity-related benefits in the UK. Additionally, the number of people without access to a bank account has remained relatively stable. The number of younger citizens in the UK is expected to remain broadly stable and in the medium-term, the level of net migration is expected to remain relatively constant. Therefore, the overall population with no credit history or low credit status is expected to remain stable.

The population of UK adults with adverse credit history has remained stable since the financial crisis. As the number of county court judgments has increased since 2012, this has increased the number of people who are no longer eligible for prime finance but who may be a good credit risk. The total number of new individual voluntary arrangements, bankruptcy orders and debt relief orders has decreased since the financial crisis. Together these trends indicate that the population of UK adults with adverse credit history, whilst cyclical, is broadly stable.

Additionally, increasing regulation has led to banks and payday lenders retreating from the market, resulting in lower levels of competition. Banks have retrenched into prime lending, reducing options for anyone with a thin or problematic credit file whilst IFRS 9 will significantly increase initial provision requirements for higher risk loan originations. These factors have created a new opportunity for specialist financial services firms.

The non-standard finance market has many distinct sub-sectors, some of which use collateral as security but most of which are unsecured. The most common sectors include non-standard credit cards, mail order credit/catalogue, unsecured personal loans, guarantor loans, home collected credit, credit unions and payday loans. Guarantor loans are positioned very differently from other types of unsecured non-standard finance as they can offer lower APRs, longer loan terms, higher loan sizes and additional reliability for the lender from having a guarantor.

## How guarantor loans fit into the UK consumer finance landscape (2016)

Product category	Product name	Comparison of market sizes of less mainstream credit products (FCA, data as at 2016)							
		Consumers with outstanding debt (m) <sup>1</sup>	Annual value of originations (billion)	Value of outstanding debt (billion)	Average balance	Default rate	APR	Tenure	
Mainstream credit	Credit card	Catalogue credit	7.6 (14.7%)	£0.8	£4.0	£360	34%	35-45% <sup>3</sup>	<39m <sup>3</sup>
	Overdraft	Retail finance	5.3 (10.2%)	£4.4	£6.0	£1,170	5%	60-700%	<60m <sup>5</sup>
	Motor finance	Store card	1.9 (3.7%)	£0.2	£0.7	£220	13%	20-30%	<1m <sup>6</sup>
Less mainstream credit	Unsecured personal loan	HCSTC	1.6 (3.1%)	£1.1	£1.1	£390	60%	1,200-1,700%	<12m <sup>7</sup>
	Catalogue credit	Home credit	1.6 (3.1%)	£1.3	£1.1	£550	39%	100-450%	<12m <sup>8</sup>
	Retail finance	Rent-to-own	0.4 (0.8%)	£0.6	£0.5	£650	5%	25-75%	<36m <sup>9</sup>
	Store card	Other running account	0.3 (0.6%)	£0.2	£1.0	£270	24%	2-18% <sup>4</sup>	N/A <sup>10</sup>
	HCSTC	Guarantor loans	0.2 <sup>2</sup> (0.4%)	£0.4 <sup>12</sup>	£0.7 <sup>2</sup>	£3,865 <sup>2</sup>	6-8% <sup>13</sup>	40-50% <sup>14</sup>	<60m
	Home credit	Logbook	<0.1 (<0.1%)	<£0.1	<£0.1	£2,320	11%	180-500%	<48m <sup>11</sup>
	Rent-to-own	Guarantor loans							
Utilities	Other running account	Logbook							
	Telecom								
Other household bills	Other household bills								

Source: Company website, FCA's High-Cost Credit Review, July 2017, Technical Annex 1: Credit reference agency (CRA) data analysis of UK personal debt

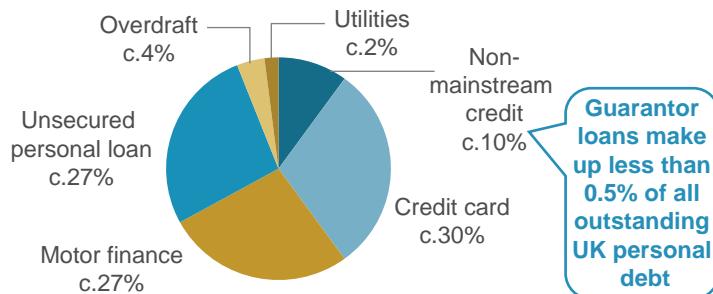
- (1) Figures in () show percentage of UK adults;
- (2) Based on Amigo and NSF latest reporting;
- (3) For Littlewoods, Grattan and Freemans;
- (4) For HSBC and Barclays overdrafts;
- (5) For Everyday Loans;
- (6) If not paid off monthly the account falls into arrears;
- (7) For Provident Financial;
- (8) For Satsuma;
- (9) For Brighthouse;
- (10) Overdrafts have no fixed tenure and vary case by case;
- (11) For Mobile Money Gold;
- (12) Based on Amigo's LTM originations as at December 31, 2017;
- (13) Impairment charge as a % of average Loan Book;
- (14) Based on peer set of Amigo, NSF, UK credit and TFS loans.

The non-standard finance market includes APRs typically ranging from 30% to 1,500% depending on whether collateral is available, the term of the loan and the individual's credit history, given the increased risk profile compared to prime lending. APRs for loans in the non-standard finance sector are usually higher than in traditional bank lending, creating potential for attractive financial returns for firms that have relevant and differentiated underwriting experience and a track record of controlling impairments. Within the non-standard finance sector, APRs tend to be lowest in second charge mortgages, bridging loans and non-standard mortgages, and higher in unsecured forms of credit such as payday lending, non-standard credit cards, rent to own and guarantor loans.

Non-mainstream credit, which includes guarantor loans, comprises approximately 10% of the outstanding value of personal debt in the UK.<sup>2</sup>

<sup>2</sup> Non-mainstream credit products are defined as those which are not credit cards, arranged or unarranged overdrafts, motor finance agreements or unsecured personal loans. It therefore includes products such as high-cost short-term credit (HCSTC) loans, catalogue credit, home credit and rent-to-own agreements.

## Share of outstanding value of personal debt (as at Nov-2016)



Source: FCA High-Cost Credit Review, July 2017

Lending to non-standard borrowers has become more selective since 2008, particularly for larger loans. For non-standard loan balances of over £1,000, available options include secured financing (motor and second charge finance), point of sale loans and guarantor loans. For a consumer without collateral who wishes to take out a personal loan, not tied to any purchase, of over £1,000, guarantor lending remains one alternative in a supply constrained market.

The consumer credit industry is a highly regulated environment and firms operating within it are subject to high standards of monitoring and compliance, particularly following the transition in regulatory regimes from the Office of Fair Trading "OFT" to the Financial Conduct Authority "FCA" in April 2014. All non-standard finance businesses, including guarantor loan providers, are required to receive FCA authorisation and be able to demonstrate that, at all times, they meet the threshold conditions for authorisation and comply on an ongoing basis with the applicable FCA standards. While UK non-standard finance businesses are principally regulated by the FCA, there is additional legislation and regulation that governs consumer credit, including the CCA. The regulatory environment therefore creates a strong barrier to entry and ensures that participants meet high standards. See Part 8 "Regulatory Overview".

## Guarantor lending

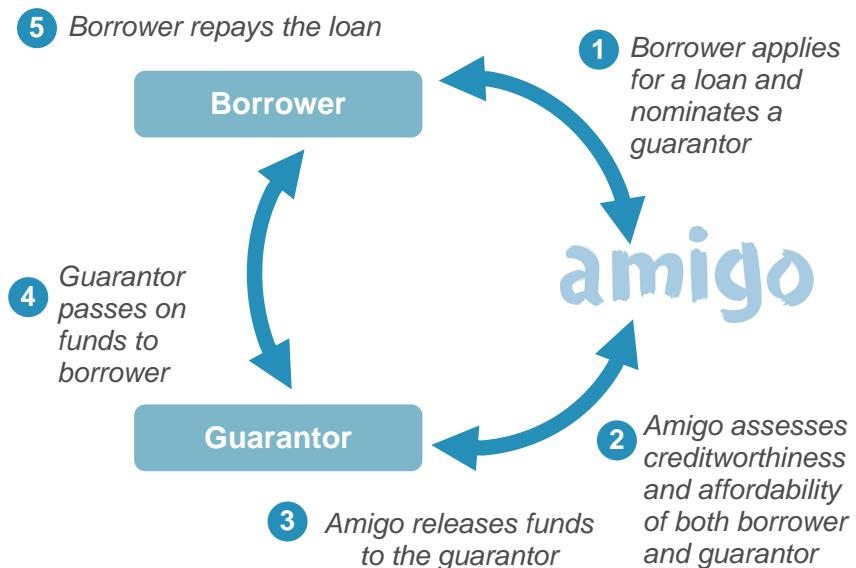
### Overview and business model

The UK guarantor loan market is a segment of the unsecured credit market and the Directors estimate its size to be approximately £700 million in outstanding balances as of December 2017, based on publicly available accounts of market participants. The market has seen considerable growth over recent years, given the reduced presence by mainstream banks in the unsecured, non-standard finance market and the regulation of alternative providers who did not meet regulatory requirements and standards.

Guarantor loans are attractive to non-standard finance borrowers because they provide them with an opportunity to improve their credit score at a more accessible rate than other non-standard products. Guarantor loans vary in term and amount and are typically of longer term and larger size compared to other forms of non-standard credit, allowing the borrowers flexibility to suit their needs. In order to obtain a guarantor loan, a prospective borrower must apply to a guarantor loan provider for a loan and nominate a credit-worthy guarantor. The guarantor loan provider then assesses the creditworthiness and affordability of both the guarantor and the borrower, as the guarantor is liable for any missed payments by the borrower. After the provider approves the loan, the funds are released to the guarantor, who will in turn pass them onto the borrower. The borrower will be in charge of making the monthly loan repayments henceforth. Guarantors typically agree to loan agreements because they are interested in helping the borrower (who is usually a family member or close friend) but are not willing to put their own credit score at risk, don't have the cash to lend directly

and/or are unwilling to take out a personal loan themselves. The guarantor loan provides a suitable vehicle that allows for guarantors to assist borrowers obtain credit.

### Interaction between the borrower, guarantor and the lender



Source: Company

The concept of guarantor loans was pioneered by the Group in 2005 under the FLM Loans brand, which was then rebranded to Amigo Loans in 2012. Since then, the market has seen a number of new entrants but none have been able to replicate the Group's scale and some have since exited the market.

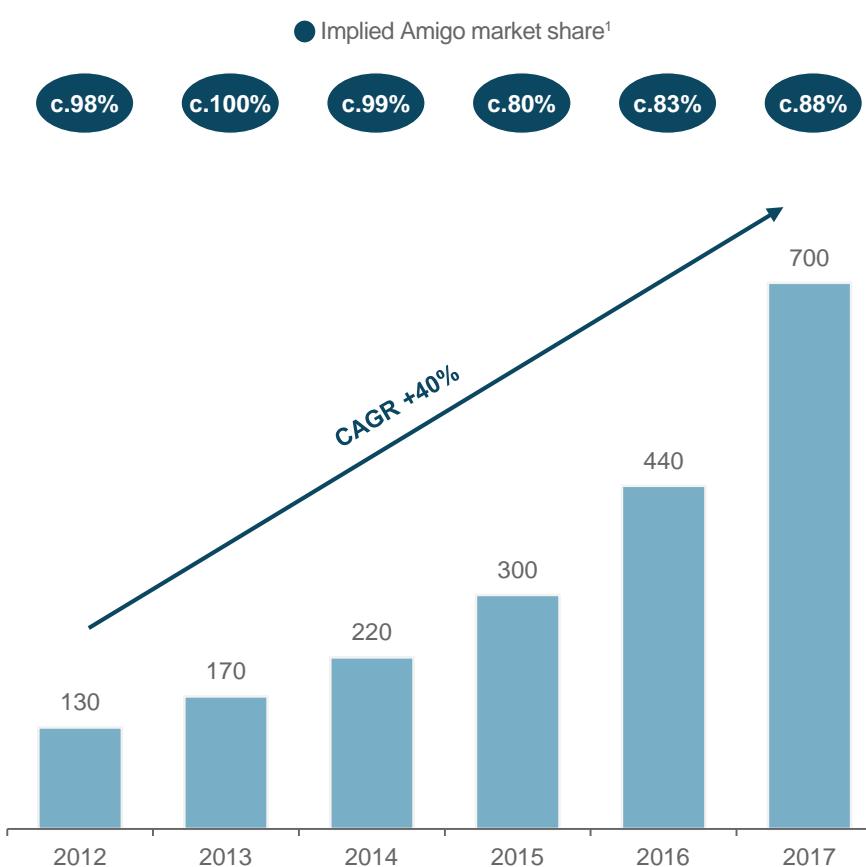
Guarantor loans are distributed in several ways, including the direct channel, repeat business channel and third party introductions channel. See Part 6 "Business—Sales Channels."

### Market size and trends

The Group's guarantor loan product offers comparable APRs to other unsecured, non-standard finance products with average balances typically greater than £1,000. It occupies an attractive sub-sector, in which non-standard borrowers who do not have collateral, or are not acquiring collateral as part of the transaction (motor finance or second charge products), can access financing if they have a relative or friend to act as guarantor. The guarantor loan product offers loans with a relatively longer-term, larger size and lower APR. This flexibility in the product and its broader appeal versus comparable products has resulted in high demand, with the Director's estimating guarantor loan balances in the UK having grown from outstanding balances of approximately £130 million as of 2012 to approximately £700 million as of

December 2017, based on publicly available accounts of market participants, at a CAGR of approximately 34.0%.

#### Guarantor loan outstanding balances since 2012 (£m) and Amigo market share<sup>1</sup>



(1) Calculated from FCA's High-Cost Credit Review, July 2017, Technical Annex 1: Credit reference agency (CRA) data analysis of UK personal debt.

The UK guarantor loan market has benefitted from increased awareness, recovering demand for non-standard, unsecured credit and an absence of supply of non-standard alternatives for loan sizes over £1,000.

Historically, market growth has been achieved by increased awareness of the guarantor loans market, partly as a result of the Group's TV, radio and online advertising campaigns driving both the Amigo brand and the concept of guarantor loans. The guarantor loan market is expected to continue its expansion, with demand expected to increase through continued increase in awareness of the product in combination with more limited lending supply from other forms of credit for the non-standard market due to regulation as well as tighter risk appetites.

## Competitive landscape

Since the Group pioneered the guarantor loan concept in the UK in 2005, it has remained the largest provider in the industry, with an approximately 88% product market share based on Loan Book size as of 31 December 2017.

### Amigo has a leading position in the guarantor market

Provider	Years in service	Loan amount (£'000)	Current gross loan book (£m)	Market share <sup>2</sup>	Rep. APR
#1 	13	0.5 to 10.0	688	c.88%	49.9%
NON-STANDARD FINANCE acquired George Banco in August 2017	#2	4	0.5 to 10.0		49.7%
	#2	3	0.5 to 10.0	<7%	49.9% <sup>3</sup>
#3 	15	1.0 to 15.0	20	<3%	48.9%
#4 	8	1.0 to 10.0	20	<3%	47.9% <sup>4</sup>

Source: Company (Amigo Loans Group Ltd), peer public information from websites and financial reports, Google analytics.

Note: Latest reported gross loan book

(1) Owned by Non-Standard Finance plc but operated as separate brands, legal entities and FCA licenses;

(2) Market size determined by comparing last reported net loan book to market size sourced from the FCA High-Cost Credit Review published July 2017;

(3) APR for non-homeowner guarantor loans, homeowner guarantor loans have an APR of 43.8%;

(4) APR for non-homeowner guarantor loans, homeowner guarantor loans have an APR of 39.9%;

Over the last six years there have been a number of entrants into the guarantor loans market, but the Group has maintained its leading market position and share, constituting approximately 88% of the market by Loan Book size.

Non-Standard Finance plc entered the guarantor loan market through their TrustTwo brand and acquired another guarantor lending business in August 2017, George Banco, with a loan book of approximately £25 million as of December 2016. This has increased Non-Standard Finance plc's aggregate loan book to £48 million, with a market share of just under 10% (according to company filings and the FCA's High Cost Credit Review, July 2017).

## PART 6 BUSINESS

*Investors should read this Part 6 "Business" in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in Part 5 "Industry Overview" and Part 10 "Operating And Financial Review". Where stated, financial information in this section has been extracted from Part 12 "Historical Financial Information".*

### 1. Overview

The Group is the leading company in the UK guarantor loan space, with a product market share of approximately 88% and a Net Loan Book of £647 million and approximately 182,000 borrowers as of 31 March 2018. It pioneered the guarantor loan concept in the UK, which is a personal loan for which interest and principal payments are guaranteed by a second individual, typically a family member or friend with a stronger credit profile than that of the borrower. It offers a single, simple product, which is a guarantor loan under which individuals are currently able to borrow between £500 and £10,000 over a term of between 12 months and 60 months at a standard annual percentage rate of 49.9% (which equates to a flat interest rate of 41.16%) with no fees, hidden charges or redemption penalties charged by the Group.

With a guarantor loan product, payments are guaranteed by a guarantor, meaning the Group has recourse to a second individual. A guarantor loan also enables a relationship driven loan arrangement which the Group believes provides potential benefits to all parties. The majority of its borrowers are not able to access mainstream finance due to having a thin, poor or no credit record with credit reference agencies. With a guarantor loan product, borrowers benefit from access to finance which would not otherwise be available to them and a means of building or rehabilitating their credit scores. The guarantor benefits by assisting the borrower, with whom they typically have a close existing relationship. As lender, the Group benefits as the borrower is more incentivised to ensure payments are made on debt guaranteed by a relative or friend. This mutually beneficial relationship between lender, borrower and guarantor is at the core of its business.

The Group is a mid-cost lender, defined by the FCA as credit above prime borrowing rates but below the HCSTC cap level. The Group's guarantor loan product is distinct from more expensive or less flexible forms of non-standard finance, such as payday loans, in that it offers a significantly lower interest rate (its APR of 49.9%, compared to payday loan representative APRs which, although subject to the HCSTC cap level, can exceed 1,000%), larger loan amounts (its average outstanding loan size of £3,992 for the year ended 31 March 2018, compared to average payday loan balances typically under £1,000) and longer payment terms (its average loan term for the year ended 31 March 2018 was 39 months, compared to an average payday loan term of less than 30 days). Payday loans are generally targeted towards borrowers in need of a small amount of short term credit, whereas the Group's guarantor loan product is targeted toward buyers in need of a comparatively larger loan amount for a longer term.

Since the Group's inception in 2005, it has focused exclusively on developing and refining its guarantor loan concept. The Group believes its guarantor loans are a simple and transparent product. The Group believes its established customer facing processes ensure a clear and unambiguous agreement with full understanding between all parties and that lending decisions are made responsibly. Its bespoke IT and operational platforms have been purpose built to support its guarantor lending activities, enabling consistent operational performance and speed to market, as well as what the Group believes to be a high level of customer service. Its success in customer service is illustrated by its high repeat customer rate (approximately 51.0% of the number of new loans originated in the year ended 31 March

2018 were to repeat customers), and its Trustpilot rating of 9.4, based on around 19,000 reviews.

The Group's 13 year presence in the guarantor loan market has enabled it to acquire and develop significant depth in customer data and credit scorecards. It believes it has collected the largest amount of customer data from past loans and applications of any UK guarantor lender. The Group is able to use this data in its scorecards, loan performance analysis and underwriting decisions, giving it what the Directors believe to be a significant competitive differentiator and particular advantages against new entrants to the market. As a result, the Directors believe that the Group is well positioned to participate substantively in further growth potential in the non-standard lending market.

The Group has worked to build its brand recognition through targeted advertising and marketing. Since launching the Amigo brand in 2012, the Group has invested over £62 million in building its profile through highly visible TV, radio and online advertising campaigns, with the result that the Group is now one of the most recognised non-standard finance brands in the UK. 98% of UK adults have seen an Amigo advert and the Group's website has over 900,000 unique monthly users. Its brand has become synonymous with the guarantor loan market in the UK. The Group expects to spend up to approximately £2.0 million per month on advertising and marketing to ensure brand awareness remains high.

Compliance and TCF are at the heart of the Group's business and its culture, and is implemented through its customer service processes and its underwriting and collection procedures. The Group seeks to treat all of its customers fairly and offers customers in financial difficulty a number of payment options tailored to their individual circumstances. For example, the Group's policies include never seeking possession or an order for sale of a customer's home and never reporting any information regarding a guarantor to credit reference agencies. The Group reviews all of its customer facing employees at least fortnightly and operates ongoing refresher training to ensure that ethical behaviour and the principles of treating customers fairly are embedded in its culture. This is borne out by the Group's customer satisfaction scores, which are higher than those of all the main high street banks and high in relation to other guarantor loan providers. The Group had only 80 cases referred to FOS in total during the period 1 July to 31 December 2017, which is a relatively low number given that the Group had, in total, approximately 334,000 borrowers and guarantors as of 31 December 2017.

The Group has full FCA authorisation. Over time, it has invested in a number of areas to build its standing with the FCA, such as enhancing its forbearance policy and increasing the detail of its affordability checks. The Group believes its relationship and ongoing dialogue with the FCA ensures it is well placed to anticipate and adapt to any changes in regulatory requirements.

In the year ended 31 March 2018, the Group generated £210.8 million in revenue, £66.1 million in profit before tax and £50.6 million in profit after tax, resulting in a risk adjusted margin of 30.8%. As of 31 March 2018, its Net Loan Book was £646.9 million. From 31 March 2016 to 31 March 2018, its Net Loan Book has grown at a CAGR of 55.9%, its profit after tax has grown at a CAGR of 5.3% and its Adjusted Profit after Tax has grown at a CAGR of 26.0%.

## **2. History**

The Group was founded in 2005 by Richmond Group Limited in Bournemouth as Financial Processing UK Ltd and traded as FLM Loans ("FLM Loans"). Richmond Group Limited was founded by James Benamor, who continues to be its sole shareholder. FLM Loans initially focused on originating new lending through a network of intermediaries and began developing the guarantor loan concept. Online customer service was introduced in 2009, and a paperless online application process was introduced in 2011. As the number of FLM Loans

customers grew, the frequency at which customers applied for repeat loans increased, creating significant value within the existing customer database.

In order to further develop its guarantor loan product, in March 2012, the Group rebranded FLM Loans as Amigo Loans and changed the registered company name from Financial Processing UK Ltd to Amigo Loans Ltd. In April 2012, the Group introduced the first branded direct-to-consumer guarantor loan product, and the direct channel has since grown into its primary source of new customer acquisitions.

Between 2005 and 2014, the Group was licensed by the OFT and, following the transfer in consumer credit regulatory regime from the OFT to the FCA in April 2014, was granted interim authorisation from FCA. In June 2016, the Group became the first dedicated guarantor lender to obtain full FCA authorisation.

In April 2016, in order to consolidate the Amigo group of companies under one holding company, Richmond Group Limited transferred its investments in those companies to the Company in exchange for shareholder loan notes and a majority of the share capital of the Company, which became the parent company of the Group. Management, employees and independent board members hold the remainder of the share capital of the Company.

### **3. Key strengths**

The Group occupies a leading position in a growing and attractive segment of the non-standard finance market. The guarantor aspect of its loan product, in combination with its differentiated business model, allow it to generate non-prime lending APR levels while maintaining a lower impairment rate compared to other lenders in the unsecured non-prime segment. This drives a reliable and cash generative operating model with strong earnings growth and significant dividend potential.

#### ***3.1 Leading position in a large, resilient and attractive market with significant untapped potential***

The Group is the leading provider of guarantor loans in the UK, with an approximately 88% share of the market (based on Loan Book size as of 31 December 2017), which the Directors believe positions the Group favourably to take advantage of the significant growth opportunity in the non-standard finance market. The Group has maintained its market share despite new competitors in the market, some of whom have priced, and continue to price below the Group's standard APR of 49.9%. Guarantor loans constitute only a small portion of the overall UK non-standard lending market, and the Group competes against many other lending products, which presents a large overall growth opportunity.

Amigo is one of the most recognised non-standard finance brands in the UK, which the Directors believe has contributed to its ability to maintain its market share. The Group has grown awareness of its product through highly-visible TV, radio and online advertising campaigns, having invested more than £62 million in advertising since launching the Amigo brand in 2012. The Group currently spends, and expects to continue to spend, between £1.5 million and £2.0 million per month on advertising and marketing. According to the Broadcasters' Audience Research Board, 98% of UK adults have seen an Amigo television advertisement at least once, and 85% of UK adults have seen an Amigo television advertisement at least ten times. This has led to the Group receiving over 900,000 monthly website hits, with the number of website sessions growing by 103% during the year ended 31 December 2017.

The Group estimates that the UK non-standard finance market encompasses approximately 10 million to 12 million people, representing 20% of the UK adult population. After eliminating the highly indebted segment of the market, which the Group does not target, and the Group's approximately 0.2 million borrowers as of 31 March 2018, there are

approximately 7.8 million to 9.8 million potential additional customers in the UK non-standard finance market. This includes approximately 7.5 million adults in the UK with low credit status or no credit history, and 5.0 million adults in the UK with an adverse credit history, including any overlap. Since inception, the Group has lent to a total of 344,000 borrowers, and in addition to those borrowers, a further approximately 4.2 million individuals have previously expressed an interest in the Group.

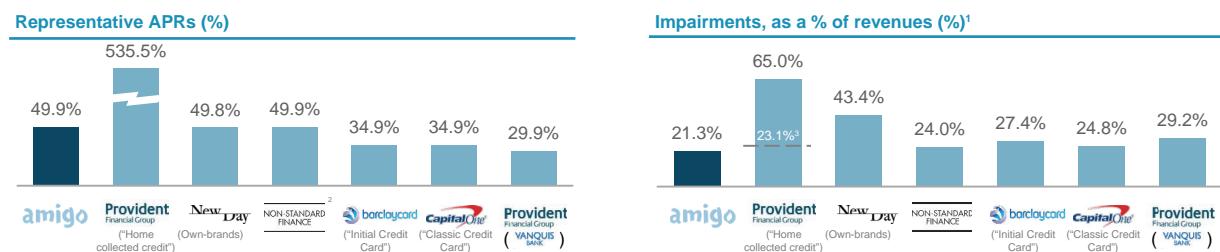
As a result of favourable supply and demand factors, including lower risk appetites of mainstream financial institutions, new industry regulation, as well as population and economic growth, the non-standard finance market has grown at a faster rate than the overall unsecured consumer credit market. Banks have retrenched into prime lending, reducing options for consumers with a thin or problematic credit file and IFRS 9 will significantly increase initial provision requirements and introduce volatility for higher risk loan originations, therefore making it less attractive for lenders with less experience to operate in this segment. At the same time, the significant burden of regulation has led to a number of major payday lenders exiting the market, reducing lending supply at the lower end of the non-standard credit spectrum. In addition, the non-standard finance market has proved to be resilient over time. Before the financial crisis of 2008 and in the recent recovering economic environment, the number of people claiming government benefits has consistently been approximately 4 million, and the number of people without a bank account has also remained relatively static. The number of younger citizens in the UK is also expected to remain broadly stable, as is the level of net migration in the medium-term. Therefore, the overall population with low credit status or no credit history is expected to remain stable.

The Directors believe the Group's leading position, competitive advantages and strong brand will allow it to retain its market share and capture a significant portion of the untapped market.

### 3.2 Pioneered the guarantor loan concept in the UK with a proven business model

Amigo was the first direct-to-customer brand in the UK guarantor lending market, launching its guarantor loan business model in 2005, and was the first to obtain FCA authorisation. The Group's position as a first mover has provided it with significant competitive advantages against new market entrants, including its established brand and credibility, high-quality customer service, 13 years of customer data used to develop proprietary scorecards, specialist collections expertise, loyal customer base, embedded growth from repeat business and purpose-built guarantor lending IT platform.

The guarantor loan business model allows the Group to price its loans in line with other non-standard finance lenders, while achieving a significantly lower impairment rate. The following charts illustrate representative APRs and impairment rates of leading providers of non-standard finance, and include several different products with varying APRs.



Source: Company information, peer public information from websites and financial reports. Barclaycard rate for “Barclaycard initial credit card”, CapitalOne for “Classic credit card”. Impairment rates for the year ended 31 March 2018 for the Company, year ended 31 December 2017 for Non-Standard Finance plc, Barclaycard (Barclaycard Consumer UK), NewDay and Provident Financial (Vanquis) and year ended 31 December 2016 for CapitalOne; 1 Impairment rate equals impairment expense of the year divided by revenues; 2 APR for Trust Two for non-homeowner guarantor loans is 49.9%, homeowner guarantor loans have an APR of 43.8%, APR for George Banco is 49.7%; 3 For the year ended 31 December 2016.

The guarantor loan business model allows the Group to offer larger loan sizes of up to £10,000 without collateral and untied to a purchase. The product is appealing to the Group's customers because it is simple, transparent and straight-forward, with a single APR, no fees or charges charged by the Group, an option for early repayment with no penalty and with a typical pay-out time of less than 24 hours. Because the loans are guaranteed, potential customers have access to a higher level of affordable credit at a much lower APR than that which would generally be available for their individual credit profile. In addition, the product allows a potential borrower to build their credit score over time, improving their ability to obtain credit from mainstream financial services providers in the future.

The guarantor loan concept benefits the Group by introducing the personal relationship between the borrower and the guarantor into the lending process. In addition to improving its credit exposure based on the profile of the guarantor, the closer relationship between the borrower and guarantor allows the Group to benefit from the guarantor's deeper knowledge of, and confidence in, the borrower. The Group believes this personal relationship, unique to the guarantor model, contributes to its lower arrears levels and also screens against the borrowers who are unwilling to pay, despite being able to afford to do so.

### **3.3 Disciplined underwriting and effective in-house collections drive credit outperformance**

The Group has a rigorous and disciplined application and underwriting process that it believes ensures the future quality of its Loan Book and is an important competitive differentiator. Its proprietary software and scorecards, refined over 13 years of lending utilising its extensive customer database, are applied in a systematic underwriting process that considers approximately 100 different variables, and are under continuous development and refinement. Its 19 live scorecards were built by considering over 650 variables and derived variables based on credit referencing agencies and applicant information. The Group's decision science methodology is entirely proprietary, not readily available from credit agencies and therefore not easily replicated. Any amendments to its scorecards are rigorously tested against previous underwriting decisions to ensure effectiveness.

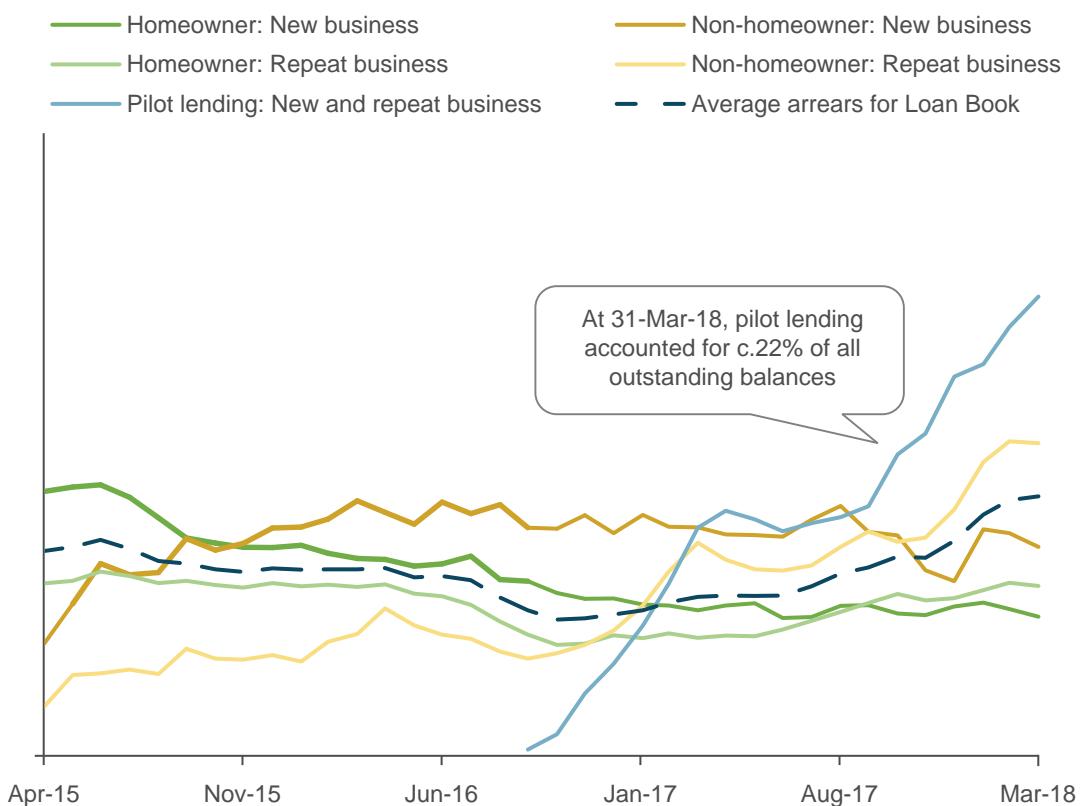
In addition to the fully-automated decision science stage of all applications, all borrowers and guarantors undergo a detailed affordability check once applications have been pre-screened that allows the Group to maintain its strong credit performance and ensuring regulatory support. This includes a phone call with prospective guarantors to ensure that they understand their responsibilities and to review the affordability assessment that the prospective guarantors previously completed. For the year ended 31 March 2018, the Group only approved approximately 15% of all applications submitted by borrowers.

The Group has an effective specialist in-house collections team that tailors the collections process to address the specifics of the non-standard customer base and guarantor component. This process minimises arrears by maximising collections from the primary borrower, with only 11 to 13% of payments made by the guarantor for the five most recent fiscal years. In addition, effective in-house collections increase amounts recovered after a loan has been charged off of the Group's statement of financial position, as demonstrated by, for loans charged off in the first six months of 2016, more than 40% of loan value being recovered within 18 months of the loan being charged off for loans with homeowner guarantors, and approximately 25% of loan value being recovered within 18 months of the loan being charged off for loans with non-homeowner guarantors.

This disciplined underwriting and effective in-house collections has resulted in consistent credit performance, as demonstrated by the graph below, which shows the Group's arrears of

two or more payments as a percentage of all outstanding balances for the period from April 2015 through March 2018.

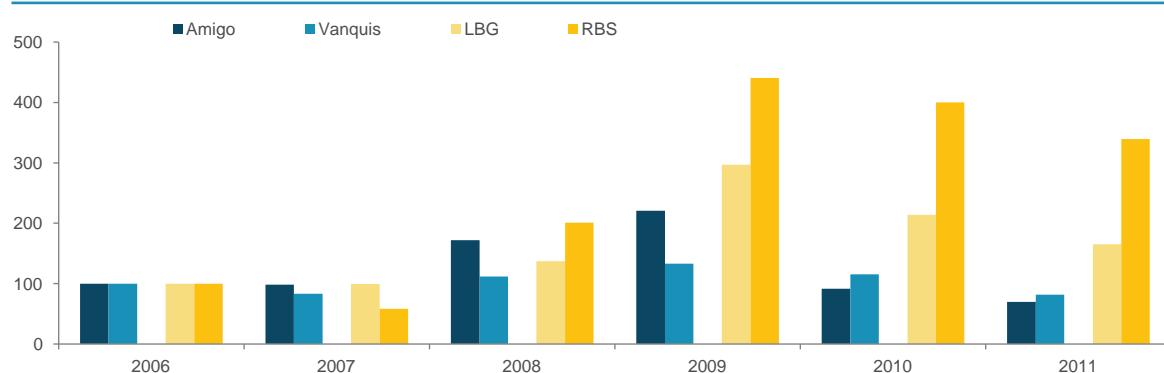
### 2+ payments down arrears as a % of outstanding balance – trend



Pilot lending, which the Group introduced in June 2016, has a higher level of arrears, as expected. This subcategory represents only 16.7% of the Group's outstanding balances as of 31 March 2018. The Group has recently taken several steps to reduce its levels of arrears in this category, including scorecard recalibration, changing criteria for repeat loan eligibility and reducing the maximum loan size from £10,000 to £5,000 for repeat lending.

The Group's credit performance proved to be resilient and returned to historical levels much more quickly following the financial crisis of 2008 when, as demonstrated in the graph below, its impairment ratios were more resilient to upward pressure stemming from the crisis than those of several mainstream retail banks' consumer and retail businesses in 2009, 2010 and 2011.

### Volatility of impairment rates through the cycle (rebased to 100)<sup>1</sup>



Source: Public filings.

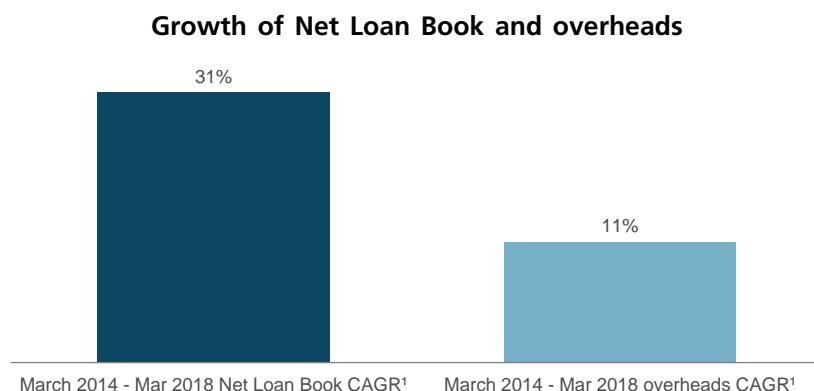
(1) 2006 impairment levels; Group: 1.4%, LBG: 0.8%, RBS 0.4%, Vanquis 21.0%. Annual impairment expense as a percentage of loan book.

### **3.4 Scalable, flexible and efficient platform with high-quality customer service**

The Group has made significant investments in its proprietary information technology platform, which enables an efficient workflow and is both resilient and scalable. The Group believes it has one of the only IT platforms purpose-built for guarantor lending, developed in-house and utilising more data than any other UK guarantor lender. Its platform has been developed over the past 13 years by its in-house IT engineers, enabling continuous improvement through a test-and-learn approach. The Group's ability to leverage expertise developed over the past 13 years, in combination with improvements in user experience have resulted in a reduction in the Group's average conversion time to less than 24 hours.

The Group's IT applications are modular, cloud-based and accessed via a web browser, allowing for maximum flexibility and enabling the platform to be easily ported to new locations, and facilitates integration of new software and hardware such as tablets and smartphones. To its knowledge, there is no off-the-shelf guarantor lending information technology platform available for purchase in the market, and such absence of an immediate IT solution for competitors, while the Group continues to invest in and enhance its own proprietary platform, presents a significant barrier to entry.

The Group's customer interface is user-friendly, with intuitive application interfaces. As a result, less than 1% of the Group's total applications are paper-based. The customer system is automated, with direct links to credit referencing agencies, banks and other third parties required in the underwriting process. The Group's operational platform has contributed to an enhanced level of customer service, and continued improvements to this platform have allowed the Group to realise increasing operating cost efficiencies. This is demonstrated in the chart below, which shows Net Loan Book growing at a CAGR of 31%, while overheads (i.e. non-direct costs) increasing at a compound annual growth rate of only 11% between the years ended 31 March 2014 and 31 March 2018.



(1) CAGR calculated as year ended 31 March 2018 divided by year ended 31 March 2014 to the power of one over 4 (to account for the four year period) minus one

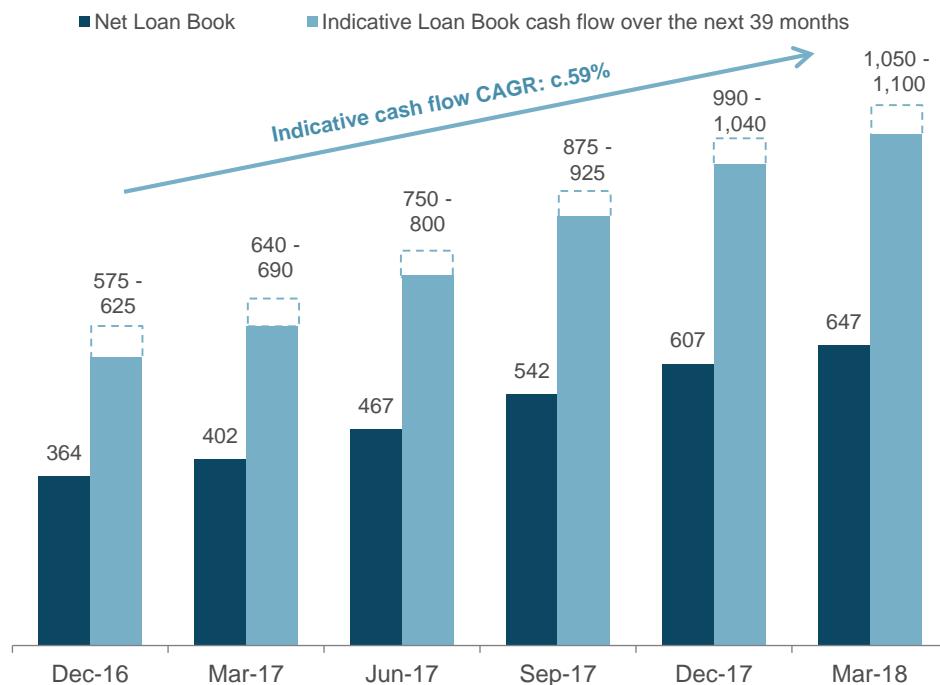
### **3.5 Strong growth and stable risk-adjusted returns combined with attractive dividend potential**

The Group has shown strong growth and stable risk-adjusted returns over the past three fiscal years, with Loans Issued growing from £142.5 million to £470.1 million, Net Loan Book growing from £266.3 million to £646.9 million and Adjusted Profit after Tax growing from £45.6 million to £72.4 million from the year ended 31 March 2016 to the year ended 31 March 2018.

The Group's core lending has a relatively consistent level of arrears, and it retains full flexibility and discretion over its ongoing marketing expenditure and loan origination, which it grows with limited incremental costs or can reduce at will. The Group's impairment rate has

remained well within its expected levels as it has leveraged its bespoke scorecards and applicant database to extend its pilot lending programme.

The Group's Loan Book has demonstrated a significant increase in embedded profitability. As illustrated below, the Group estimates that its Loan Book as of 31 March 2018 will generate between £1,050 million and £1,100 million in cash flow over the next 39 months.



The above illustration reflects the Group's estimate of indicative Loan Book cash flow based on the weighted average term remaining on the Loan Book as of 31 March 2018, and factoring in a 0.5% allowance for impairment. Based on historical performance, early settlements may reduce interest collected. However even without any advertising or marketing expenditure, the Group would expect to continue to generate repeat business, which is not taken into account in the above illustration.

For the year ended 31 March 2018, the total available cash flow available to the Group to fund new loan originations, interest payments and dividend payments was £514.6 million, however only £225.4 million is required to maintain the Net Loan Book as of 31 March 2018, leaving approximately £289.2 million to fund growth, dividends and interest payments.

Balancing the strong cash flow generation that is inherent in the Group's business model with its attractive growth prospects, the Group intends to establish a progressive dividend policy, providing attractive dividend potential.

### 3.6 Robust compliance culture and regulatory controls

Regulatory compliance is at the heart of the Group's product, culture, systems and values. Since inception, the Group has focused on maintaining and continually developing rigorous internal controls and procedures, regulatory compliance and an embedded "compliance culture." From the application stage, there is an emphasis on Treating Customer Fairly ("TCF"), with employees receiving extensive training and also guided by its in-house IT platform providing them with prompts and guidance when speaking to customers. Throughout the underwriting, account maintenance and collection processes, the Group's platform ensures that conversations employees have with customers remain in line with its high expectations on compliance. All customer calls are recorded and retained for compliance and training purposes, subject to data retention policies. A regular review of employees is conducted to ensure they are complying with the Group's compliance procedures.

The Group has put the TCF principles at the core of its product: overall interest is capped (customers never pay more interest than the total interest that was agreed at the beginning of the process), there are no additional fees or penalties charged by the Group, there is the option of early loan settlement at no additional cost and the Group never seeks to repossess or sell someone's home. There are no employee bonuses linked to numbers of loans approved or arrears collected for individual underwriters and collections agents.

The detailed affordability checks the Group conducts on the borrower and guarantor as part of the underwriting process are designed to adhere to the highest standards of responsible lending and to ensure that it does not make loans to (or accept guarantees from) individuals who are ill-suited to repay them. The Group believes this positions the business optimally under the FCA regulatory regime. The Group is continuously refining and improving its internal systems and processes with a focus on regulatory compliance.

The Group's approach has resulted in a low rate of complaints, with only 713 (or 0.02%) of 4,456,000 customer interactions during October 2017 and November 2017 resulting in a complaint, and 68% of adjudicated FOS complaints being upheld in favour of the Group for the six months ended 31 December 2017. The Group continues to focus on staying ahead of changes in regulatory and compliance standards. The Group actively maintains relationships with Members of Parliament, governmental bodies and other industry stakeholders in an effort to be at the forefront of industry regulatory issues.

### ***3.7 Highly experienced management team and board with a deep bench of professional experience***

The Group's management team benefits from significant industry experience while retaining the entrepreneurial expertise that developed the Group. The Group believes these attributes are key competitive differentiators in allowing it to deliver on its strategic goals. The team includes Chief Executive Officer Glen Crawford, the co-founder and former Managing Director of Cabot Financial, Chief Financial Officer Simon Dighton, the former Chief Financial officer of 1<sup>st</sup> Credit, and Director of Legal and Compliance Nicholas Beal, the former Head of Legal for UK Secured Lending at Barclays. The Group's breadth of experience provides it with the leadership team to drive further growth in line with its strategic plan while maintaining its culture of prudent underwriting, compliance and TCF. Appropriate oversight is provided by a uniquely experienced board, with individual backgrounds in UK financial services and board-level banking, law, accounting, private equity and governance and regulation.

The Group's management has successfully executed on its strategic goals to date, delivering robust results ahead of plan while maintaining the underlying quality of its Loan Book and the integrity of the business as a whole. Not only is the Group's senior management significantly invested in the business, with ownership of 8.4% of the issued share capital of the Company, but its middle management also has material equity participation of 3.2% (immediately following Admission, assuming no exercise of the Over-allotment Option).

## **4. Strategy**

The Group's overall strategy is to drive growth in its Loan Book while maintaining its underwriting discipline, further develop its sources of funding in order to optimise its capital structure, access cheaper funds and generate attractive shareholder returns.

### ***4.1 Drive loan book growth by utilising the group's past applicant records and developing its brand***

The Group plans to grow its Loan Book through its direct and repeat business channels, both of which benefit from the Group's strong brand recognition. Over 4.2 million individuals have previously expressed an interest in the Group, which demonstrates the strength of its brand.

Over the past years, the Group has refined its scorecards, allowing it to expand the scope of customers who are eligible for an Amigo loan. The Directors believe that the Group has collected the largest amount of customer data from past loans and applications of any UK guarantor lender. The Group is able to use this data in its scorecards, loan performance analysis and underwriting decisions, giving it what the Directors believe to be a significant competitive differentiator and particular advantages against new entrants to the market. As a result, the Directors believe that the Group is well positioned to participate substantively in further growth potential in the non-standard lending market.

The Group also has the flexibility to provide borrowers with additional financing within its pre-determined limits should they require additional funds, renewing the term of the loan and thereby extending its life. This particular business segment is highly attractive due to the Group's intimate knowledge of its borrower base and the strength of the pre-existing relationship with Amigo. As the Group's Loan Book continues to grow, the opportunity to leverage its existing customer base for repeat business has accelerated.

The Group's brand recognition has been instrumental in driving growth in its Loan Book over the past five years, and it sees expansion of its direct channel as a significant driver of Loan Book growth going forward. The Group intends to further build its brand through continued investment in television and radio advertising, as well as expanding its use of social media. The Group currently uses a data-driven approach to deploy targeted advertising to specific population segments, and it plans to further refine this approach to increase brand awareness amongst its target audience. The Group plans to leverage its digital platforms to reach customers via its mobile application, improving the customer experience for both borrowers and guarantors through its systems in order to tap into the remaining target market.

In addition, the Group anticipates that further simplifying and accelerating application processing and repeat loan authorisation will lead to additional Loan Book growth. A reduced response time typically results in an increase in customer conversion rates. Since January 2016, the Group has reduced the average speed of payout from three days to less than 24 hours, which has increased customer conversion rates. The Group believes that utilising its new mobile application and refined underwriting procedures for repeat business will deliver an attractive new channel of growth by improving the customer experience for both borrowers and guarantors. The Group also feels that there is potential to initiate a more automated process for generating repeat business with existing customers who have an attractive credit profile.

#### ***4.2 Continue the group's focus on operational innovation, regulatory compliance and disciplined underwriting***

The Group feels that a key element of ensuring the sustainability of its Loan Book growth, while at the same time maintaining its superior credit performance, will be continued focus on operational innovation, regulatory compliance and disciplined underwriting. These three elements—its compliance culture, significant investment in its proprietary operational platform and a rigorous and prudent underwriting process—have been important drivers in the successful growth of its business. The Group feels that continued concentration on these elements of its business will sustain its growth going forward and ensure the future quality of its Loan Book, enabling it to enhance cash flows and ultimately its shareholder returns.

The Group has consistently sought to improve its customer journey for both borrowers and guarantors in order to drive revenues. The Group has reduced its payout times to under 24 hours and has responded to its customers' mobile access demand by launching an Amigo mobile app. This allows customers to check their balances, apply for loans, and contact the Group's customer service. As a result, for the year ended 31 March 2018, 87% of the Group's click-throughs were made through a mobile or tablet device. The Group continues to invest in its highly scalable operational platform which contributes towards its low cost-income ratios, taking advantage of its operational leverage to grow its bottom line. As part of the Group's

disciplined underwriting, it will continue to refine its credit scorecards, decision science and affordability checks in order to ensure that impairment levels remain within its desired range.

As the first dedicated guarantor lender to be FCA-authorised, the Group is fully aware of the importance of remaining abreast of regulatory developments. The Group will continue to monitor and adjust to any alterations in the regulatory landscape, maintaining close dialogue with regulators and government decision makers in order to remain precocious in its pricing and policy.

#### ***4.3 Further develop diverse and efficient sources of funding, targeting improved cash flow conversion and attractive shareholder returns***

The Group continually seeks to expand and diversify its funding base to ensure its continued growth, reduced funding risk and an increasingly cost-effective capital structure. To maintain its growth and reduce its reliance on any one particular source of funding, the Group plans to pursue additional funding diversification post-IPO. The Group will explore all options available to it and try to pursue the most cost-effective alternative, including a possible securitisation agreement.

The Group's longer-term capital structure should allow it to increase its cash flow conversion, increasing amounts available for distribution to shareholders. The Directors expect to adopt a progressive dividend policy that focuses on providing increasing returns to shareholders, whilst also ensuring that the Group retains the flexibility to continue to deploy capital towards profitable growth. In the short to medium term, the Directors expect to maintain dividend payments of at least 35% of retained profit. The Directors intend to pay initial pro rata dividends in January 2019 and July 2019, corresponding to the stub period for the half year 2019 and full-year 2019 respectively. Following these initial dividends, the Directors intend that the Company will pay an interim dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual expected dividend (if any).

#### ***4.4 Prudently pursue diversification opportunities***

The Group is exploring the opportunity to replicate the Amigo business model into adjacent markets in a disciplined manner, and is focused on conducting a careful market assessment in advance of any potential expansion. Examples of characteristics the Group assesses in consideration of potential new markets include population demographics, regulatory regime, competitive environment, the cultural relationship between generations and aspirations for home ownership.

A potential candidate to trial its guarantor lending platform overseas would be Ireland, not only because of its geographical proximity to the United Kingdom but also because of its demographic similarity. With 3.1 million adults as of 2016 (compared to 42.0 million adults in the UK), the Directors believe Ireland is a good candidate for the Group to test the transferability of the Amigo guarantor loan platform. The Group will make a limited number of guarantor loans initially, using similar underwriting characteristics used in the UK, monitoring impairment rates and, if prudent to do so, accelerating its underwriting as its track record progresses. The Directors believe that an expansion into Ireland may also allow the Group to create a modular repeatable version of its platform for potential use in other jurisdictions.

### **5. The Group's guarantor loan product**

The Group's product is a personal loan whereby interest and principal payments are guaranteed by a second individual, meaning that the Group has recourse to the guarantor in the event that the borrower fails to meet their obligations. Individuals are currently able to borrow between £500 and £10,000 over a term of between 12 months and 60 months at an

annual percentage rate of 49.9% with no fees or hidden charges charged by the Group. The average loan size for the year ended 31 March 2018 was £3,992 with an average contractual term of 39 months.

Since introducing its guarantor loan product in 2005, the Group has made only two changes to the cost of its guarantor loan: increasing the interest rate from 3.00% per month to 3.43% per month in 2011, and eliminating all fees, including set up fees and late payment fees in 2012, in conjunction with the introduction of direct-to-consumer marketing.

The Group's application and underwriting process is designed to ensure that all lending decisions are made responsibly and there is no ambiguity between Amigo, the borrower and the guarantor. The process involves detailed affordability checks on both the borrower and the guarantor, and also a phone call with every guarantor to ensure that the guarantor is fully aware of the terms of the product and understand their obligations. All calls are recorded for compliance and training purposes. Most of the Group's application and underwriting process has been moved online, which has simplified the process and decreased the time between application and payout, which has led to an increase in customer conversion rates. Moving online has also allowed the Group to make the evaluation process more efficient without detracting from the robustness of the underwriting decision.

A loan is typically paid out less than 24 hours following an application. Once the loan has been approved and paid out, borrowers make monthly, pre-agreed payments (including interest and principal) by direct debit, card payment (either online or using the 24/7 telephone service) or by cash at one of several thousand "PayPoint" locations, which are located mainly at easy access retail outlets such as small supermarkets, newsagents and petrol stations. Any discretionary prepayments can also be made through the same channels with no fee for repaying any balance ahead of schedule. The Group's loans are amortising, with each payment including paydown of a portion of the principal amount of the loan.

In the event a payment is missed by the borrower, the Group attempts to contact the borrower and work with the borrower before taking any steps to recover the amount from the guarantor. Unlike with more traditional types of guaranteed lending (e.g., banks), responsibility for subsequent payments reverts back to the borrower (assuming they can still afford to make the payments) following recovery of a missed payment from the guarantor, and the Group does not report any information regarding the guarantor to credit reference agencies. If recovering the payment from the guarantor fails, the account will be escalated through an arrears and recoveries process. The Group does not charge additional fees for late payments or against accounts in arrears, and total interest payable on each account is capped in all cases at the aggregate due over the contracted term.

## **5.1 The borrower**

The Group believes its guarantor loan product provides a flexible solution to individuals who have difficulty in accessing credit from the traditional lending market but have a friend or family member who has a good credit record and is willing to guarantee to make payments on the borrower's behalf should they be unable to do so.

The Group pioneered the guarantor loan in 2005 at a time when it was easier for individuals to access mainstream credit. The financial crisis in 2008 created a substantial increase in the number of people that lost access to mainstream financing because of tightening credit criteria. As a result, a generation of potential borrowers has emerged who have a "thin" or no credit record, for example, because they have only borrowed through a student loan (which does not contribute towards their credit score), have not borrowed previously or have borrowed from family members. These borrowers are often creditworthy but cannot obtain mainstream finance.

The Group estimates that excluding overlap there are approximately 10 to 12 million adults in the UK who are currently unable to obtain traditional financing from mainstream banks and credit providers due to:

- lack of a credit history (for example, young adults and the immigrant community);
- an impaired credit history (for example, individuals with a history of arrears, county court judgments, other negative borrowing behaviours, or those who have suffered an adverse life event (e.g. divorce, redundancy or health issues) causing credit problems); or
- a high level of indebtedness.

The Group currently lends to customers who lack a credit history or who have an impaired history. By requiring a guarantor, the Group is able to access significant lending opportunities within a segment of consumers who would otherwise only be able to obtain more expensive and less flexible forms of non-standard finance (such as payday loans). Payday loans, for example, are generally targeted toward borrowers in need of a small amount of short term credit, and therefore typically maximum loan amounts are less than £1,000, with APRs which can exceed 1,000% and average payment terms of less than 30 days, whereas the Group's guarantor loan product is targeted toward borrowers in need of a comparatively larger loan amount for a longer term.

The Group's guarantor loan product allows borrowers to access a more affordable or flexible means of finance in relation to the alternatives available to borrowers in those credit categories. The product allows borrowers to build or rebuild their credit score through timely payments, which improves their ability to obtain credit from mainstream financial services providers in the future. The Group's guarantor loan product is appealing to borrowers because it is simple, transparent and straightforward, with a single APR, no fees or charges charged by the Group, an option for early repayment with no penalty and with a typical pay-out time of less than 24 hours. Because the loans are guaranteed, potential customers have access to a higher level of affordable credit at a much lower APR than that which would generally be available for their individual credit profile. Borrowers use their loans for a variety of purposes, including debt consolidation, purchasing a vehicle and home expenses.

Over 90% of the Group's borrowers are employed full or part time. The Group's typical borrowers have access to employment at an income level that tends to function broadly independent of economic downturns. Borrowers must be at least 18 years old, and the majority of the Group's borrowers are under 40. The Group is a nationwide lender, and there is no geographic concentration of borrowers in any one area. The Group requires that all borrowers have a bank account, and all borrowers must be able to meet the affordability requirements of the loan in their own right without the guarantor. Borrowers must have a minimum monthly cash buffer of £100 after payment of all their expenses, including the loan payment.

## **5.2 The guarantor**

The Group believes there are a number of reasons why individuals act as guarantors for the Group's loans rather than lending to the borrower from the guarantor's own savings or taking out a loan on the borrower's behalf, including:

- the guarantor does not have funds readily available to make an advance;
- the guarantor does not need to perform collections, which can be both burdensome and a source of tension with the borrower; and
- acting as a guarantor allows the borrower to build or rebuild the borrower's own credit score.

The Group believes that the guarantor element of its loans leads to a lower level of arrears than non-guarantor loans, given that the guarantor has sight of arrears and therefore helps to encourage the borrower to make payments on the loans. When a loan is originated, the Group pays the loan into the guarantor's bank account and then the guarantor transfers the money to the borrower. In addition to being a fraud prevention measure, it also acts to reinforce the guarantor's awareness of their role and associated obligations.

The Group does not call upon the guarantor to repay the entire loan following a missed payment, and instead works on a payment-by-payment basis. Once a missed payment has been settled, either by the borrower or guarantor, subsequent payments once again become the borrower's responsibility. For the years ended 31 March 2016, 2017 and 2018, only 11%, 11% and 13% respectively, of the payments the Group collected were made by guarantors. The Group is not required to report, and has never reported, any information regarding the guarantor to credit reference agencies, therefore acting as a guarantor generally does not affect the guarantor's credit score. See "*—Business Structure—Operations—Collections*."

The Group believes that its ability to engage with the guarantor (many of whom have had no experience of dealing with non-standard lenders) and develop this relationship is key to the success of its business.

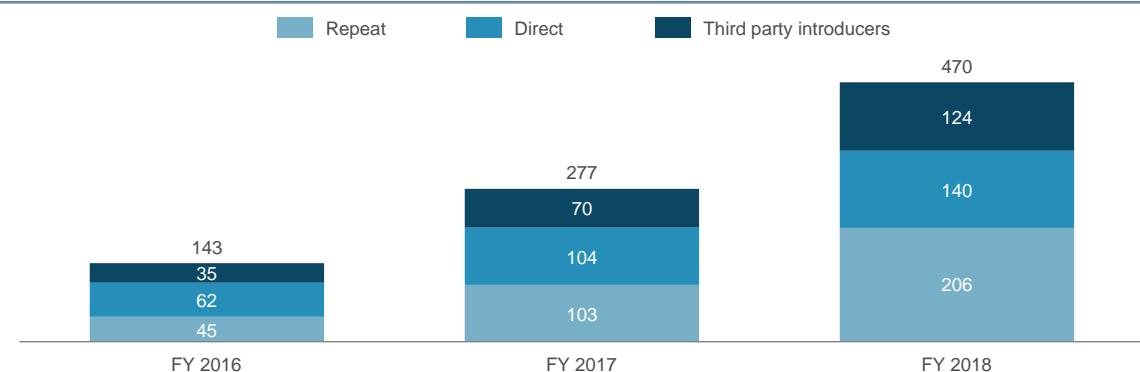
The Group requires guarantors to be between the ages of 18 and 75, with a good credit history and the ability to make the loan payments in the event the borrower ultimately does not. The Group will only approve someone as a guarantor if they have sufficient disposable income to cover the monthly payments to the loan, (should they be required to), as well as to cover their normal living expenses. In 97% of cases, the guarantor is a family member or friend of the borrower. The remaining 3% tend to be work colleagues, employers and neighbours, among others. Guarantors must also meet the affordability requirements of the loan, and must have a minimum monthly cash buffer of £150 after payment of all their expenses, including the loan payment.

## 6. Sales channels

The Group originates business through three key channels: direct, repeat business and third party introducers. The direct channel consists of loans initiated by customers, largely through the Group's website, in response to its TV, radio, and pay-per-click ("PPC") internet advertising. Repeat business is driven from the Group's communication with its customers, including providing them with the opportunity to borrow further funds as their initial loan is being repaid, subject to the standard affordability checks and full underwriting of both borrower and guarantor. Third party introducers means the business derived from the Group's relationships with third party introducers, including automobile loan introducers.

The following graph illustrates the Group's Loans Issued by channel for the years ended 31 March 2016, 2017 and 2018.

**Net loan originations by channel (£m) (12m to March of that year)**



Source: Company financial information

The Group believes that the growth in the direct channel has been driven by the development of the Group's advertising and marketing function, both in terms of the investment in the awareness of its brand (in the last two financial years the Group has invested £39 million in TV and radio advertising) and a more targeted marketing approach based on greater capture and analysis of data. The Group utilises a data-driven approach to marketing, and employs tailored campaigns, such as area-focused radio advertising. In January 2016, the Group launched a TV advertising campaign and in the 12 months after the campaign, average monthly applications increased 52% through channels influenced by the TV campaign and increased only 27% through channels not influenced by the TV campaign.

The repeat business channel enables existing customers to take out a larger loan in place of their initial loan. A repeat loan is effectively a new loan which is used to pay down the initial loan with the surplus released to the customer. The repeat lending channel is primarily driven by the Group's ongoing communication with its customers and is therefore the least expensive of its sales channels. Under the Group's criteria for repeat loans, lower risk accounts may be granted a repeat loan monthly if they pass recently tightened underwriting policy rules and higher risk accounts may be granted a repeat loan after three months of payments. Repeat loans have increased as a share of Loans Issued from 26% for the year ended 31 March 2010 to 44% for the year ended 31 March 2018.

The third party introducer channel involves the payment of a commission to a third party introducer upon a successful referral. The Group maintains a diversified network of third party introducers without excessive dependence on a single introducer. For the year ended 31 March 2018, 14.8% of loans from the third party introducer channel were generated by the Group's largest introducer and 14.2% were generated by the Group's second largest introducer. For the year ended 31 March 2018, 20.0% of loans originated through the third party introducer channel were through automobile loan introducers, 31.1% were through a single third party introducer who consolidates a number of smaller introducers' applications and with whom the Group has a strong relationship, and the remaining 48.9% of loans originated through a total of 34 different third party introducers. The Group works with three main types of third party introducers: online brokers, call centre brokers and price comparison websites. Of loans issued through third party introducers for the year ended 31 March 2018, 46.3% were generated by an online broker, 46.2% were generated by a call centre broker and 7.5% were generated by a price comparison website.

The Group believes the growth in its third party introducer channel is due to a number of factors, including its speed of payout and conversion percentage relative to other finance providers, its investment in advertising and marketing, the consolidation of the third party introducer market, combined with the Group's focus on developing its key relationships with the remaining third party introducers and its automobile loan referral programme. Leads generated through the Group's third party introducer channel go through the full application and underwriting process.

While the cost of acquisition for the direct and third party introducer channels varies, the overall cost of acquisition has decreased over the past three years. The Group does not consider the repeat business channel to carry a cost of acquisition. The average acquisition cost for the year ended 31 March 2018 was £237.4, compared to £403.2 and £296.9 for the years ended 31 March 2016 and 2017, respectively.

## **7. Business structure**

The Group divides its business into two principal parts: operations and support. Operations includes its customer-facing functions, including applications, underwriting and collections. Support functions include compliance monitoring, analytics and credit risk, marketing and public relations, project management, finance and human resources.

## 7.1 Operations

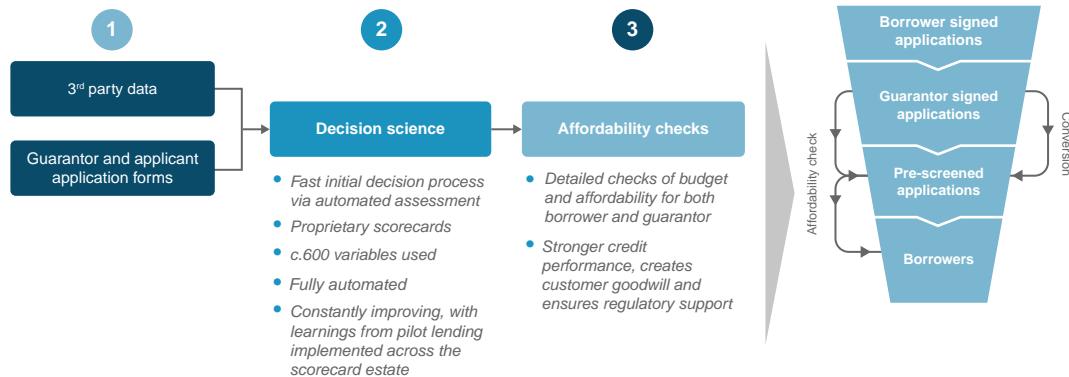
### Application and underwriting

The Group's application and underwriting team comprises over 60 people, who are divided into six teams of pre-application agents underwriters each led by a manager. These teams are responsible for handling new customer loan applications and managing them through the underwriting process.

Over the last 13 years, the Group has developed a proprietary application and underwriting process focused on three key principles:

1. no ambiguity or misunderstanding from the borrower or guarantor;
2. responsible, consistent underwriting decisions; and
3. a robust, principles-based application process which supports discussion on any future arrears with the borrower and guarantor.

The Group's application and underwriting process has been automated to allow it to process a large volume of loans, and combines a rules-based underwriting process using a significant number of data sources, in-house bespoke information technology systems and proprietary software, and the Group believes it consistently takes a customer-centric approach to ensure high levels of customer service. The Group believes its rigorous application process adheres to the highest standards of compliance, minimises potential fraud and contributes to a consistent track record of financial results, customer satisfaction and scalability, while at the same time maintaining efficiency. The average time from application to payout is less than 24 hours. The process is the same for all distribution channels; the Group believes this ensures consistency and transparency.



### Application and payout

The vast majority of potential borrowers fill out an application on the [amigoloans.co.uk](http://amigoloans.co.uk) website containing basic personal information, before receiving a summary of the loan. After the borrower agrees to the key terms and conditions of the credit agreement and submits an electronic signature, the borrower has the opportunity to enter their income and non-discretionary expenditure (including credit commitments) as part of their affordability assessment. During this process, the system validates the information against credit reference agency data and government averages. A unique [amigo.me](http://amigo.me) URL is generated for the borrower to give to the guarantor, which directs the guarantor to complete a similar application form, before receiving a summary of the loan. After the guarantor agrees to the key terms and conditions of the guarantee and indemnity and submits an electronic signature, the guarantor separately completes details of their income and non-discretionary expenditure (including credit commitments) as part of their affordability assessment. Both parties also input their debit card details and complete a direct debit mandate.

The initial process is similar for paper-based applications, which are submitted via post, although currently only around 1% of customers apply in this way. In these cases, income and non-discretionary expenditure data for affordability assessments is collected during calls separately with the borrower and guarantor.

On receipt of a completed application from the potential borrower and guarantor, the system runs automated credit checks on the information provided using a combination of internal and third party data. The Group uses third party data including land registry, credit bureau and county court judgment records. The Group performs checks including verification of the identity, bank account information, bankruptcy status, current address and validity of card details provided for both the borrower and guarantor, and the guarantor's home ownership, if applicable.

Affordability assessments are supported by a number of in-built proprietary software programmes which sense-check information provided and helps to prevent fraudulent answers. To the extent that a borrower or guarantor provides information which is not consistent with expectations, they are asked to justify or provide evidence to support the statements made. Borrowers must have a minimum monthly cash buffer of £100, and guarantors must have a minimum monthly cash buffer of £150, after payment of all their expenses, including the loan payment.

The Group places great emphasis on clear and transparent communication during the application process, and aims to ensure that there is no misunderstanding of the terms and conditions of its product on the part of either the borrower or guarantor. All documentation relating to the contract itself and the terms and conditions of the guarantee are provided in plain English.

If an application passes this initial checking phase, it is passed into the Group's proprietary caseworking system and assigned to a dedicated caseworker within the applications and underwriting team.

During this next phase, the caseworker conducts a telephone interview with the prospective guarantor. These interviews are also used by the caseworker to explain in full detail the concept of the product, its key terms and the legal obligations if payments are not made. This is a crucial step in the process and ensures that there is no ambiguity as to the terms of the product when discussing future arrears with guarantor.

Where the system identifies that further clarification of the affordability information is required from any borrower or guarantor, the system prompts the caseworker to call the relevant customer to obtain satisfactory confirmation.

All these calls are all recorded and retained and remain readily accessible for compliance and training purposes.

Once the affordability checks have been completed, the loan balance is then paid out to the guarantor's bank account. This acts as a final fraud prevention measure, and also acts to reinforce the guarantor's awareness of their role and associated obligations.

#### *Collections*

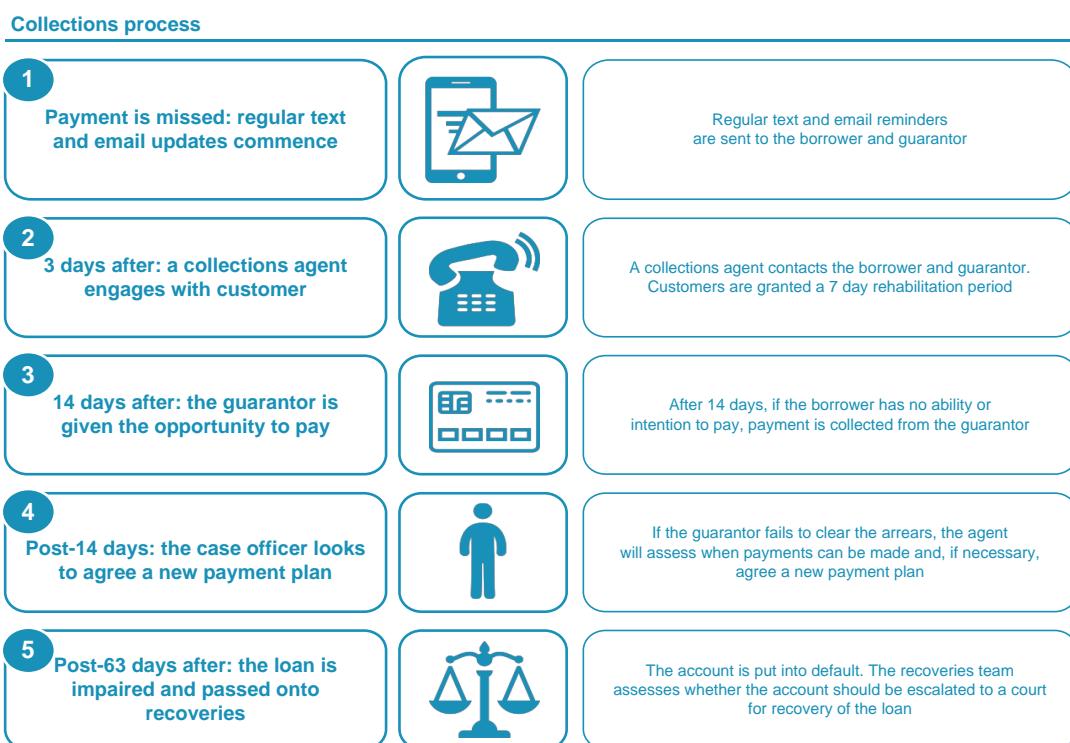
The Group's collections, customer service and recoveries team is comprised of over 90 people, divided into six teams. The collections and customer service teams are responsible for the management of customer accounts which have fallen into arrears. The recoveries team operates as a separate team and comprises 15 people which deal with customer accounts that are in serious arrears or are being litigated.

The Group believes it has a highly effective collections process based upon its efforts to build a strong relationship with every borrower and guarantor, and as evidenced by its arrears performance. While 6% of the Group's Loan Book was in arrears by one payment at

31 March 2018, only 4% of balances were two to five payments in arrears at the same date. The Group believes this demonstrates its collections capability and effectiveness at rehabilitating accounts which are in the early stages of arrears.

The Group believes it has an established and proven process in place to collect and recover late payments. As with application and underwriting, the process focuses on ensuring customer service and adhering to the highest standards of compliance. The Group does not use external debt collection agencies for the purpose of recovering balances in arrears. However, in order to improve operational efficiency, the Group has undertaken two debt sales of charged-off loans that have previously been written off on its statement of financial position to an FCA-authorised buyer. The two debt sales resulted in liquidation prices in excess of 20% of face value and in total the Group has realised £2.5 million from the sale of loans with a face value of £11 million. In the future the Group intends to undertake further debt sales from time to time.

The chart below shows a typical customer journey through the Group's collections process.



Loans which are up-to-date are primarily serviced automatically using direct debits and debit card payments. In the event of a missed payment, the Group allows a grace period, which varies based on customer circumstances, before accelerating the account into a formal collections procedure, during which time the Group notifies and attempts to recover the missed payment from the borrower.

The Group's collection team aims to help customers bring their account up to date through a reasonable solution that is best for all parties and to get them back on track with their monthly payments. Cases are allocated to a collection agent when the loan is three days in arrears. The system prioritises the collection agent's work and if the system notifies the collection agent they will make contact with both the borrower and the guarantor, but the Group will attempt to collect from only the borrower while the agent believes a solution can still be found with the borrower. When a borrower is in arrears, they will be given a reasonable time and opportunity to repay the debt, which the Group refers to as the period of forbearance. When an agent makes contact with the borrower, the agent will conduct a thorough investigation to understand the borrower's situation. If the borrower cannot clear the arrears immediately, the agent will assess if and when the borrower can afford to pay, if

necessary, completing a new income and expenditure assessment in connection with any new payment plan and a collection TCF checklist. If any of the proposed resolutions for the borrower affect the guarantor, the guarantor will be contacted and the impact explained.

Where a solution cannot be reached with the borrower (and the agent believes that the borrower has an ability to pay), the Group will attempt to collect from both the borrower and the guarantor. Where the agent believes that the borrower has no ability to pay (e.g. they cannot afford to do so), the Group will only attempt to collect from the guarantor. At this point (or if the borrower enters a long term payment plan) a default notice is sent to the borrower and a copy of this is sent to the guarantor. After this point, the agent will fully investigate to understand the guarantor's situation. If the guarantor cannot clear the arrears immediately, the agent will assess if and when the guarantor can afford to pay, if necessary, completing a new income and expenditure assessment and a collection TCF checklist. The Group provides additional support for vulnerable customers.

During this process, the Group may enter a payment plan with either or both the borrower and the guarantor, and may offer them additional time to enable them to put a payment plan in place. Where the customer is unable to make a sufficient payment to pay the debt in a reasonable time, they will be allowed to enter a voluntary payment plan.

Where the arrears have not been cleared within a reasonable amount of time, the Group will send a default notice to the borrower to be resolved (with a copy to the guarantor). The default notice gives the customers 14 days after it has been received by the borrower to make payment. After this, where the agent believes that no reasonable resolution can be agreed with the customers, the account will be assessed for potential court action when the account is a minimum of 63 days in arrears. Court action, however, will not be commenced until the account is a minimum of 91 days in arrears.

The Group is not required to, and has never reported, any information regarding the guarantor to credit reference agencies, therefore acting as a guarantor generally does not affect the guarantor's credit score. However, in the event that a recovery reaches a court process where the court grants a county court judgment against the guarantor, the court may reflect this in the guarantor's credit file. In addition, a court often orders the customer to pay the Group's court fees, in which case the Group adds those fees to the customer's account.

#### *Mobile app*

In November 2017, the Group launched a mobile app. Customers may use the app to make loan payments, apply for a new loan or a repeat loan, view their payment history and update contact and payment details. Between 1 November 2017 and 31 March 2018, over 7,400 customers used the app to complete their applications and over 7,200 customers used the app to make loan payments. Since the app's launch, customers have used the app to make over £2.1 million in payments and the Group has paid out over 4,700 loans from applications made using the app. In addition, 87% of click-throughs are made through mobile or tablet devices. The Group believes the app will become one of the Group's primary channels for repeat customer business in the next two years.

## **7.2 Support**

### *Compliance monitoring*

The Group believes regulatory compliance is key to its operations, and it has a strong culture of compliance evidenced across the business, from its product, employees and systems through to its core values of treating customers in a simple, human and honest manner. The Group believes this is demonstrated by the low level of customer complaints that it receives, as well as by its high volume of repeat business. Only 0.02% of its customer interactions result in customer complaints.

The Group's simple, transparent and straightforward guarantor loan product has been designed with regulatory compliance in mind. Throughout the application, underwriting and collection process, employees are guided by the Group's in-house IT platform providing prompts and guidance when speaking to customers. While the platform does not provide detailed scripts, it does ensure that any conversations employees have with customers remain in line with the Group's high expectations on compliance. All calls are digitally recorded for quality and training purposes and remain readily accessible. Any detailed affordability checks conducted as part of the underwriting process are also designed to adhere to the highest standards of responsibility and ensure that the Group does not make loans to individuals who are ill-suited to repay them.

The Group's compliance culture is impressed upon employees from their first induction programme and is maintained through ongoing training and development programmes. Employees are also monitored on a regular basis by the Group's compliance monitoring team, and all calls are recorded.

The Group's compliance monitoring team comprises six dedicated individuals who are responsible for oversight and monitoring of customer-facing employees' interactions with borrowers and guarantors. The compliance monitoring team conducts risk-based screenings of interactions between caseworkers, collection agents and customers. The purpose of these is to audit employees' adherence to the Group's principles regarding the fair treatment of customers, their clearness, clarity and tone, and to ensure that employees are representing the Group's core customer service values. Team leaders also play a key role through conducting their own fortnightly monitoring and coaching of individuals in their team.

Compliance monitoring follows the entire customer service process, from initial contact through to the underwriting process and collection. The compliance monitoring team has access to bespoke, in-built software which allows the team to view all interactions made with a customer, including all telephone call recordings. The reviews themselves are not simply focused on assessing the employee's ability to follow a framework but on assessing the level of understanding demonstrated by the customer and on forming a view on the employee's overall representation of the business and the Group's core values.

Caseworker and collection agent evaluations coming out of the audit process are continually fed back to the Group's human resources team in order to identify individuals who may require additional training or temporary suspension from customer interaction. Compliance monitoring records are also stored on the internal intranet for future reference.

The Group's staff appraisal process is designed to reinforce ethical behaviour. Individual caseworkers and collection agents do not receive bonuses based on the number of loans they approve or the amount of arrears they collect, and are employed on a sliding salary structure which is adjusted upwards or downwards quarterly following appraisal according to overall performance on a balanced scorecard, with an emphasis on compliance.

#### *Analytics and credit risk*

The Group's analytics and credit risk team aids business decision making and product development through the use of information analysis and reporting. The team has four areas of focus:

Descriptive analytics: production of day-to-day management information and key performance indicators which are used to assess current trading performance, identify current trends and provide feedback to the Group's management team;

Predictive analytics: analysis of historical performance of various aspects of the business and building predictive models to extrapolate trends to aid in forecasting future performance. In addition to credit risk analysis of the Loan Book, predictive analytics is also concerned with

assessing other areas of business performance, and new initiatives such as non-homeowner guarantor-backed lending;

Prescriptive analytics: supports product development through the provision of data and analysis to facilitate testing of new initiatives, for example, testing and comparison of new website designs; and

Data warehousing: responsible for collecting and collating underlying data from operations and making it readily available to the wider business. The data warehousing function operates a continuous feedback loop with the customer-facing teams within the business to optimise the type of data being captured from customer interactions.

#### *Marketing and public relations*

The Group employs one individual with considerable media experience to focus exclusively on public relations. This public relations role includes corporate communications and dialogue with the press. The Director of Legal and Compliance assists with direct engagement with key opinion formers such as Members of Parliament and regulatory bodies to ensure they are properly educated as to the Group's position in the non-standard finance market and the high standards to which the Group conducts its business. The Group has sought to preserve the integrity of the guarantor loan product and as such have maintained independence from trade bodies and associations.

Six individuals are responsible for coordinating the production of the Group's marketing materials and procuring advertising exposure through various forms of media. This team also manages significant external agencies that provide creative input as well as media purchasing. The Group's multimedia marketing campaign includes television, radio, internet and print advertisements.

#### *Project management*

The Group's project management team is responsible for the investigation, design, testing and implementation of new products and initiatives, amendments to its current guarantor loan product, and initiatives to improve its origination channels. Included within this scope, among other things, are credit risk, process and marketing initiatives. Each project manager manages a team of software developers.

#### *Finance*

The Group's finance team comprises seven individuals: a financial planning and analysis manager, a financial controller, payroll controller, management accountant, account assistant and a cash reconciliation analyst, and is led by the Group's Chief Financial Officer.

#### *Human resources*

The Group's human resources team consists of three individuals who are responsible for the recruitment and induction training of employees, as well as performing other traditional human resource management roles within the business.

## **8. Technology infrastructure**

The Group's IT systems and software teams are responsible for the development, implementation and maintenance of software and internal IT systems for the business. Five members of the team are focused on systems with the remainder working on software development.

The Group has developed a bespoke, service-oriented technology platform over the last 12 years which has been created in-house by IT engineers within the Group's IT systems and

software team. The system aims to provide a fast and flexible platform, and the Group believes that the modular structure enables continuous improvement through a "test-and-learn" approach. The Group's platform has continually evolved as the Group has optimised its business model.

All core systems are web-based applications which are accessed by the Group's staff through a browser and interface with underlying databases using structured query language to retrieve and manipulate data. The underwriter and collection agent web platforms are continuously updated to improve speed and ease of data access by these employees. The Group's applications are cloud-based; the Group believes this allows for maximum flexibility and also equips the platform to be easily ported to new locations if needed.

Having been developed bespoke and in-house, there is a lack of ageing legacy systems within the platform. The Group believes this, along with the complex middleware integrated into the system, distinguishes the platform from those of many mainstream financial services companies, and facilitates seamless integration with new software and hardware such as tablets and smartphones.

The Group's information technology systems are installed within its own data centre facilities and operated by its staff, supported by external vendors.

The Group has a robust and tested disaster recovery procedure in place, which is capable of fulfilling important IT requirements in the event of a major service failure in its IT systems. The Group's disaster recovery plan proceeds in phases based on the level of the disaster, providing support and remote activation of components of its business by priorities and includes the provision of a workplace recovery site, offsite server capacity, external data storage and communication facilities, should the Group be unable to access its offices. The Group has outsourced its disaster recovery centre to Sungard Availability Systems, and its disaster recovery procedure is tested annually. To date the Group has never suffered a significant IT system failure or network availability outage.

## **9. Trademarks and intellectual property**

"Amigo", "Amigo Loans" and the "blue men" logos are registered as trade marks in the UK, and the "Amigo Loans" logo is registered as a trade mark in the EU.

The Group ensures its ownership of software IP through provisions in its employment contracts with its software developers and the analytics and credit risk team.

## **10. Litigation**

The Group may from time to time become a party to claims and lawsuits arising in the ordinary course of business.

As of the date of this Prospectus, the Group was not involved in any material litigation, regulatory proceeding or arbitration and no material litigation, regulatory proceeding or arbitration was pending, threatened or made against the Group.

## **11. Employees**

As at 31 March 2018, the Group had approximately 262 full-time employees, approximately 66 of which were underwriters and 97 of which were collection agents.

The quality of the Group's customer-facing staff is critical to its success. The Group has a rigorous and selective recruitment, training and retention strategy in order to maintain its high standard. All of its employees undergo comprehensive induction training on legal and regulatory compliance, which includes regular interactive training sessions. The training sessions aim to provide insight to, and understanding of, its employees' obligations to ensure legal and regulatory compliance. The sessions cover topics such as anti-money laundering, the

FCA Handbook's specialist consumer credit sourcebook, unfair business practices, data protection, litigation and bankruptcy. Following successful training, all employees are required to complete a test that has a set pass mark. The Group is also committed to training and developing all its employees on a continuing basis to ensure that its standards are maintained. This training includes annual computer-based training modules on TCF principles, data protection and financial crime.

## **12. Properties**

The Group leases its operations centre, which is located at Nova Building, 118-128 Commercial Road, Bournemouth, BH2 5LT, United Kingdom and comprises approximately 17,000 square feet of space. All of its operations, including its call centre, are currently conducted from these offices and the current low-intensity use ensures the Group has ample scope for future scalability.

## **13. Environmental matters**

The Group does not have any material environmental compliance costs or material environmental liabilities.

## PART 7

# DIRECTORS, SENIOR MANAGER AND CORPORATE GOVERNANCE

### Directors and Senior Manager

The following table lists the names, positions and ages of the Directors and the Senior Manager:

Name	Age	Position
<b>Directors:</b>		
Glen Crawford . . . . .	49	Chief Executive Officer
Simon Dighton . . . . .	55	Chief Finance Officer
Stephan Wilcke . . . . .	48	Independent Chairman
Roger Lovering . . . . .	58	Senior Independent Non-Executive Director
Richard Price . . . . .	55	Independent Non-Executive Director
James Benamor . . . . .	41	Non-Executive Director
<b>Senior Manager:</b>		
Nicholas Beal . . . . .	46	Director of Legal and Compliance and Company Secretary

#### ***Glen Crawford (Chief Executive Officer)***

Mr. Crawford was appointed Chief Executive Officer of the Company in February 2016 and of Amigo Loans and Amigo Management in October 2015. Prior to joining the Group, he was co-founder of Cabot Financial and served as its Managing Director for approximately 15 years. Previously, Mr. Crawford qualified as a solicitor and worked as a corporate lawyer with Gouldens (now Jones Day) and later Mayer Brown. He holds an LLB (Hons) from the University of Bristol.

#### ***Simon Dighton (Chief Financial Officer)***

Mr. Dighton was appointed Chief Financial Officer of the Company in October 2017. He served as Chief Financial Officer at Omni Capital Retail Finance from March 2016 to September 2017 and prior to that served as Chief Financial Officer at 1<sup>st</sup> Credit between March 2008 and February 2016. Mr. Dighton also previously held positions as Group Finance Director at Bionostics Plc, Novara plc and Birkby plc, Finance Manager at Lloyds Chemist and as Audit Manager at KPMG in the UK and the US. Mr. Dighton also served on the Regional Board of the London Stock Exchange and is a qualified chartered accountant, and holds a BSc in Chemical Engineering from Birmingham University.

#### ***Stephan Wilcke (Independent Chairman)***

Mr. Wilcke was appointed as Independent Chairman of the Company in April 2016 and was previously a non-executive Director of Amigo Loans and Amigo Management between October 2015 and April 2016. Between February 2011 and May 2016, Mr. Wilcke was on the board of directors of OneSavings Bank plc, and between 2009 and 2011, he was the Chief Executive Officer of the Asset Protection Agency, an executive arm of HM Treasury. He was also a Partner and Head of European Financial Services at private equity firm Apax Partners, and prior to that a partner at management consultancy firm Oliver Wyman. Mr. Wilcke is also currently a director of TBC Bank Group plc, TBC Bank JSC (Georgia) and a series of private companies. He holds an MA in Politics, Philosophy and Economics (PPE) from Oxford University.

### ***Roger Lovering (Senior Independent Non-Executive Director)***

Mr. Lovering was appointed a Non-Executive Director of the Company in April 2016 and was previously a non-executive Director of Amigo Loans and Amigo Management between December 2015 and April 2016. He served as the CEO of Santander Cards UK Limited from March 2006 to June 2011, and was previously Head of European Cards at HSBC and COO at HSBC Bank. Mr. Lovering is currently chairman of Oodle Financial Services Limited and is also a non-executive director with Shawbrook Bank plc. Mr. Lovering holds a degree in Accountancy and Financial Analysis from the University of Warwick, and is a Chartered Accountant.

### ***Richard Price (Independent Non-Executive Director)***

Mr. Price was appointed a Non-Executive Director of the Company in April 2016 and was previously a non-executive Director of Amigo Loans and Amigo Management between December 2015 and April 2016. Mr. Price spent the majority of his career with KPMG where he was a partner from January 1997 to July 2012. He is currently also a non-executive Director of Brooks Macdonald Group plc, Think Money Group Limited and Alpha Bank London Limited. Mr. Price holds a B.Sc. in Economics and Business Economics from the University of Southampton, and is a Chartered Accountant.

### ***James Benamor (Non-Executive Director)***

Mr. Benamor was appointed a Non-Executive Director of the Company in April 2016. Mr. Benamor established Amigo Loans (as FLM Loans) in 2005. Prior to founding Amigo Loans, Mr. Benamor also founded Richmond Group Limited, in 1999. He remains CEO for, and is the sole Shareholder of, Richmond Group Limited.

### ***Nicholas Beal (Director of Legal and Compliance and Company Secretary)***

Mr. Beal was appointed as Director of Legal and Compliance and Company Secretary for the Company in February 2016, as Company Secretary for Amigo Loans and Amigo Management in November 2013 and has served as Director of Legal and Compliance for various Group companies since September 2011. Prior to joining the Group, Mr. Beal was Head of Legal for UK Secured Lending at Barclays from 2007 to 2011 and before that was a solicitor at Bradford & Bingley plc and Yorkshire Building Society; he has also held various solicitor roles with other commercial law firms in the UK. Mr. Beal is admitted as a Solicitor of England & Wales, and holds an LLB from Nottingham Law School.

## **Corporate governance**

### ***UK Corporate governance code***

The Board is committed to the highest standards of corporate governance. As of the date of this Prospectus and on and following Admission, the Board will comply with the UK Corporate Governance Code (the “**Governance Code**”) published in April 2016 by the Financial Reporting Council except as set out below. As envisaged by the Governance Code, the Board has established an audit committee, a nomination committee and a remuneration committee. The Board has also established a risk committee and, if the need should arise, may set up additional committees as appropriate.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, the director's judgment. As three of the Directors are not independent, the Company will not at Admission comply with the recommendation of the UK Corporate Governance Code that at least half of the board of directors, excluding the chairman, should comprise non-executive directors. The Company

intends to achieve full compliance with the UK Corporate Governance Code over time, including by way of the appointment of an additional Independent Non-Executive Director prior to 31 December 2018.

The Board considers its Independent Chairman, Independent Non-Executive Director and Senior Independent Director to bring strong judgment and considerable knowledge and experience to the Board's deliberations.

#### ***Audit committee***

The Governance Code recommends that the Audit Committee should comprise at least three members who are independent non-executive directors and should include one member with recent and relevant financial experience, and that the Audit Committee as a whole should have competence relevant to the sector in which the Company operates. The Audit Committee currently comprises two members, Richard Price and Roger Lovering, both of whom are Independent Non-Executive Directors, and the Company intends to appoint a third Independent Non-Executive Director once appointed to the Board. The Audit Committee is chaired by Richard Price. As a result, on Admission, the composition of the Audit Committee will not comply with the Governance Code. The Board believes this will not have an impact on the Group's governance in practice and following the appointment of an additional Independent Non-Executive Director, as described above, the composition of the Audit Committee will fully comply with the Governance Code.

The Audit Committee meets at least four times a year at appropriate intervals to coincide with key dates in the financial reporting and audit cycle and at such other times as required.

The Audit Committee's responsibilities include monitoring and reviewing the Group's accounting procedures and internal financial controls (including the effectiveness of the internal audit provider); reviewing the effectiveness of the external audit process and making recommendations to the Board concerning the appointment, re-appointment and removal of the external auditor; considering the independence and objectivity of the external auditors; and reviewing and monitoring the content and integrity of the annual financial statements and any formal announcements relating to the Company's financial performance before submission to the Board for approval.

#### ***Remuneration committee***

The Governance Code recommends that the Remuneration Committee should comprise at least three members who are independent non-executive directors and that the chairman of the Company may be a member, but not chair, of the committee if he or she was considered independent on appointment as chairman. The Remuneration Committee is chaired by Stephan Wilcke and its other members are Richard Price and Roger Lovering. The Company intends to appoint a further Independent Non-Executive Director once appointed to the Board. As a result, on Admission the composition of the Remuneration Committee will not comply with the Governance Code. The Board believes this will not have an impact on the Group's governance in practice. Following the appointment of an additional Independent Non-Executive Director, as described above, it is intended that such director will replace Stephan Wilcke as chairman of the Remuneration Committee at which point the composition of the Remuneration Committee will fully comply with the Governance Code.

The Remuneration Committee meets at least twice per year. Its responsibilities include advising the Board on developing an overall remuneration policy, including, amongst other things, setting the remuneration of the Group's senior executives. The Remuneration Committee also has responsibility for the design of performance-related remuneration for senior management, including reviewing and proposing changes to share option schemes, bonus schemes and long-term incentive schemes. The Remuneration Committee makes

recommendations to the Board where action or improvement is deemed appropriate within its areas of remit.

#### ***Nomination committee***

The Governance Code recommends that the majority of the members of the Nomination Committee should be independent non-executive directors. The Nomination Committee comprises four members: Stephan Wilcke, James Benamor, Richard Price and Roger Lovering. The Company intends to appoint a further Independent Non-Executive Director once appointed to the Board.

The Nomination Committee meets at least twice per year. Its responsibilities include reviewing and proposing changes to the structure, size and composition of the Board (including the skills, knowledge, independence, experience and diversity of its members). It is also responsible for, amongst other things, giving consideration to succession planning for the Directors and other senior executives. The Nomination Committee is also responsible for identifying and nominating candidates to fill Board vacancies as and when they arise, and to keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the markets in which it operates, so as to best advise on the Group's leadership needs.

#### ***Risk committee***

The Risk Committee is chaired by Roger Lovering and its other members are Richard Price and Stephan Wilcke.

The Risk Committee meets at least four times per year. Its responsibilities include advising the Board on the Group's overall risk appetite, tolerance and strategy and the risk exposures of the Group, reviewing reports from management and reviewing the Group's risk assessment processes and procedures, internal controls, litigation reports and disaster recovery plans, among other matters, before reporting to the Board.

#### ***Share dealing code***

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on the requirements of the Market Abuse Regulation. The code adopted will apply to the Directors and other relevant employees of the Group.

### **Relationship agreement with Richmond Group Limited**

As at the date of this Prospectus, the Company is controlled by Richmond Group Limited, which holds approximately 82% of the issued share capital of the Company. Richmond Group Limited is in turn controlled by Mr James Benamor, the founder of the business and one of the Directors, who holds 100.0% of Richmond Group Limited. Mr Glen Crawford, the Chief Executive Officer, holds approximately 10% of the issued share capital of the Company, Mr Stephan Wilcke, the Chairman, holds approximately 4% of the issued share capital of the Company and the remaining approximately 4% issued share capital of the Company is held by other Directors, the Senior Manager and employees.

In connection with the Reorganisation, shareholder loan notes held by Richmond Group Limited and Glen Crawford will be converted to Shares at the Offer Price, which will result in a slight increase to Richmond Group Limited's percentage shareholding, and a slight decrease to Glen Crawford's and Stephan Wilcke's respective percentage shareholdings immediately prior to Admission. All of the Selling Shareholders intend to sell approximately 25% of their respective shareholdings in the Offer.

In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Act) which represent, or will represent, directly or indirectly, 3% or more of the

issued share capital of the Company (assuming that the Reorganisation has been completed in full, and no exercise of the option granted to J.P. Morgan Securities plc, as stabilising manager (the “**Stabilising Manager**”), by the Selling Shareholders to purchase, or procure purchasers for, up to 11,883,675 additional Shares (the “**Over-allotment Option**”)):

	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
<b>Shareholders</b>						
Richmond Group Limited	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
Glen Crawford	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Stephan Wilcke	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the Reorganisation has been completed in full and no exercise of the Over-allotment Option by the Stabilising Manager.

From Admission, the Shares owned by Richmond Group Limited and the other Selling Shareholders will rank *pari passu* with other Shares in all respects.

Various independently managed funds within the Invesco Limited group have in aggregate agreed to acquire 32,245,000 Shares with a value of approximately £88,673,750 at the Offer Price, representing 6.8% of the Company’s total share capital on Admission.

Various funds within the Woodford Investment Management Ltd group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company’s total share capital on Admission.

Various independently managed funds within the J.P. Morgan Asset Management group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company’s total share capital on Admission.

On 29 June 2018, Richmond Group Limited and the Company entered into the Relationship Agreement, which will take effect on Admission. Pursuant to the Relationship Agreement,

Richmond Group Limited shall, and shall procure that any of its associates shall:

- (a) conduct all transactions, agreements or arrangements entered into between any member of the Group and Richmond Group Limited and its associates (or the enforcement, implementation or amendment thereof) and all relationships between any member of the Group and Richmond Group Limited and its associates at arm’s length and on normal commercial terms and, where applicable, enter into all transactions, agreements or arrangements in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules;
- (b) not take any action which would or would be reasonably likely to have the effect of preventing the Company or any other member of the Group from carrying on its business independently of Richmond Group Limited and its associates;
- (c) not take any action which would or would be reasonably likely to have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the FSMA and the Financial Services Act 2012;
- (d) not take any action which would or would be reasonably likely to have the effect of preventing the Company from complying with principles of good corporate governance set out in the UK Corporate Governance Code in force from time to time, save as

otherwise disclosed in this Prospectus or in respect of non-compliance which has been agreed to in writing by a majority of the Independent Non-Executive Directors;

- (e) not exercise any voting rights in a manner which would prevent the Company from making decisions for the benefit of the Shareholders taken as a whole;
- (f) not exercise any voting rights in a manner that would require the Company to operate or make decisions solely for the benefit of any of Richmond Group Limited and its associates;
- (g) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- (h) without prejudice to (f) above, not exercise any of its voting rights to vary the Articles which would:
  - (i) be contrary to the maintenance of the Company's independence (including the Company's ability to operate and make decisions independently of Richmond Group Limited and its associates); or
  - (ii) prevent the election of independent Directors; or
  - (iii) be inconsistent with, undermine or breach any provisions of the Relationship Agreement or the Listing Rules, the Disclosure Guidance and Transparency Rules or the Market Abuse Regulation;
- (i) abstain from voting on any resolution required by paragraph 11.1.7R(3) of the Listing Rules to approve a transaction with a related party involving Richmond Group Limited or its associates; and
- (j) not exercise any of its voting rights:
  - (i) to remove the chairman or any independent non-executive director appointed by the Board; or
  - (ii) to vote against any shareholder resolution to appoint the chairman or any independent non-executive director, where such resolution has been approved by the Board,

in each case unless a prescribed chairman/director voting procedure has been followed (the "Procedure"). Pursuant to the Procedure, Richmond Group Limited shall have the right to raise any concerns regarding the existing chairman of the Board, any existing independent non-executive director or any proposed director (as the case may be), including any proposed independent non-executive director to be appointed as a result of Richmond Group Limited appointing an additional Richmond Director. If, following a consultation process with the Company in the prescribed manner, Richmond Group Limited should remain dissatisfied, Richmond Group Limited shall (subject always to complying with the requirements of paragraphs 9.2.2ER, 9.2.2FR and 9.2.21R of the Listing Rules and to article 114 of the Articles) then:

- (A) be entitled to call a general meeting of the Company to table a shareholder resolution to remove the relevant director and shall be entitled to exercise its voting rights as it chooses in connection with any such resolution; or
- (B) be entitled to exercise its voting rights as it chooses in connection with any resolution on which all shareholders of the Company are entitled to vote, which is tabled at an annual general meeting to elect or re-elect the relevant director and/or vote on the relevant appointment (it being noted that such election/re-election would also be the subject of a separate vote of independent

shareholders only tabled pursuant to paragraph 9.2.2FR of the Listing Rules, in relation to which Richmond Group Limited would not be entitled to vote).

In addition, until the Relationship Agreement terminates, Richmond Group Limited has undertaken to the Company that it shall not, and will procure that (insofar as is within its power or control) that any of its associates shall not, operate, establish, own or acquire a company, an undertaking, a business, a business operation or other enterprise or entity which from time to time itself or through one or more of its subsidiary undertakings in the UK and/or Ireland, operates in the guarantor loan market, or offers any products or services which compete with such products or services as are offered or marketed by the Group. This non-compete undertaking shall not prohibit Richmond Group Limited from being entitled to acquire up to 5% in aggregate of the shares of any class of any company engaged in business that would constitute a "competing business" provided the shares of such company are listed on a recognised stock exchange.

Subject to the non-compete undertaking set out above, each of the Company and Richmond Group Limited has also undertaken to the other that it will not, and will procure that (insofar as is within its power or control) that any of its associates shall not, take any action to claim compensation for past use or prevent the future use, or further independent development, by the other (or any of the other's associates) of certain intellectual property, provided that such intellectual property was used by the Company or Richmond Group Limited (as the case may be) or any of their respective associates prior to or at the point of Admission.

Furthermore, Richmond Group Limited has undertaken that, until the termination of the Relationship Agreement, it shall not, and shall procure (insofar as is within its power or control) that any its associates shall not, solicit for service or employment any Director or member of senior management without the prior approval of the majority of the independent directors of the Board or any other employee of the Group without the prior approval of the Chief Executive Officer (subject to limited pre-agreed exceptions).

The Relationship Agreement entitles Richmond Group Limited to appoint (and remove and reappoint) one natural person to be a non-executive director for so long as it and its associates hold in aggregate 10% or more of the voting rights attaching to the issued share capital of the Company and Richmond Group Limited shall be further entitled to appoint an additional natural person to be a non-executive director for so long as it and its associates hold in aggregate 30% or more of the voting rights attaching to the issued share capital of the Company (any such appointee a "**Richmond Director**"). In addition, the Relationship Agreement provides that:

- (a) Richmond Group Limited's right to appoint a second Richmond Director shall be subject to the Company having such number of independent directors as is compliant with the recommendations of the UK Corporate Governance Code in force from time to time prior to Richmond Group Limited giving notice to the Company pursuant to the Relationship Agreement of any such intended additional director appointment;
- (b) for so long as Richmond Group Limited and its associates hold in aggregate 10% or more of the voting rights attaching to the issued share capital of the Company, the Company shall (if requested by Richmond Group Limited) procure that one of the Richmond Directors is appointed as a member of the Company's nomination committee; and
- (c) where a second Richmond Director is to be appointed pursuant to the Relationship Agreement, the independent directors of the Company shall consider whether the appointment of a second Richmond Director would make the appointment of an additional independent director desirable in the context of the principles of good corporate governance and, if the appointment of an additional independent director is considered so desirable, the Board shall consult with the Company's nomination committee regarding such an appointment.

The Company has agreed in the Relationship Agreement, to the extent permitted by applicable laws and regulation, to provide certain information to Richmond Group Limited on an ongoing basis in order to enable Richmond Group Limited and its associates to complete any tax return, compilation or filing or to comply with any other laws or regulations which apply to Richmond Group Limited or any of its associates.

The Relationship Agreement will be effective as from Admission and remain in effect for so long as Richmond Group Limited and any of its associates hold, in aggregate, 10% of the total voting rights attaching to the issued share capital of the Company and the Shares continue to be admitted to listing on the Official List of the FCA.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Richmond Group Limited and ensure that all agreements and transactions between the Group, on the one hand, and Richmond Group Limited and its associates and/or persons acting in concert with Richmond Group Limited or its associates, on the other hand, will be at arm's length and on a normal commercial basis.

Following Admission, the Articles will allow the election of independent directors to be conducted in accordance with any requirements of the Listing Rules.

In all other circumstances, following Admission Richmond Group Limited will have the same voting rights attached to the Shares as all other shareholders.

### **Conflicts of interest**

Save as set out in paragraph 5 of Part 14 "Additional Information", there are no potential conflicts of interest between any duties owed by the Directors or the Senior Manager to the Company and their private interests or other duties.

## PART 8

# REGULATORY OVERVIEW

The Group's industry is highly regulated. The regulatory environment for consumer credit in the United Kingdom requires considerable investment in processes, know-how and management. The Group believes that the regulatory environment creates a strong barrier to entry and ensures that other participants, who wish to compete, must meet similarly high standards.

### Regulatory framework in the United Kingdom

The UK consumer credit industry is a highly regulated environment and firms operating within it are subject to high standards of monitoring and compliance, particularly following the transition in regulatory regimes from the Office of Fair Trading ("OFT") to the Financial Conduct Authority ("FCA") on 1 April 2014.

UK personal/non-standard finance lenders, including Amigo, operate within the scope of several regulatory regimes, principally the FCA, ICO, OFCOM and ASA. In June 2016, Amigo Loans and Amigo Management were granted full FCA authorisation to conduct consumer credit and debt administration activities. Before this, these entities had "interim permissions" following their grandfathered transfer from regulation by the OFT to regulation by the FCA.

The FCA Handbook provides both general sourcebooks (that all authorised firms must comply with) and specialist sourcebooks (that apply to firms carrying out a specific regulated activity). The FCA Handbook has a specialist consumer credit sourcebook ("CONC") for the consumer credit sector, which includes rules and guidance in relation to, *inter alia*, financial promotions, pre-contract responsibilities and disclosure, affordability and creditworthiness assessments, the handling of vulnerable customers, communications with customers, arrears, default and recovery of debt, debt advice and statute barred debt.

While UK non-standard finance businesses are principally regulated by the FCA, there is additional legislation and regulation that governs consumer credit, including the Consumer Credit Act 1974 (as amended) ("CCA"). The CCA imposes obligations on lenders and any person who exercises the rights and duties of lenders to correctly document credit agreements and guarantees and indemnities, give borrowers rights to withdraw, provide post-contract information such as statements of account, notices of sums in arrears and default notices, protect consumers who purchase a good or service from a linked supplier (section 75 CCA) and not to take certain recovery or enforcement action until prescribed forms of post-contractual notices have been served and prescribed time periods have elapsed. Any failure to comply with such legislation or regulation may have serious consequences on the enforceability of the Group's loan agreements and guarantees and indemnities as well as a risk that the FCA may revoke or suspend its authorisation.

The FCA and its predecessor, the OFT, have already taken action against, and have imposed requirements on, a number of well-known financial institutions, other financial institutions and debt management companies. In addition, the Group is subject to various regulations concerning consumer protection and data protection, among others. The Group is also subject to ICO's and ASA's powers to take enforcement action in relation to data protection, marketing and advertising, respectively.

As part of the transfer of regulation of consumer credit markets from the OFT to the FCA, the UK Parliament repealed certain sections of the CCA, and some of these were replaced by FCA rules. The FCA is required to review the remaining CCA provisions (plus associated regulations) ("the retained provisions") and to report to HM Treasury by 1 April 2019. The FCA published its Call for Input: Review of retained provisions of the Consumer Credit Act in February 2016 for this purpose and this closed in May 2016. The FCA has not yet published its report but it may include recommendations for legislative change which is expected shortly.

The retained provisions for example include, detail around the content of credit agreements and guarantees and indemnities, the content and timing of arrears notices, the content and timing of default notices, rights of withdrawal and joint and several liability under section 75 CCA. Some retained provisions provide for specified sanctions on the lender-such as unenforceability without a court order or until the breach is remedied. In some cases contravention is a criminal offence, or a breach of statutory duty, while in others it renders provisions void or precludes certain actions. The FCA has stated that its aim in conducting this review is to simplify the regime where possible and ensure an appropriate degree of consumer protection while not placing disproportionate burdens on firms.

## **UK Financial Conduct Authority regulation**

The FCA's strategic objective is to ensure that its relevant markets function well. The FCA also has three operational objectives:

- to secure an appropriate degree of protection for consumers;
- to protect and enhance the integrity of the UK financial system; and
- to promote effective competition in the interests of consumers (which UK HM Treasury has confirmed includes financial inclusion).

Its supervisory approach is outcomes-based and pre-emptive, and focused on delivering its statutory objectives.

The FCA Handbook sets out the FCA rules and other provisions, which have been made under powers given to the FCA under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended). Firms wishing to carry on regulated consumer credit activities in the UK must comply with all applicable sections of the FCA Handbook as well as the applicable consumer credit laws and regulations.

The FCA has applied its rules to consumer credit firms in a number of areas, including its high level principles and conduct of business standards. The FCA has substantially greater powers than the OFT and given the FCA has only been responsible for regulating consumer credit since April 2014, it is likely that the regulatory requirements applicable to the Group's industry will continue to increase, as the FCA deepens its understanding of the industry. In addition, it is likely that the compliance framework that will be needed to continue to satisfy the FCA requirements will demand incremental investment and resources in the Group's compliance governance framework. There is also a risk that the Group could become subject to additional or new regulatory obligations (such as FCA approval of senior managers and anti-money laundering and fraud prevention), or that those requirements to which the Group is currently subject could become more stringent, which may materially and adversely affect the Group's business, financial condition, financial returns and results of operations.

The FCA regards lending and collections of loans as a "high risk" activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. CONC provides that firms undertaking consumer credit regulated activities should, for example:

- promote credit responsibly;
- provide clear disclosure before the agreement is made;
- assess borrower's and guarantor's affordability and creditworthiness; and
- treat a customer in default or arrears difficulties with forbearance and consideration.

The FCA has so far offered limited explicit guidance regarding its stance on guarantor loans. It has published Guidance Consultations 16/2 in February 2016 and 16/7 in October 2016, which related specifically to default notices in the case of guarantor loans. Following the Guidance Consultations, on 19 January 2017 the FCA published its final guidance on default notices for guarantor loans. In response to this final guidance, the Group made minor amendments to its collections communications. The regulator has, however, approved

guarantor-backed mortgages as part of its mortgage market review on mortgage lending ("MMR"). In a roadshow Q&A document published in relation to the MMR, the FCA indicated that guarantor mortgages are permitted so long as the affordability of the guarantor is assessed as well as that of the borrower. Apparently in response to the new MMR rules, certain lenders have since announced they will no longer offer guarantor mortgages.

The FCA acknowledges the guarantor loans model in CONC guidance on collections, where it states that lenders must treat guarantors as they would treat borrowers when collecting payments; in addition guarantor loans were referenced in the FCA's PS14/03 policy statement which details the FCA rules for consumer credit firms. The FCA's PS15/06 specifically states that lenders must also conduct an affordability assessment on the guarantor in cases where a guarantor is present and the FCA has reiterated this in its consultation paper CP 17/27: Assessing creditworthiness in consumer credit (see below). The FCA will publish rules and guidance on this consultation by the third quarter of 2018.

Firms authorised by the FCA must be able to demonstrate that, at all times, they meet the threshold conditions for authorisation and comply on an ongoing basis with the FCA's high level standards for authorised firms. The threshold conditions set out the minimum requirements firms must meet in order to carry on regulated activities in the UK. All authorised entities are required to comply with general sourcebooks of the FCA Handbook, including the FCA's Principles for Business (including the TCF principles, and the requirement to ensure all communications are clear, fair and not misleading); Threshold Conditions; Systems and Controls; Statements of Principle and Code of Practice for Approved Persons; and General Provisions, as well as CONC.

Certain individuals within an FCA authorised firm who exercise a "significant influence" over the business of the firms must be approved by the FCA as "Approved Persons". Pursuant to statutory requirements, Approved Persons must be able to demonstrate that they are "fit and proper" to hold permissions from the FCA (as set out in the FIT sourcebook of the FCA Handbook). The Approved Persons regime is due to be replaced by the Senior Managers & Certification Regime ("SM&CR") in the mid-to-late 2019 (see below). The Senior Managers Regime already applies to banks and large insurance firms and increases the responsibility and liability of senior management.

On 4 May 2016, the UK Parliament passed the Bank of England and Financial Services Act 2016, which will extend the FCA's SM&CR to all sectors of the financial services industry, including to a firm such as Amigo. The SM&CR will also allow the FCA to make Rules of Conduct that apply to senior managers, certified persons and other employees. The SM&CR is designed to raise the standards of conduct for everyone who works in financial services and result in senior people in firms becoming more responsible and accountable for their actions. The FCA wants all firms to develop a 'culture of accountability' at all levels and for senior individuals to be fully accountable for defined business activities and material risks.

In July 2017, the FCA published consultation paper CP17/25: Individual Accountability: Extending the Senior Managers & Certification Regime to all FCA firms. In it, the FCA proposes applying a baseline of requirements to every firm, known as the 'core regime'. This means that the three main elements of the SM&CR—the Senior Managers Regime, the Certification Regime and the Conduct Rules—will apply to every firm. The FCA also proposes extra requirements that will only apply to the largest and most complex firms with most potential impact on consumers, known as 'Enhanced Firms'. Amigo expects to be regarded as an Enhanced Firm given the level of its annual regulated revenue generated by consumer credit lending. Enhanced Firms will need to apply all of the requirements under the core regime together with enhanced requirements.

- The Senior Managers Regime focuses on the most senior people in the firm. The rules will define which roles are 'senior management functions' depending on the type of firm involved. Anyone who holds a senior management function must be approved by the FCA

before they start their role. Firms will need to delegate to their senior managers listed 'prescribed responsibilities' to ensure that there is a senior manager accountable for the SM&CR and key conduct and prudential risks.

- The Certification Regime covers people who are not senior managers, but whose role means they can have a big impact on customers, markets or the firm. The FCA will not approve these people, but firms will need to certify (and issue them with a certificate) at least once a year that they are suitable (fit and proper) to do their job.
- The Conduct Rules are a new set of basic rules that will apply to almost every person who works in financial services. The conduct rules are principles such as 'acting with integrity' and 'treating customers fairly'. Firms must be able to demonstrate that they apply the spirit as well as the letter of the conduct rules.

One result of the extension of the SM&CR may be that the Group incurs additional costs through putting in place systems to ensure all employees are appropriately notified of, and receive suitable training in, the Rules of Conduct which will apply to them. If Amigo Loans is an Enhanced Firm then all of its senior managers will need to go through a new approval process with the FCA.

Failure to comply with any rules or guidance issued by the FCA is likely to have serious consequences, for example, the FCA may take enforcement action against a firm which could result in fines and/or remediation action for consumers. Any such enforcement action would be publicly known and would involve severe reputational damage. Consumer finance firms can also be subject to a section 166 FSMA notice by the FCA, which may occur where the FCA has identified issues or potential issues within the firm regarding compliance with FCA principles, rules and guidance. This has recently often been used for information-gathering purposes and for educating the FCA as part of reviewing the authorisation of a firm or sector. However, it may on occasion be a prelude to enforcement action where appropriate remedial action is not taken in response to any concerns raised in a review. Enforcement action could take the form of a fine and the firm may be required to provide redress to any customers who have been disadvantaged.

On 13 December 2016, the FCA published a report on its thematic review on arrears management in unsecured lending. The review assessed the manner in which consumer credit financial institutions collect and recover debt and how customers were being treated by such firms. The review is focused on whether firms have due regard to the interests of their customers and exercise appropriate forbearance in compliance with the existing FCA rules, including the Principles for Businesses. The Group was not directly involved with the review, as the guarantor that the Group requires for all of its loans is technically considered security; however, the Group has reviewed the report and no major changes to its policy and processes were required.

In addition, in March 2018 the FCA published a Policy Statement on staff incentives, remuneration and performance management in consumer credit firms, setting out final rules in this area that will come into force from 1 October 2018. The Group has reviewed these rules and will ensure that its policies and processes are compliant with the rules from 1 October 2018.

The FCA's Policy Statement contained a new rule to ensure consumer credit firms identify risks arising from incentives or performance management and to make sure these are managed appropriately. The FCA is also introducing new guidance that:

- sets out examples of good and poor practice, while making clear there is no 'one size fits all' model;
- provides specific consumer credit-related guidance and examples that will benefit firms when managing the risks;

- gives detailed examples of risks that might arise and how these might be reduced or managed; and
- sets out the FCA's expectations on the types of controls and governance firms should have in place to identify and manage these risks.

The Group will make some minor amendments to how its employees are remunerated and incentivised based on the findings in the review to ensure that it continues to meet all the FCA's updated expectations. However, the Group does not believe that these will materially impact the business. The FCA will conduct further work in this area to evaluate how firms have reacted to the rules and guidance once they have been implemented, and the effect on firms' behaviour or customer outcomes.

The FCA has also recently conducted a market review on credit cards. Although this review did not relate to the Group's business, it does provide some early indication of FCA views on affordability and vulnerable customers, and may be predictive of future FCA reviews that would relate to the non-standard finance sector.

The FCA is carrying out a review into assessment of affordability by lenders. The Group has participated in this review. The existing FCA rules require lenders to assess creditworthiness, on the basis of sufficient information, before entering into a regulated credit agreement. The FCA has confirmed there is no fundamental change needed to its basic approach to creditworthiness (which includes both 'credit risk' and 'affordability'). The FCA is seeking to clarify the rules on:

- the distinction between affordability and credit risk;
- the factors that should be used when designing affordability checks that are appropriate and proportionate in relation to individual lending decisions;
- the appropriate role of income and expenditure information in lending decisions; and
- the FCA's expectations around firms' policies and procedures which should focus on outcomes, having regard to the risks of the credit and customer characteristics.

The FCA confirms that assessment of a guarantor will not need to be identical to that undertaken in relation to the borrower, but it should have sufficient depth and scope, taking into account the potential obligations that might fall on the guarantor. In considering this, the FCA proposes that the firm should have regard to matters applying in relation to the borrower (plus some additional matters specific to the guarantor), given that the guarantor will usually be required to pay only if the borrower does not. The lender must, however, consider sufficient information to make a reasonable assessment.

Amigo has an existing comprehensive affordability assessment for all borrowers and guarantors. This was reviewed by the FCA as part of the full FCA authorisation process and the skilled person review. The FCA's views are currently subject to consultation and the Group cannot yet be certain that the final form will be identical to the proposals but, while there may be minor changes to its process as a result of the FCA's work, it does not believe that these will have a material effect on its business. The FCA will publish final rules and guidance in the third quarter of 2018 following this consultation.

The FCA announced in its 2017/18 Business Plan that it would be undertaking an exploratory piece of work on the motor finance industry. Amigo lends to consumers for car purchase but takes no security over the vehicle. The FCA is taking forward this work to help it decide what further interventions may be necessary. This includes supervisory work with FCA-authorised lenders, detailed analysis of millions of anonymised credit reference agency records, and careful scrutiny of firms' sales practices and processes. The FCA's views are currently subject to consultation and the Group cannot yet be certain of the final outcome. The FCA will publish an update on this work later in 2018.

The FCA recently announced that it intends to explore the possible impact on the more significant FCA-only regulated consumer credit firms of the findings set out in a recent Prudential Regulation Authority ("PRA") Statement on consumer credit, and will continue to engage with the PRA and Bank of England on the wider issues. The Group expects that Amigo will be one of the more significant firms included in the FCA's work but has not heard from the FCA regarding this.

The FCA's concerns regarding the consumer credit industry have so far been focused on loan affordability and TCF principles. The markets they have been scrutinising (e.g. payday loans, and logbook loan lenders) historically have a high level of complaints, a high proportion of income from late payment fees and high APRs (typically above 100%). In contrast, the guarantor loan sector does not have these features and as a result guarantor loans are not expected to be an area of focus for the FCA in the near future.

The FCA has shown interest in four areas with regard to the broader non-standard finance market, to which the Group believes its model is well-positioned in each instance:

- **Affordability assessments:** The Group believes it has the most sophisticated underwriting process of all guarantor lenders, with detailed assessments performed on both the borrower and guarantor and minimum income buffer calculations which are both forward-looking and verified/validated using a number of external data sources.
- **"Treating customers fairly":** TCF principles are strongly embedded in the Group's corporate culture. The Group maintains a commitment to clarity and transparency in dealing with customers to minimise the chance of a borrower or guarantor misunderstanding their obligations.
- **Forbearance:** The Group has refined its collections procedures to ensure that they are fair and responsible towards both the borrower and guarantor. An initial three day grace period is given following a late payment before an account is moved into a formal collections process and, following this, borrowers are segmented according to their willingness to cooperate, with a tailored approach to communication according to segment.
- **Financial incentives:** The Group does not financially incentivise underwriters and collections agents based on the number of loans approved or the amount of arrears collected. Instead, these staff have their salaries reviewed quarterly against a balanced scorecard.

The FCA has also shown interest in certain other lending product features perceived to be detrimental to customer welfare.

These include 'high-cost short-term' lending products, i.e. loans with APRs over 100% with a term of one year or less. From 2015, the FCA has implemented a total cost cap of 0.8% per day and 100% in total for these types of loans. The Group does not offer this type of product and its flat interest rate of 3.43% per month is significantly below the 0.8% per day cap; therefore it is not affected by such restrictions. As part of the two year review of the effectiveness of the high-cost short-term cost cap, the FCA launched a review into high cost credit ("HCC"). The review included guarantor loans, bank overdrafts and high cost credit cards as the FCA believed that some of the customers that previously took out HCSTC (e.g. payday loans) have used these types of credit instead. In July 2017, the FCA published a feedback statement concluding that different HCC products may not be close substitutes for each other. The FCA has not seen consumers significantly increasing their use of other HCC products after failing to get a HCSTC loan and there was no evidence that consumers who have been turned down for HCSTC are more likely to have used illegal money lenders. The FCA has looked in further detail at specific products where it has particular concerns. These products are rent-to-own, home collected credit and catalogue credit (to which the FCA appears to have added store cards). In relation to home collected credit, the FCA is consulting on requiring firms to obtain a signed request from the customer consenting to the marketing of further loans before offering them in a customer's home. The FCA is consulting on an

interest rate cap for rent-to-own products and a ban on the sale of extended warranties at the point of sale. The FCA's concerns around catalogue credit relate to the complexity of charging structures which may mean consumers make uninformed choices and the FCA is consulting on requiring greater disclosure in addition to similar perpetual debt requirements to credit cards. The FCA also raised concerns about the income from overdrafts and is taking this forward as part of its strategic review of retail banking business models. In an update published in January 2018 the FCA referred to 'mid-cost credit' being credit above prime borrowing rates but below the HCSTC cap level. It would appear that the Group's lending would fit within this definition.

With regards to the HCSTC cap, the FCA has concluded that it should keep the HCSTC cap at its current level but that it will review the level of the cap again in 2020. The FCA did not consider that the specific rules which apply to HCSTC (including the cap) should also apply to other HCC products at this time.

In relation to guarantor loans, the FCA states that the authorisations process has not identified any issues that indicate wider sector issues but that it will continue to maintain a watching brief on key risks in this sector and continue to work with firms to ensure consumers are protected.

The interest rate cap applicable to UK credit unions was increased from 2% to 3% per month (compared with the Group's monthly interest rate of 3.43%) in April 2014 by HM Treasury as a means to enable them to better compete with high-cost short-term lenders. This suggests that it would be highly unlikely that any future cap imposed upon the broader universe of non-standard unsecured lenders would be at a level below this. There is further political pressure for the credit union interest rate cap to be further increased to 4% per month.

Other focus areas include late payment fees, which are not relevant as the Group does not charge late payment fees, and FOS complaints, of which it has very few.

The FCA in certain cases may issue consumer finance firms with a section 166 notice ("s166 FSMA"), typically where the FCA has identified issues or potential issues within a firm regarding compliance but also for more general information-gathering purposes and for educating the FCA as part of reviewing the authorisation of a firm or sector. Under s166 FSMA the FCA will commission a "skilled person report," which is performed by an independent firm, and shared with the firm being reviewed and the FCA. Remedial action highlighted is tracked by the FCA through close liaison with the firm, with the cost of such a review borne by the firm. Amigo Loans Ltd was subject to a section 166 notice in 2014 and a "skilled person report" in 2015. The report made a number of minor observations as to areas where the Group could further strengthen its compliance approach, and it has since worked to implement internal changes, as well as to liaise with the relevant authorities to ensure full cooperation and ongoing compliance. No remediation of past customers was required as part of the section 166 review.

Firms subject to a section 166 notice by the FCA and which fail to remedy or redress points raised in the report in sufficient time can be subject to enforcement action, including fines. The FCA has not taken any steps towards enforcement action following its section 166 notice, and the Group does not expect any such action to be taken as the section 166 work was closed on completion of Amigo Loans Ltd's full FCA authorisation in June 2016.

In March 2017 the European Commission published an action plan setting out a strategy to strengthen the EU single market for retail financial services. The action plan seeks, among other things, to improve consumer access to financial services across the EU. One of the Commission's aims is to develop a deeper and safer single market for consumer credit. The Commission will explore ways of facilitating access to loans across borders whilst ensuring a high level of consumer protection. In this context, the Commission will also consider ways of addressing in a more efficient manner consumer over-indebtedness linked to credit activities.

Further updates on this are expected later in 2018. There is uncertainty as regards the future regulatory framework for consumer credit companies with respect to the effect of the UK's withdrawal from the EU. Much of the current UK regulation for consumer credit ultimately derives from EU measures such as the Consumer Credit Directive. Having been transposed into UK law already, these measures will not be directly affected by the UK's withdrawal from the EU under current UK plans as set out in the draft European Union (Withdrawal) Bill published on 13 July 2017 (which is being debated and amended through the Parliamentary review process). However, aspects of the UK's regulatory requirements that are based on EU law may be reconsidered after the UK's withdrawal from the EU, which could result in changes to the regulatory environment in which the Group operates, its business model or costs (see "Risk Factors-The UK's withdrawal from the European Union could have adverse consequences for the Group's business"). It is not anticipated that the loss of passporting rights associated with cross-border provision of consumer credit to non-UK clients will materially affect its business, as the absence of harmonisation of consumer credit laws across the EU means that services are already required to comply with local law requirements within the legal frameworks of each relevant EU member state.

The regulatory regime in the UK relating to the protection of consumers from unfair terms and practices changed at the end of September 2015 as part of the largest consolidation and overhaul of the UK's consumer protection law to date and was largely driven by the EC Directive on Consumer Rights. Significant changes brought in by the UK's Consumer Rights Act 2015 include a wide definition of "consumer" to include individuals acting for purposes which are 'wholly or mainly' outside of that individual's trade, business, craft or profession. The UK's Consumer Rights Act 2015 also introduced new rights and remedies for digital content, broadly aligning its treatment to that of physical goods. The main provisions of the UK's Consumer Rights Act 2015 came into force on 1 October 2015. Any failure to comply with applicable consumer protection laws could lead to redress measures, including compensation being paid to customers or certain debts being written off where the terms of such debts are considered potentially unfair in nature. This may increase the Group's liability to customers who purchase a good or service from a linked supplier under section 75 CCA.

## **UK data protection**

As a non-standard finance business, the Group must comply with the requirements established by the Data Protection Act 1998 (as amended) in relation to processing the personal data of its customers. Any business controlling the processing of personal data (that is, determining the purposes of the processing and the manner in which it is carried out), such as consumer credit firms, must in particular maintain a data protection notification with the ICO for each of its companies. The ICO is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data and safeguarding the information rights of individuals and their rights to access their personal data.

The Group controls the processing of significant amounts of personal data; therefore, Amigo Loans Ltd and Amigo Management Services Limited both have a data protection notification for each relevant subsidiary which controls the processing of personal data, a data protection policy, and have established data protection processes to comply with the requirements of the Data Protection Act 1998 and the applicable guidance issued from time to time by the ICO, such as the handling of Data Subject Access requests from individuals. The ICO is empowered to impose requirements through enforcement notices (in effect, stop orders), issue monetary fines and prosecute criminal offences under the Data Protection Act 1998. As at the date of this Prospectus the Group has not received any such notices from the ICO.

Furthermore, the Group receives third party data from sources governed by the Steering Committee on Reciprocity ("SCOR"), such as mainstream credit bureaus, and from private sources such as closed user groups ("CUGs"). CUGs operate by a CUG host taking

responsibility for housing the underlying data, matching the records and for compliance with data protection regulations. If one of the contributors of the CUG were to violate data protection laws or other regulatory requirements, it could harm the Group's business or result in penalties being imposed on it. Its ability to obtain, retain and otherwise manage such data is governed by data protection and privacy requirements and regulatory rules and guidance issued by, among others, the ICO and influenced by SCOR. There is a memorandum of understanding in place between the ICO and the FCA which (among other things) provides for information-sharing under the GDPR.

The EU Data Protection Regulation ("GDPR") came into effect on 24 May 2016 and became directly applicable in Member States from 25 May 2018. The GDPR introduced substantial changes to the EU data protection regime and imposes a substantially higher compliance burden on the Group. Examples of this higher burden include expanding the requirement for informed opt-in consent by customers to processing of personal data, granting customers a "right to be forgotten," restrictions on the use of personal data for profiling purposes, disclosure requirements of data sources to customers and the possibility of having to deal with a higher number of subject access requests, among other requirements. The GDPR also increases the maximum level of fines for the most serious compliance failures to €20 million or, in the case of a business, up to 4% of annual worldwide turnover.

The UK government or ICO consulted and published guidance on how they intend to implement the detail of the GDPR. The ICO published final guidance on consent, which is a key issue for many financial services firms and the Group enhanced its privacy statement to comply with the new rules. The UK government has also introduced a Data Protection Act (which largely replicated the GDPR).

## **Other UK regulatory bodies**

The Group is also regulated by a number of other UK government bodies, including OFCOM, the independent regulator and competition authority for the UK communications industries. All telephone calls made to and received from account holders are recorded, and OFCOM monitors, for example, the number of silent calls made by businesses to ensure that any business does not have 3% or more in any one campaign over a 24 hour period.

The Group does not use automated dialing equipment or software in its business; as a result, it is not subject to the majority of the OFCOM regulations and OFCOM's Statement of Policy does not materially affect its business.

The Group is also subject to regulation by ASA in respect of advertisements.

## **UK Debt Pre-Action Protocol**

A new Debt Pre-Action Protocol came into force on 1 October 2017. The objectives of the Debt Pre-Action Protocol are, among others, to encourage parties to use alternative dispute resolution procedures (such as mediation or by making a formal complaint to the FOS) and to encourage the full exchange of information between parties at an early stage in proceedings. It requires a significant amount of information, if requested, to be disclosed to customers, including copies of credit agreements (or where applicable the guarantee and indemnity) where any aspect of the debt is disputed between the parties (including, but not limited to, the debt's existence, enforceability and amount). Any "letter before claims" issued after 1 October 2017 will be required to enclose a statement of account and monthly budget planner and confirm that a copy of the credit agreement can be requested.

## **Customer complaints**

The FOS acts as an independent adjudicator of UK consumer complaints it receives relating to activities and transactions under its jurisdiction. The FOS makes a determination based on

what would be fair and reasonable in all circumstances of the case and good practice rather than strictly on the basis of compliance with the law. Complaints properly brought before the FOS for adjudication must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Certain claims brought before the FOS attract a fee, which is paid by the business subject to the complaint, regardless of whether or not it successfully defends the claim. A determination by the FOS is binding on the business, but not on the consumer. As the FOS is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining customer, it is not possible to predict how any future determinations by the FOS might affect the Group's business. The filing of complaints against the Group with the FOS and the imposition of redress payments by the FOS, or any other regulatory authority, could harm the Group's reputation, which in turn could impact its ability to secure continued or future business, and therefore could materially and adversely affect its business, financial condition, financial returns and results of operations.

The Group's robust processes and procedures have translated into one of the lowest customer complaint records in the industry. Only 80 new FOS investigations of the Group were received during the period 1 July to 31 December 2017, and the Group had 68% of adjudicated cases upheld in its favour. This figure is in line with high street banks determination. For example, during the same period 62%, 70%, 64% and 65% of cases adjudicated were upheld in favour of Santander, LBG, BARC and HSBC, respectively. Through the design of its collection processes and communications strategies, including letters, telephone calls, and, increasingly, e-mails and text messages and websites, the Group seeks to ensure that the number of complaints remains as low as possible. When complaints do arise, the Group has a documented handling procedure which seeks to ensure that complaints are dealt with and resolved promptly, fairly and sensitively. When disputes cannot be resolved internally, the customer has the right to refer the problem to the FOS.

In spite of this, the FOS determination may nevertheless find in favour of a customer in certain situations. Where this is the case, the Group is required to pay the customer an amount the FOS adjudicator decides is appropriate, unless an appeal is lodged to the independent FOS ombudsman. Determinations by the independent FOS ombudsman are published on the FOS website. However, no fine or other penalty can be imposed directly by the FOS, although cases that reveal systemic problems with a business could be subsequently investigated by the FCA. There is a memorandum of understanding in place between the FOS and the FCA which (among other things) provides for information-sharing between the two bodies.

## **The Group's compliance and quality control**

The Group believes regulatory compliance is key to its operations, and it has a strong culture of compliance evidenced across the business, from its product, employees and systems through to its core values of treating customers in a simple, human and honest manner. The Group believes this is demonstrated by the low level of customer complaints that it receives.

The Group's simple, transparent and straightforward guarantor loan product has been designed with regulatory compliance in mind. Throughout the application, underwriting and collections process, employees are guided by the Group's in-house IT platform providing prompts and guidance when speaking to customers. While the platform does not provide detailed scripts, it does ensure that any conversations employees have with customers remain in line with the Group's high expectations on compliance. The detailed affordability checks conducted on the borrower and guarantor as part of the underwriting process are also designed to adhere to the highest standards of responsible lending and ensure that the Group does not make loans to individuals who are ill-suited to repay them.

The Group seeks to provide realistic payment options to consumers in financial difficulty. By offering these customers flexible and sustainable payment plans tailor-made to their

individual needs and affordability requirements, the Group helps customers access credit and improve their credit histories on a consensual basis. As a general policy, since 2012 the Group has not charged penalties or fees to outstanding loans on which it collects and makes recoveries. In the event a recovery reaches a court process, the court often orders the customer to pay the Group's court fees, in which case the Group adds those fees to the customer's account. The Group has dedicated policies and processes to deal with customers, which are periodically reviewed and enhanced where necessary. The Group has a strong focus on treating customers fairly, as manifested through the ten promises it makes for how the Group will treat customers if their loans fall into arrears:

- (1) We will treat you with respect and courtesy at all times.
- (2) We recognise that you don't want to be in arrears and we will always work with you to get you back on track as quickly as possible.
- (3) We will only collect on cards or direct debits where we have an agreement with you to do so.
- (4) We will do everything we can to respect your reasonable requests on how and when you wish to be contacted.
- (5) We will always keep you informed and give you advanced warning before we take any action.
- (6) We will never contact you more than necessary to come to the best possible solution.
- (7) We will always attempt to collect from and contact the borrower first before approaching a guarantor for payment. We will continue to make every reasonable attempt to collect from the borrower as long as the account remains in arrears.
- (8) We will never charge you for late or missed payments, letters, texts, phone calls or any of the work we do.
- (9) We will only use courts to enforce a debt as a last resort, when all other possible alternatives have been exhausted.
- (10) We will never repossess or force you to sell your home.

The Group has a clear governance structure and experienced senior management talent across all parts of its organisation, ensuring all key components of the business receive appropriate focus. The Group's senior executives have established a compliance framework, operational procedures and governance structures, supported by a number of proprietary systems, to enable it to conduct business in accordance with applicable rules, regulations and guidance. The Group's Board has ultimate responsibility for regulatory compliance, as well as each member of the senior executive being responsible for compliance within his or her particular organisational function. The senior executives are supported by the Group's legal and compliance team; leading the team is its Director of Legal and Compliance, who has extensive experience in the financial services industry, having worked in legal and compliance roles within previously FSA-and now FCA-regulated companies or legal firms. The compliance monitoring team conducts fortnightly screenings of interactions between underwriters, collections agents and customers. The purpose of these is to review employees' adherence to the TCF principles, as well as evaluating their clearness, clarity and tone when communicating with customers, and ensure that employees are representing the Group's core customer service values. Team leaders also play a key role through conducting their own fortnightly and ad-hoc audits of individuals in their team. The legal and compliance team's responsibilities also include review of key business activities, carrying out detailed reviews, regulatory horizon scanning, providing compliance advice and maintaining transparent and two-way relationships with key regulatory organisations.

The Group has invested heavily in its compliance systems and controls as well as the training of its employees to increase awareness of its regulatory requirements and its policies. All of the individuals whom the Group employs undergo comprehensive induction training on legal and regulatory compliance. Training sessions offered to employees aim to provide an insight into, and the opportunity to gain understanding of, the employees' obligations in ensuring good customer outcomes and compliance with requirements relevant to their roles.

## **Industry engagement**

The Group has established relationships with Members of Parliament, governmental bodies, including the ICO, the FOS and the FCA, as well as consumer organisations relevant to its industry, such as Citizens Advice, Which?, Money Advice Trust and Stepchange.

## PART 9

### SELECTED FINANCIAL INFORMATION

*The selected financial information set out below has been extracted without material amendment from Section B of Part 12 "Historical Financial Information" of this Prospectus, where it is shown with important notes describing some of the line items.*

#### Consolidated income statement

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
Revenue . . . . .	102.1	128.6	210.8
Interest payable and funding facility fees . . . . .	(5.9)	(12.6)	(30.4)
Shareholder loan note interest . . . . .	—	(23.4)	(21.2)
Impairment charge . . . . .	(9.7)	(8.8)	(44.8)
Operating expenses . . . . .	(32.0)	(38.2)	(46.2)
IPO costs and related financing . . . . .	—	—	(2.1)
Other operating income . . . . .	1.0	—	—
<b>Profit before tax</b> . . . . .	<b>55.5</b>	<b>45.6</b>	<b>66.1</b>
Tax on profit . . . . .	(9.9)	(13.0)	(15.5)
<b>Profit after tax &amp; total comprehensive income attributable to equity shareholders of the Company</b> . . . . .	<b>45.6</b>	<b>32.6</b>	<b>50.6</b>

## Consolidated statement of financial position

	As at 31 March		
	2016	2017	2018
	(£ millions)		
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	0.9	0.7	0.6
Intangible assets . . . . .	0.1	0.1	0.1
Deferred tax asset . . . . .	0.1	0.2	—
	1.1	1.0	0.7
<b>Current assets</b>			
Amounts receivable from customers . . . . .	272.2	414.5	666.3
Other receivables . . . . .	1.3	2.3	2.3
Cash at bank and in hand . . . . .	12.1	4.4	12.2
	285.6	421.2	680.8
<b>Total assets</b> . . . . .	<b>286.7</b>	<b>422.2</b>	<b>681.5</b>
<b>Current liabilities</b>			
Trade and other payables . . . . .	(7.6)	(11.1)	(18.8)
Current tax liabilities . . . . .	(4.5)	(4.7)	(12.7)
<b>Non-current liabilities</b>			
Borrowings . . . . .	(70.8)	(283.4)	(455.0)
Shareholder loan notes . . . . .	—	(179.9)	(201.1)
Deferred tax liability . . . . .	—	—	(0.2)
<b>Total liabilities</b> . . . . .	<b>(82.9)</b>	<b>(479.1)</b>	<b>(687.8)</b>
<b>Net assets</b> . . . . .	<b>203.8</b>	<b>(56.9)</b>	<b>(6.3)</b>
<b>Equity</b>			
Share capital . . . . .	—	1.0	1.0
Share premium . . . . .	—	0.9	0.9
Merger reserve . . . . .	—	(295.2)	(295.2)
Retained earnings . . . . .	203.8	236.4	287.0
<b>Shareholder equity</b> . . . . .	<b>203.8</b>	<b>(56.9)</b>	<b>(6.3)</b>

## Consolidated statement of cash flows

	For the year ended 31 March		
	2016	2017	2018
Profit for the period . . . . .	45.6	32.6	50.6
<b>Adjustments for:</b>			
Impairment charge . . . . .	9.7	8.8	44.8
Income tax expense . . . . .	9.9	13.0	15.5
Shareholder loan note interest accrued . . . . .	—	23.4	21.2
Interest expense . . . . .	5.9	12.6	30.4
Interest accrued on loan book . . . . .	(104.7)	(133.6)	(222.1)
Depreciation of property, plant and equipment . . . . .	0.5	0.3	0.2
<b>Operating cash flows before movements in working capital . . . . .</b>	<b>(33.1)</b>	<b>(42.9)</b>	<b>(59.4)</b>
Increase in receivables . . . . .	(5.4)	(7.4)	(8.8)
Decrease in net payables . . . . .	—	(0.3)	7.5
Tax paid . . . . .	(10.5)	(12.7)	(7.2)
Interest paid . . . . .	(5.9)	(8.5)	(28.2)
Proceeds from intercompany funding . . . . .	(11.5)	42.0	3.1
Repayment of intercompany funding . . . . .	—	(42.5)	(5.0)
Proceeds from external funding . . . . .	(12.2)	387.6	276.6
Repayment of external funding . . . . .	9.0	(175.0)	(105.0)
Repayment of shareholder loan notes . . . . .	—	(140.0)	—
<b>Net cash (used in)/from operating activities before loans issued and collections on loans . . . . .</b>	<b>(69.6)</b>	<b>0.3</b>	<b>73.6</b>
Loans issued . . . . .	(142.5)	(276.8)	(470.1)
Collections . . . . .	212.4	265.5	404.4
<b>Net cash from/(used in) operating activities . . . . .</b>	<b>0.3</b>	<b>(11.0)</b>	<b>7.9</b>
<b>Investing activities</b>			
Purchases of property, plant, equipment . . . . .	(0.2)	(0.2)	(0.1)
<b>Net cash used in investing activities . . . . .</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.1)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital . . . . .	—	3.5	—
<b>Net cash from financing activities . . . . .</b>	<b>—</b>	<b>3.5</b>	<b>—</b>
<b>Net increase / (decrease) in cash and cash equivalents . . . . .</b>	<b>0.1</b>	<b>(7.7)</b>	<b>7.8</b>
Cash and cash equivalents at beginning of period . . . . .	12.0	12.1	4.4
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>12.1</b>	<b>4.4</b>	<b>12.2</b>

## Key performance indicators

The Directors consider the following metrics to be the key performance indicators ("KPIs") used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. In addition to the Group's results determined in accordance with IFRS, the Directors believe the following non-IFRS financial measures are useful in evaluating the Group's operating performance and are as presented below.

	As at 31 March		
	2016	2017	2018
(£ millions, except for percentages, ratios and number of borrowers)			
<b>Primary Key Performance Indicators:</b>			
Adjusted Profit after Tax <sup>(1)</sup> . . . . .	45.6	54.3	72.4
Impairment charge as a percentage of revenue . . . . .	9.5%	6.8%	21.3%
Net Loan Book <sup>(2)</sup> . . . . .	266.3	402.2	646.9
Net borrowings <sup>(3)</sup> /Adjusted Tangible Equity <sup>(4)</sup> . . . . .	0.3x	2.3x	2.3x
Net borrowings <sup>(3)</sup> /Loan Book . . . . .	21.5%	68.0%	66.3%
Number of borrowers <sup>(5)</sup> (number) . . . . .	98,252	127,273	181,996

	As at 31 March		
	2016	2017	2018
(£ millions, except for percentages and ratios)			
<b>Other Financial Data:</b>			
Adjusted Profit after Tax as a percentage of revenue . . . . .	44.7%	42.2%	34.3%
Risk Adjusted Revenue <sup>(6)</sup> . . . . .	92.4	119.8	166.0
Risk Adjusted Margin <sup>(7)</sup> . . . . .	35.5%	35.0%	30.8%
Adjusted EBITDA <sup>(8)</sup> . . . . .	60.9	81.9	120.0
Adjusted EBITDA <sup>(8)</sup> as a percentage of revenue . . . . .	59.6%	63.7%	56.9%
Net Interest Margin <sup>(9)</sup> . . . . .	35.3%	33.1%	32.9%
Cost:Income Ratio <sup>(10)</sup> . . . . .	31.3%	29.7%	21.9%
Impairment charge as a percentage of Loan Book <sup>(11)</sup> . . . . .	3.5%	2.1%	6.7%
Adjusted return on average assets <sup>(12)</sup> . . . . .	16.8%	15.3%	13.1%
Adjusted return on average Adjusted Tangible Equity <sup>(13)</sup> . . . . .	25.4%	33.2%	45.6%
Adjusted Free Cash Flow excluding Loan Originations <sup>(14)</sup> . . . . .	196.9	247.2	383.1
Loan Book <sup>(2)</sup> . . . . .	273.6	410.4	668.1
Net borrowings <sup>(3)</sup> /Adjusted EBITDA <sup>(8)</sup> . . . . .	1.0x	3.4x	3.7x
Adjusted Tangible Equity <sup>(4)</sup> . . . . .	203.7	122.9	194.7
Borrowings/Adjusted Tangible Equity <sup>(4)</sup> . . . . .	0.3x	2.3x	2.3x
Borrowings/Loan Book . . . . .	25.9%	69.1%	68.1%
Adjusted Tangible Equity <sup>(4)</sup> /total assets . . . . .	0.71x	0.29x	0.29x

(1) The Group defines "Adjusted Profit after Tax" as profit after tax plus shareholder loan note interest and IPO costs and related financing less incremental tax expense. The following table sets forth a reconciliation of Adjusted Profit after Tax to profit after tax for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
			(£ millions)
<b>Profit after tax</b>	<b>45.6</b>	<b>32.6</b>	<b>50.6</b>
Shareholder loan note interest <sup>(a)</sup>	—	23.4	21.2
IPO costs and related financing	—	—	2.1
Incremental tax expense <sup>(b)</sup>	—	(1.7)	(1.5)
<b>Adjusted Profit after Tax</b>	<b>45.6</b>	<b>54.3</b>	<b>72.4</b>

Adjusted Profit after Tax is not a measurement of performance under IFRS, and you should not consider Adjusted Profit after Tax as an alternative to profit after tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted Profit after Tax is a useful indicator of profitability and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Profit after Tax and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted Profit after Tax may not be indicative of the Group's historical operating results, nor is it meant to be predictive of potential future results.

(a) The shareholder loan notes were issued in April 2016 and therefore there is no shareholder loan note interest prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity, and therefore the Company will not accrue or pay shareholder loan note interest following Admission.

(b) Incremental tax expense is calculated by applying the UK corporation tax rate to the deductible element of costs added back in the calculation of Adjusted Profit after Tax.

(2) Amounts receivable from customers or "Net Loan Book" is comprised of:

	As at 31 March		
	2016	2017	2018
			(£ millions)
Loan Book <sup>(a)</sup>	273.6	410.4	668.1
Provision for impairment <sup>(b)</sup>	(7.3)	(8.2)	(21.2)
<b>Net Loan Book<sup>(c)</sup></b>	<b>266.3</b>	<b>402.2</b>	<b>646.9</b>

(a) Loan Book represents total outstanding loans and excludes deferred broker costs.

(b) Provision for impairment represents the Group's estimate of the portion of loan accounts that are not in arrears or are up to five payments in arrears for which the Group will not ultimately be able to collect payment. Provision for impairment excludes loans that are six or more payments in arrears, which are charged off of the Statement of Financial Position and are therefore no longer included in the Loan Book.

(c) Net Loan Book represents Loan Book less provision for impairment.

(3) Net borrowings is comprised of:

	As at 31 March		
	2016	2017	2018
			(£ millions)
Borrowings	(70.8)	(283.4)	(455.0)
Cash at bank and in hand	12.1	4.4	12.2
<b>Net borrowings</b>	<b>58.7</b>	<b>279.0</b>	<b>442.8</b>

(4) The Group defines "Adjusted Tangible Equity" as shareholder equity less intangible assets plus shareholder loan notes. The following table sets forth a reconciliation of Adjusted Tangible Equity to shareholder equity for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
			(£ millions)
Shareholder equity	203.8	(56.9)	(6.3)
Intangible assets	(0.1)	(0.1)	(0.1)
Shareholder loan notes <sup>(a)</sup>	—	179.9	201.1
<b>Adjusted Tangible Equity</b>	<b>203.7</b>	<b>122.9</b>	<b>194.7</b>

Adjusted Tangible Equity is not a measurement of performance under IFRS, and you should not consider Adjusted Tangible Equity as an alternative to shareholder equity as a measure of the Group's equity or any other measures of performance under IFRS. The Group believes that Adjusted Tangible Equity is a useful indicator of the Group's fully converted tangible equity and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Tangible Equity and similar measures may be used by different companies for different purposes and is often calculated

in ways that reflect the circumstances of those companies. Adjusted Tangible Equity may not be indicative of the Group's historical shareholder equity, nor is it meant to be predictive of potential future shareholder equity levels.

(a) The shareholder loan notes were issued in April 2016 and therefore there were no shareholder loan notes prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity.

(5) Number of borrowers represents customer accounts with a balance greater than zero.

(6) The Group defines "Risk Adjusted Revenue" as revenue less impairment charge. The following table sets forth a reconciliation of Risk Adjusted Revenue to revenue for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
Revenue .....	102.1	128.6	210.8
Impairment charge .....	(9.7)	(8.8)	(44.8)
<b>Risk Adjusted Revenue</b> .....	<b>92.4</b>	<b>119.8</b>	<b>166.0</b>

Risk Adjusted Revenue is not a measurement of performance under IFRS, and you should not consider Risk Adjusted Revenue as an alternative to profit before tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Risk Adjusted Revenue is a useful indicator of profitability and can assist securities analysts, investors and other parties to evaluate the Group. Risk Adjusted Revenue and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Risk Adjusted Revenue may not be indicative of the Group's historical operating results, nor are they meant to be predictive of potential future results.

(7) The Group defines "Risk Adjusted Margin" as Risk Adjusted Revenue divided by the average of Loan Book at the beginning of the period and the end of the period.

(8) The Group defines "Adjusted EBITDA" as profit before tax, depreciation, amortisation of bank facility fees, interest payable and recoverable, other operating income, shareholder loan note interest and IPO costs and related financing. The following table sets forth profit before tax and Adjusted EBITDA for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
(£ millions)			
<b>Profit before tax</b> .....	<b>55.5</b>	<b>45.6</b>	<b>66.1</b>
Depreciation .....	0.5	0.3	0.2
Amortisation of bank facility fees <sup>(a)</sup> .....	1.9	2.9	2.5
Interest payable and receivable <sup>(b)</sup> .....	4.0	9.7	27.9
Other operating income <sup>(c)</sup> .....	(1.0)	—	—
Shareholder loan note interest <sup>(d)</sup> .....	—	23.4	21.2
IPO costs and related financing <sup>(e)</sup> .....	—	—	2.1
<b>Adjusted EBITDA</b> .....	<b>60.9</b>	<b>81.9</b>	<b>120.0</b>

Adjusted EBITDA is not a measurement of performance under IFRS, and you should not consider Adjusted EBITDA as an alternative to profit before tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted EBITDA is a useful indicator of profitability and cash flow and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted EBITDA and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of potential future results.

(a) Amortisation of bank facility fees represents the amortisation of the arrangement fees paid when the Group's previous revolving credit facility, Senior Secured Notes, and Revolving Credit Facility were put in place plus the non utilisation fee on its previous revolving credit facility and the Revolving Credit Facility.

(b) Interest payable and receivable represents interest payable on the previous revolving credit facility, the Revolving Credit Facility, the Senior Secured Notes and other loans payable less interest receivable on cash balances.

(c) Other operating income represents the write off of a liability to a Richmond Group Limited subsidiary on the liquidation of that subsidiary.

(d) The shareholder loan notes were issued in April 2016 and therefore there is no shareholder loan note interest prior to the year ended 31 March 2017. As part of the Reorganisation, the shareholder loan notes will be converted to equity, and therefore the Company will not accrue or pay shareholder loan note interest following Admission.

(e) The IPO costs and related financing have been incurred in connection with the Offer and will not be a recurring expense following Admission.

(9) The Group defines "Net Interest Margin" as net interest income divided by average interest bearing assets at the beginning of the period and the end of the period.

Net interest income is comprised of:

	For the year ended 31 March		
	2016	2017	2018
			(£ millions)
Revenue .....	102.1	128.6	210.8
Interest payable and funding facility fees .....	(5.9)	(12.6)	(30.4)
<b>Net interest income .....</b>	<b>96.2</b>	<b>116.0</b>	<b>180.4</b>

Interest bearing assets is comprised of:

	As at 31 March		
	2016	2017	2018
			(£ millions)
Loan Book .....	273.6	410.4	668.1
Cash at bank and in hand .....	12.1	4.4	12.2
<b>Interest bearing assets .....</b>	<b>285.7</b>	<b>414.8</b>	<b>680.3</b>

(10) The Group defines "Cost:Income Ratio" as operating expenses excluding IPO costs and related financing divided by revenue.

(11) Impairment charge as a percentage of Loan Book represents the Group's impairment charge for the period divided by Loan Book at the end of the period.

(12) Adjusted return on average assets is calculated as Adjusted Profit after Tax divided by the average of total assets at the beginning of the period and the end of the period.

(13) Adjusted return on average Adjusted Tangible Equity is calculated as Adjusted Profit after Tax divided by the average of Adjusted Tangible Equity at the beginning of the period and the end of the period.

(14) The Group defines "Adjusted Free Cash Flow excluding Loan Originations" as cash collections less non-direct costs (expenses excluding advertising and credit score costs). The following table sets forth the calculation of Adjusted Free Cash Flow excluding Loan Originations for the years ended 31 March 2016, 2017 and 2018.

	For the year ended 31 March		
	2016	2017	2018
			(£ millions)
Collections .....	212.4	265.5	404.4
Non-direct costs .....	(15.5)	(18.3)	(21.3)
<b>Adjusted Free Cash Flow excluding Loan Originations .....</b>	<b>196.9</b>	<b>247.2</b>	<b>383.1</b>

Adjusted Free Cash Flow excluding Loan Originations is not a measurement of performance under IFRS, and you should not consider Adjusted Free Cash Flow excluding Loan Originations as an alternative to a measure of the Group's cash flow, as a measure of its ability to meet its cash needs or any other measures of performance under IFRS. The Group believes that Adjusted Free Cash Flow excluding Loan Originations is a useful indicator of cash flow and can assist securities analysts, investors and other parties to evaluate the Group. Adjusted Free Cash Flow excluding Loan Originations and similar measures may be used by different companies for different purposes and is often calculated in ways that reflect the circumstances of those companies. Adjusted Free Cash Flow excluding Loan Originations may not be indicative of the Group's historical cash flow, nor is it meant to be predictive of potential future cash flow.

## **PART 10** **OPERATING AND FINANCIAL REVIEW**

*This Part 10 "Operating and Financial Review" should be read in conjunction with Part 2 "Presentation of Financial and Other Information", Part 5 "Industry Overview", Part 6 "Business" and Part 11 "Historical Financial Information". Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 10 "Operating and Financial Review" is extracted from the financial information set out in Part 11 "Historical Financial Information".*

*The following discussion of the Group's results of operations and financial conditions contains forward looking statements. The Group's actual results could differ materially from those discussed in these forward looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly under Part 1 "Risk Factors" and Part 2 "Presentation of Financial and Other Information". In addition, certain industry issues also affect the Company's results of operations and are described in Part 5 "Industry Overview".*

*The financial statements of the Company as of and for the years ended 31 March 2016, 2017 and 2018 have been prepared in accordance with IFRS.*

*Certain of the financial measures described below, such as Adjusted EBITDA, Risk Adjusted Revenue and Risk Adjusted Margin, are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to IFRS financial measures as indicators of the Group's performance. The Group's management uses these financial measures to assess its operating performance. In addition, the Group believes that certain of these financial measures are commonly used by investors. However, the financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. See Part 2 "Presentation of Financial and Other Information."*

*The historical data below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of Proceeds," "Capitalisation," "Selected Historical Financial Data," and the financial statements which are included elsewhere in this Prospectus.*

### **1. Overview**

The Group is the leading company in the UK guarantor loan space, with a product market share of approximately 88% and a Net Loan Book of £647 million and approximately 182,000 borrowers as of 31 March 2018. It pioneered the guarantor loan concept in the UK, which is a personal loan for which interest and principal payments are guaranteed by a second individual, typically a family member or friend with a stronger credit profile than that of the borrower. It offers a single, simple product, which is a guarantor loan under which individuals are currently able to borrow between £500 and £10,000 over a term of between 12 months and 60 months at a standard annual percentage rate of 49.9% (which equates to a flat interest rate of 41.16%) with no fees, hidden charges or redemption penalties charged by the Group.

With a guarantor loan product, payments are guaranteed by a guarantor, meaning the Group has recourse to a second individual. A guarantor loan also enables a relationship driven loan arrangement which the Group believes provides potential benefits to all parties. The majority of its borrowers are not able to access mainstream finance due to having a thin, poor or no credit record with credit reference agencies. With a guarantor loan product, borrowers benefit from access to finance which would not otherwise be available to them and a means of building or rehabilitating their credit scores. The guarantor benefits by assisting the borrower, with whom they typically have a close existing relationship. As lender, the Group benefits as the borrower is more incentivised to ensure payments are made on debt

guaranteed by a relative or friend. This mutually beneficial relationship between lender, borrower and guarantor is at the core of its business.

The Group is a mid-cost lender, defined by the FCA as credit above prime borrowing rates but below the HCSTC cap level. The Group's guarantor loan product is distinct from more expensive or less flexible forms of non-standard finance, such as payday loans, in that it offers a significantly lower interest rate (its APR of 49.9%, compared to payday loan representative APRs which, although subject to the HCSTC cap level, can exceed 1,000%), larger loan amounts (its average outstanding loan size of £3,992 for the year ended 31 March 2018, compared to average payday loan balances typically under £1,000) and longer payment terms (its average loan term for the year ended 31 March 2018 was 39 months, compared to an average payday loan term of less than 30 days). Payday loans are generally targeted towards borrowers in need of a small amount of short term credit, whereas the Group's guarantor loan product is targeted toward buyers in need of a comparatively larger loan amount for a longer term.

Since the Group's inception in 2005, it has focused exclusively on developing and refining its guarantor loan concept. The Group believes its guarantor loans are a simple and transparent product. The Group believes its established customer facing processes ensure a clear and unambiguous agreement with full understanding between all parties and that lending decisions are made responsibly. Its bespoke IT and operational platforms have been purpose built to support its guarantor lending activities, enabling consistent operational performance and speed to market, as well as what the Group believes to be a high level of customer service. Its success in customer service is illustrated by its high repeat customer rate (approximately 51.0% of the number of new loans originated in the year ended 31 March 2018 were to repeat customers), and its Trustpilot rating of 9.4, based on around 19,000 reviews.

The Group's 13 year presence in the guarantor loan market has enabled it to acquire and develop significant depth in customer data and credit scorecards. It believes it has collected the largest amount of customer data from past loans and applications of any UK guarantor lender. The Group is able to use this data in its scorecards, loan performance analysis and underwriting decisions, giving it what the Directors believe to be a significant competitive differentiator and particular advantages against new entrants to the market. As a result, the Directors believe that the Group is well positioned to participate substantively in further growth potential in the non-standard lending market.

The Group has worked to build its brand recognition through targeted advertising and marketing. Since launching the Amigo brand in 2012, the Group has invested over £62 million in building its profile through highly visible TV, radio and online advertising campaigns, with the result that the Group is now one of the most recognised non-standard finance brands in the UK. 98% of UK adults have seen an Amigo advert and the Group's website has over 900,000 unique monthly users. Its brand has become synonymous with the guarantor loan market in the UK. The Group expects to spend up to approximately £2.0 million per month on advertising and marketing to ensure brand awareness remains high.

Compliance and TCF are at the heart of the Group's business and its culture, and is implemented through its customer service processes and its underwriting and collection procedures. The Group seeks to treat all of its customers fairly and offers customers in financial difficulty a number of payment options tailored to their individual circumstances. For example, the Group's policies include never seeking possession or an order for sale of a customer's home and never reporting any information regarding a guarantor to credit reference agencies. The Group reviews all of its customer facing employees at least weekly and operates ongoing refresher training to ensure that ethical behaviour and the principles of treating customers fairly are embedded in its culture. This is borne out by the Group's customer satisfaction scores, which are higher than those of all the main high street banks and high in relation to other guarantor loan providers. The Group had only 80 cases referred

to FOS in total during the period 1 July to 31 December 2017, which is a relatively low number given that the Group had, in total, approximately 334,000 borrowers and guarantors as of 31 December 2017.

The Group has full FCA authorisation. Over time, it has invested in a number of areas to build its standing with the FCA, such as enhancing its forbearance policy and increasing the detail of its affordability checks. The Group believes its relationship and ongoing dialogue with the FCA ensures it is well placed to anticipate and adapt to any changes in regulatory requirements.

In the year ended 31 March 2018, the Group generated £210.8 million in revenue, £66.1 million in profit before tax and £50.6 million in profit after tax, resulting in a risk adjusted margin of 30.8%. As of 31 March 2018, its Net Loan Book was £646.9 million. From 31 March 2016 to 31 March 2018, its Net Loan Book has grown at a CAGR of 55.9%, its profit after tax has grown at a CAGR of 5.3% and its Adjusted Profit after Tax has grown at a CAGR of 26.0%.

## **2. Significant factors affecting the group's results of operations**

The Group has a single product offering borrowers loans with a guarantor in sizes between £500 to £10,000 with a term of up to five years at a 49.9% APR. The profitability of the business is generated from the interest collected on these loans less: (i) interest expense on borrowings, which varies based on the source and level of borrowings, (ii) an impairment charge, which varies based on the amount of Loans Issued and the credit quality of the underlying loan assets, (iii) the cost of acquisition and direct costs, which vary based on the value and volume of Loans Issued and the sales channel, (iv) operating costs, which are mainly fixed in nature and (v) corporation tax, which is dependent on prevailing tax rates in the UK.

### **2.1 New business volumes**

The Group's ability to increase Loans Issued has a significant impact on revenue. During the period under review, the Group grew Loans Issued from £142.5 million in the year ended 31 March 2016 to £470.1 million in the year ended 31 March 2018. As a result of increased new business lending, the Group's Net Loan Book grew from £266.3 million as at 31 March 2016 to £646.9 million as at 31 March 2018. The Group's ability to grow its Net Loan Book through new lending will continue to drive its overall revenue through interest income.

The increase in Loans Issued has been the result of a number of factors, including the Group's ongoing advertising efforts, pilot lending initiatives, improvements in operational efficiencies permitting the Group to process and approve applications more quickly and the reduction in competitors and new entrants due to increasing regulatory obligations. The Group expects that many of these factors will continue to drive an increase in its Net Loan Book.

### **2.2 Cost of acquisition and operating costs**

During the years ended 31 March 2016, 2017 and 2018, the Group made significant improvements in operational efficiencies that, in addition to driving Net Loan Book growth, resulted in lower costs and therefore improved profitability. The Group's operating expenses for the years ended 31 March 2016, 2017 and 2018 were £32.0 million, £38.2 million and £46.2 million, respectively.

While the cost of acquisition for the direct and third party introductions channels varies based on the value and number of Loans Issued, the overall cost of acquisition has decreased over the past three years, primarily as a result of improvements in operational efficiencies. The Group does not consider the repeat business channel to carry a cost of acquisition. Commissions paid to third party introducers are amortised over the behavioural life of the loan and the Group's revenue for a given period is shown net of the current portion of the

amortised cost. The average acquisition cost for the years ended 31 March 2016, 2017 and 2018, was £403.2, £296.9 and £237.4, respectively.

### **2.3 *Loan assets performance***

The performance of the Group's total loan assets depends on its ability to collect each expected loan instalment, including interest and principal payments, on a timely basis. This, in turn, depends in part on the strength of the Group's underwriting process to ensure the affordability of the loan instalments and to assess the sustainability of such payments based upon known factors at the time of origination. The Group's underwriting criteria, processes, controls and systems have been developed and refined using many years of experience. For each loan application, a detailed individualised assessment is made of both the borrower and the guarantor including, among other checks, an assessment of the financial position of both to ensure that the loan is both affordable and sustainable. Structural economic, regulatory, cyclical economic and other changes in both the macro-economic conditions and changes in behaviours of different socio-economic groups may mean these assessments become out of date. The Group also has in place a formal risk governance framework, which, among other things, ensures risk management is integral to its business operations. In addition, the Group's ability to effectively manage collections from customers who are in arrears has a significant impact on the Group's results of operations.

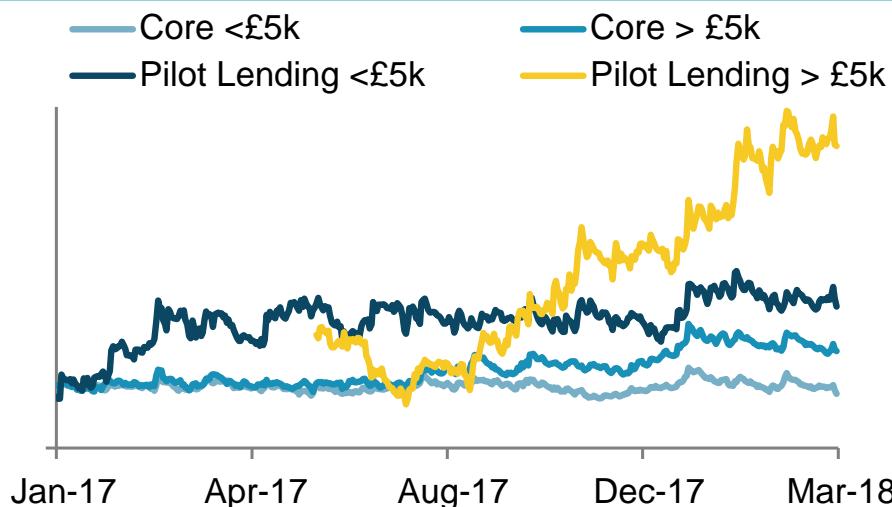
The Group's total loan assets have historically had a higher level of arrears than the total consumer loan assets of banks and mortgage lending companies, due in part to its customers having less regular income than the average UK consumer and in part to a higher percentage of its customers having an impaired credit history. However, due to the focus on loan affordability at origination, the approach to lending with a guarantor and proactive collection management and processes, the Group's actual credit losses are relatively low in relation to the average credit profile and income level of its customer base. While the Group's arrears levels have increased recently due to its pilot lending initiatives and other factors, they remain below its peer group.

In June 2016 the Group began to originate loans pursuant to "pilot lending" initiatives. These pilot lending initiatives represent loans that do not pass the scorecards that the Group uses for its "core" loans, but which have attributes that are similar to the Group's core loans scorecards from which it can predict performance. As an example, the scorecards that the Group uses for its core loans have a limit on the credit score for a guarantor, and any loan application with a guarantor with a credit score below that limit is rejected. Based on the Group's historical performance data, however, other attributes of the same loan application (for example the relationship between the borrower and guarantor, the level of the borrower's or guarantor's disposable income, or loan purpose) indicate that this loan will still perform well despite the guarantor's credit score. Due to the nature of the pilot lending, these loans have a higher level of arrears than with respect to the Group's core loans, however in establishing its pilot lending initiatives, the Group sets expectations on arrears levels that are monitored closely. For the years ended 31 March 2017 and 2018, 11.0% and 22.0%, respectively, of Loans Issued were made pursuant to pilot lending.

The Group's arrears levels are lowest in connection with its lower value, core homeowner loans. The Group's arrears levels are higher in connection with its higher value, pilot lending non-homeowner loans. Although there are expected differences in arrears levels amongst the various sub-categories of loans, the Group's overall arrears levels have remained relatively low. These trends are demonstrated through the graphs below.

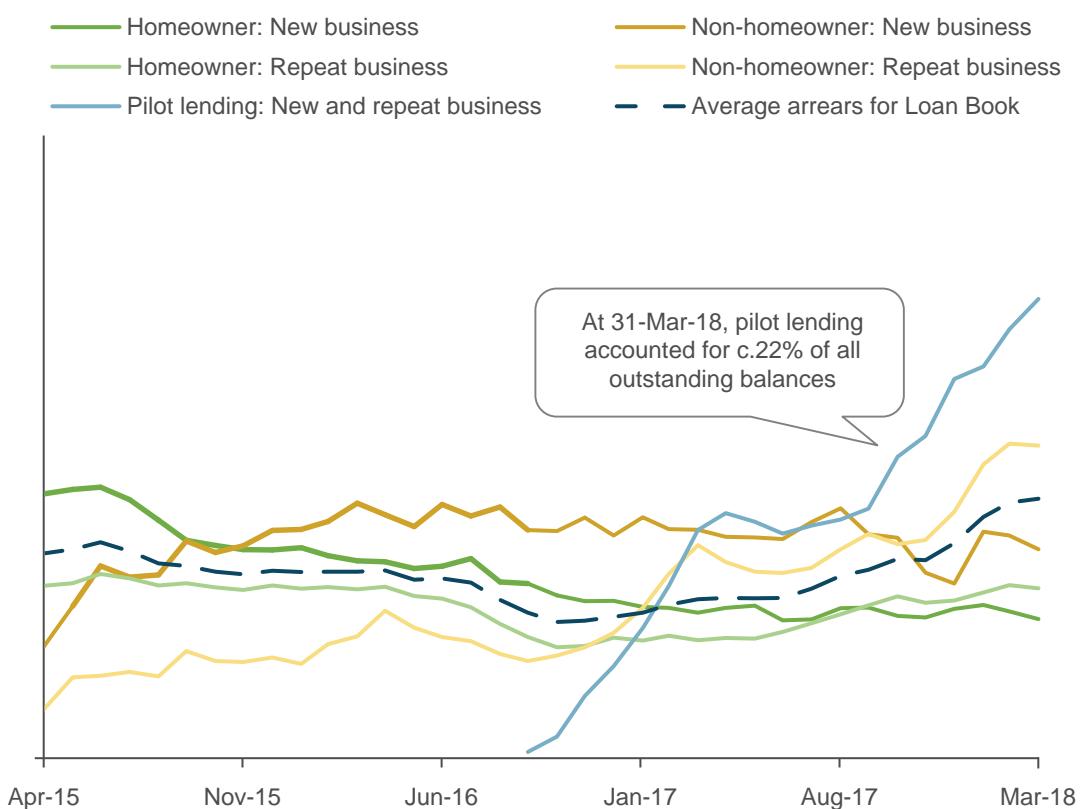
The following graph shows loan balances that are two payments in arrears as a percentage of loans that are not in arrears, sub-divided by core loans, pilot lending and loans of over and under £5,000 over the year ended 31 March 2018.

### Balances that are 2 payments-down as a % of up-to-date balances – relative trend



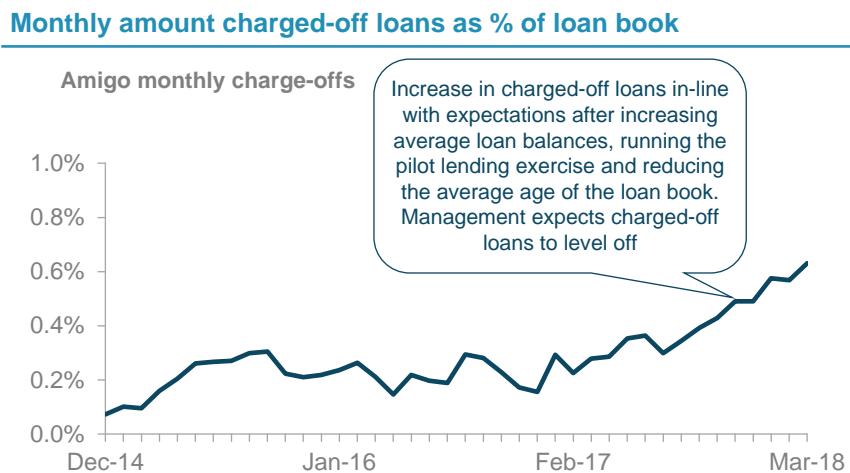
The following graph shows loan balances that are at least two payments in arrears as a percentage of loans that are not in arrears, sub-divided by loans with a guarantor that is a homeowner, loans with a guarantor that is not a homeowner, new loans, repeat loans and pilot lending from 31 March 2015 through 31 March 2018, as well as average arrears for the same period.

### 2+ payments down arrears as a % of outstanding balance – trend



The Group's impairment charges and charged-off loans have increased in-line with expectations as a result of increasing average loan balances, establishing pilot lending initiatives and the recent overall growth in originations given provisions are recognised early in the cycle of a loan as non-payers tend to go into arrears in the first 24 months of borrowing.

The graph below shows the monthly amount of charged-off loans, divided by the Loan Book at that month end.



The Group has recently taken the following actions to reduce its arrears in certain higher risk segments:

- scorecards have been recalibrated for targeted core and pilot lending scorecards;
- eligibility for repeat loans has been limited for higher risk customers; and
- there has been a reduction in maximum loan size for repeat pilot lending from £10,000 to £5,000 for certain pilot lending scorecards.

As the Group's origination mix has recently moved towards categories with higher arrears, the Directors expect impairments to stabilise as the mix of new originations is targeted to give a higher proportion of loans with historically lower impairment rates.

The Group regularly reviews its policy rules, and maintains an arrears early warning system whereby management, including the Group's Chief Risk Officer, monitor arrears on an ongoing basis, highlighting any changes that may be required to credit policy.

#### 2.4 Collection process

The Group's loans collection process is continuously evolving, as the Group looks to optimise the combination of its in-house collection and recovery activity, and sales of charged-off loans that have been written off on in its statement of financial position.

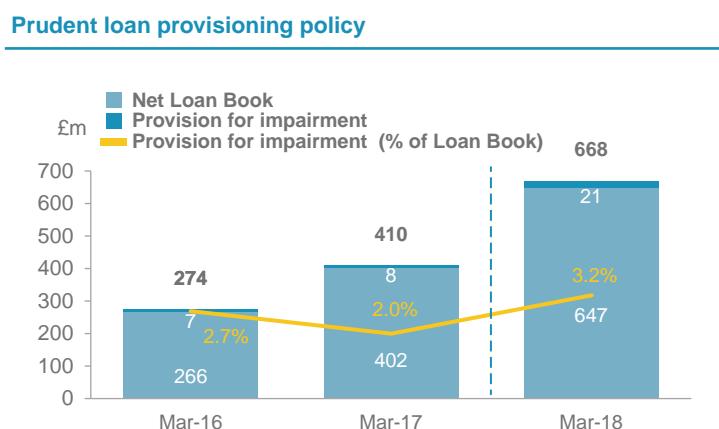
The Group has an effective specialist in-house collection team that tailors the collection process to address the specifics of the non-standard customer base and guarantor component of its loan product. This process minimises arrears by engaging with the primary borrower, with only 11% to 14% of payments made by the guarantor for the five most recent fiscal years. In addition, effective in-house collections increase amounts recovered after a loan has been charged off the Group's statement of financial position. Loans charged off in the first six months of 2016 recovered more than 40% of loan value within 18 months of the loan being charged off for loans with homeowner guarantors, and approximately 25% of loan value being recovered within 18 months of the loan being charged off for loans with non-homeowner guarantors.

In order to improve operational efficiency and make additional recoveries, the Group has undertaken two debt sales of charged-off loans that have previously been written off on its statement of financial position to an FCA-authorised buyer. The two debt sales resulted in liquidation prices in excess of 20% of face value and in total the Group has realised £2.5 million from the sale of loans with a face value of £11 million. In the future the Group intends to undertake further debt sales from time to time. The Director's believe an additional £3.5 million of value could be realised from future debt sale of loans that have previously been written off on the Group's statement of financial position.

## 2.5 Provisioning policy and IFRS 9

The Group's provisioning methodology up to 31 March 2018 was based on probability of default at different arrears statuses and was therefore an incurred credit loss model. Any balance six payments or more in arrears is charged off the Group's statement of financial provision. The Group currently provisions for all outstanding loans, even if not in arrears.

The graph below shows the Group's provision for impairment as a percentage of Loan Book for the years ended 31 March 2016, 2017 and 2018.



As of 31 March 2018, the Group's provisioned loans other than charged off loans were equal to 9% of its Loan Book. Of that 9%, 6% were one payment in arrears and 4% were two to five payments in arrears.

The Group adopted IFRS 9 on 1 April 2018 moving to an "expected credit loss" model. Under the expected credit loss model, the Group provides the portion of lifetime expected credit losses that result from default events that are possible within 12 months at the time of origination and a further provision for the lifetime expected credit losses that are two or more contractual payments past due. The Group has adopted a collective basis of measurement for calculating expected credit losses. The Loan Book is divided into portfolios of assets with shared risk characteristics and further divided by quarterly origination vintages. The Group's expected credit loss methodology considers the collective estimated cash shortfalls for each credit risk portfolio based on forecast loss curves. Forecast loss curves are prepared on a risk segment basis for annual vintages and combine long term historical trends, current credit loss behaviour and management judgements.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas:

- assessment of whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporation of forward-looking information into the measurement of expected credit losses.

Implementation of IFRS 9 by the Group will result in an increase to the impairment provision equal to approximately 7% of Loan Book. Under both methodologies, cumulative impairment converges over the life of an asset as the difference between the two is an accounting timing difference with no cash impact.

## **2.6 Availability of capital for lending**

The Group expects to fund its loans from cash provided by operations and the Revolving Credit Facility going forward. The volume of loans that the Group is able to originate is limited in part by the amount of funding available to it.

The Group finances a significant portion of its new lending through cash receipts generated by its existing loan base. As a result, although the increase in the Group's Loans Issued has required additional funding, it has also increased cash available for new lending through additional cash receipts. See “—*New Business Volumes*” above. Defaults by customers on their loan payment obligation or deterioration in collections on outstanding loans for any other reason, in addition to lowering cash flows and net income, may harm future revenue, as fewer cash receipts would be available for lending in future periods. See “—*Loan Assets Performance*” above. If the Group is unable to secure cost effective financing arrangements in the future, it may not be able to increase the number of loans it originates or maintain its existing level of loans. See Part 1 “*Risk Factors—Risks Related to the Group's Business—The Group's level of indebtedness could, in certain circumstances, have a material adverse effect on the Group's operations and its ability to pay dividends.*”

The Group issued £275 million of Senior Secured Notes in January 2017, £50 million of Senior Secured Notes in May 2017 and £75 million of Senior Secured Notes in September 2017.

Interest accrues on the Senior Secured Notes at 7.625%, which is higher than the Group's prior revolving credit facility and current Revolving Credit Facility, which accrues interest at a rate of LIBOR or EURIBOR, as applicable, plus 3.5%. This recent change in the mix of funding has contributed to recent increases in interest expense, however the Group expects the cost of funding relative to total debt to decrease in the mid-term as it further diversifies with lower cost funding sources and draws down further on the Revolving Credit Facility.

## **2.7 Macro-economic conditions**

The Group's business is impacted by general business and economic conditions in the United Kingdom and by the way these conditions affect the demographic that is most likely to make use of the Group's loan products. Such conditions include changes in unemployment rates, wage growth, cost of living, property prices and government policies with respect to benefits, housing and tax credits, among others. The Group believes that the demand for non-standard finance has remained relatively stable during the periods under review. In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact the Group's levels of arrears. See Part 1 “*Risk Factors—Risk Related to the Group's Business—Changes in the economic environment in the United Kingdom may negatively impact the Group's performance.*”

## **3. Current trading and prospects**

In the near term, the Group plans to target a high teens Net Loan Book annual growth rate easing to low teens in the medium term. The Group expects Loans Issued for the year ended 31 March 2019 to be slightly lower than Loans Issued for the year ended 31 March 2018. This is because the Group had increased originations as part of its pilot lending programme to test new underwriting criteria and is now using these learnings to optimise its credit scorecards.

The Directors intend to establish a progressive dividend policy that focuses on providing increasing returns to shareholders, whilst also ensuring that the Group retains the flexibility to continue to deploy capital towards profitable growth. In the short to medium term, the

Directors expect to maintain dividend payments of at least 35% of retained profit. The Directors intend to pay initial pro rata dividends in January 2019 and July 2019, corresponding to the stub period for the half year 2019 and full-year 2019 respectively. Following these initial dividends, the Directors intend that the Company will pay an interim dividend in respect of each financial year in the approximate proportions of one-third and two-thirds respectively, of the total annual expected dividend (if any).

The Group is targeting a leverage ratio in the range of 1.5x to 3.0x (based on the Group's net debt to tangible equity), below a maximum internal tolerance level of 4.0x. The Group's Risk Adjusted Margin was 30.8% as at 31 March 2018 and the Group expects that it will remain approximately at this level. The Group plans to target an impairment to revenue ratio up to the high twenties under IFRS 9. The Group expects that approximately 50% of acquisition costs are variable and will move in line with originations. The other approximately 50% of acquisition costs, and non-acquisition costs are more fixed in nature meaning that, including allowance for additional public company costs of approximately £3.0 million, the cost income ratio is expected to fall below 20%.

#### 4. Results of operations of the Group

The financial information included below has been derived from Company's audited financial statements.

##### **Year ended 31 March 2018 compared to the year ended 31 March 2017**

##### *Consolidated statement of income and retained earnings*

	For the year ended 31 March	
	2017	2018
	(£ millions)	(£ millions)
Revenue . . . . .	128.6	210.8
Interest payable and funding facility fees . . . . .	(12.6)	(30.4)
Shareholder loan note interest . . . . .	(23.4)	(21.2)
Impairment charge . . . . .	(8.8)	(44.8)
Operating expenses . . . . .	(38.2)	(46.2)
IPO costs and related financing . . . . .	—	(2.1)
Other operating income . . . . .	—	—
<b>Profit before tax . . . . .</b>	<b>45.6</b>	<b>66.1</b>
Tax on profit . . . . .	(13.0)	(15.5)
<b>Profit after tax and total comprehensive income . . . . .</b>	<b>32.6</b>	<b>50.6</b>

##### *Revenue*

Revenue increased by £82.2 million, or 63.9%, to £210.8 million for the year ended 31 March 2018 from £128.6 million for the year ended 31 March 2017. This increase in revenue was primarily due to the increase in interest income in line with growth in the Net Loan Book, which increased by £244.7 million to £646.9 million as of 31 March 2018 from £402.2 million as of 31 March 2017 as a result of the level of Loans Issued, which was 69.8% higher for the year ended 31 March 2018 as compared with the year ended 31 March 2017. The third party introductions channel grew 77.2%, the repeat business channel grew 101.3%, and the direct channel by 33.9% in the year ended 31 March 2018 as compared with the year ended 31 March 2017.

### *Interest payable and funding facility fees*

Interest payable and funding facility fees increased by £17.8 million, or 141.3%, to £30.4 million for the year ended 31 March 2018 from £12.6 million for the year ended 31 March 2017. This increase was primarily due to the partial repayment of shareholder loan notes together with additional borrowings to finance growth.

As a percentage of revenue, interest payable and funding facility fees represented 14.4% for the year ended 31 March 2018, compared to 9.8% for the year ended 31 March 2017.

### *Shareholder loan note interest*

Shareholder loan note interest decreased by £2.2 million, or 9.4%, to £21.2 million for the year ended 31 March 2018 from £23.4 million for the year ended 31 March 2017. This decrease was primarily due to the repayment of a portion of the shareholder loan notes in 2017. The remaining shareholder loan notes will be converted into shares at Admission in connection with the Reorganisation.

### *Impairment charge*

Impairment charge increased by £36.0 million, or 409.1%, to £44.8 million for the year ended 31 March 2018 from £8.8 million for the year ended 31 March 2017. This increase in impairment charge was primarily due to increases in Loan Book and originations, including originations in connection with the pilot lending initiative, which have higher levels of impairment, and the provisioning policy whereby impairment charges are recognised early in the lifecycle of a loan. This increase was offset by the sale of charged-off loans, which reduced impairment charge by £0.5 million. As a percentage of Loan Book, impairment charge increased from 2.1% for the year ended 31 March 2017 to 6.7% for the year ended 31 March 2018.

### *Operating expenses*

Operating expenses increased by £8.0 million, or 20.9%, to £46.2 million for the year ended 31 March 2018 from £38.2 million for the year ended 31 March 2017. This was primarily due to increased advertising costs.

As a percentage of revenue, operating expenses represented 21.9% for the year ended 31 March 2018 compared to 29.7% for the year ended 31 March 2017.

### *Profit before tax*

Profit before tax increased by £20.5 million, or 45.0%, to £66.1 million for the year ended 31 March 2018 from £45.6 million for the year ended 31 March 2017, as a result of the factors described above.

### *Tax on profit*

Tax on profit increased by £2.5 million, or 19.2%, to £15.5 million for the year ended 31 March 2018 from £13.0 million for the year ended 31 March 2017 due to an increase in the level of taxable profits for the period.

### *Profit after tax and total comprehensive income*

Profit after tax increased by £18.0 million, or 55.2%, to £50.6 million for the year ended 31 March 2018 from £32.6 million for the year ended 31 March 2017, as a result of the factors described above.

**As at 31 March 2018 compared to 31 March 2017**

*Statement of financial position*

	<b>As at 31 March</b>	
	<b>2017</b>	<b>2018</b>
		(£ millions)
Net Loan Book . . . . .	402.2	646.9
Borrowings . . . . .	283.4	455.0
Retained earnings . . . . .	236.4	287.0

*Net loan book*

Net Loan Book increased by £244.7 million, or 60.8%, to £646.9 million as at 31 March 2018 from £402.2 million as at 31 March 2017. The increase in Net Loan Book reflected Loans Issued of £470.1 million plus interest added to the loans of £222.1 million less payments collected of £404.4 million and an impairment charge of £44.8 million. The increase in Loans Issued was primarily due to growth across channels, which has been driven by a number of factors including the increase in maximum loan size to £10,000 and strong brand recognition.

*Borrowings*

Borrowings increased by £171.6 million, or 60.6%, to £455.0 million as at 31 March 2018 from £283.4 million as at 31 March 2017. This increase was primarily due to the issuance of Senior Secured Notes in May 2017 and September 2017.

*Retained earnings*

Retained earnings increased by £50.6 million, or 21.4%, to £287.0 million for the year ended 31 March 2018 from £236.4 million for the year ended 31 March 2017. The increase was primarily due to an increase in retained profit.

**Year ended 31 March 2017 compared to the year ended 31 March 2016**

*Consolidated statement of income and retained earnings*

	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2017</b>
		(£ millions)
Revenue . . . . .	102.1	128.6
Interest payable and funding facility fees . . . . .	(5.9)	(12.6)
Shareholder loan note interest . . . . .	—	(23.4)
Impairment charge . . . . .	(9.7)	(8.8)
Operating expenses . . . . .	(32.0)	(38.2)
Other operating income . . . . .	1.0	—
<b>Profit before tax . . . . .</b>	<b>55.5</b>	<b>45.6</b>
Tax on profit . . . . .	(9.9)	(13.0)
<b>Profit after tax and total comprehensive income . . . . .</b>	<b>45.6</b>	<b>32.6</b>

*Revenue*

Revenue increased by £26.5 million, or 26.0%, to £128.6 million for the year ended 31 March 2017 from £102.1 million for the year ended 31 March 2016. This increase in revenue was primarily due to the increase in interest income in line with growth in Net Loan Book which increased by £135.9 million to £402.2 million as of 31 March 2017 from £266.3 million as of 31 March 2016 as a result of the level of loan origination, which was 94.2% higher for the year ended 31 March 2017 as compared with the year ended 31 March 2016. The third party

introductions channel grew 98.4%, the repeat business channel grew 125.8% and the direct channel grew by 68.5% in the year ended 31 March 2017 as compared with the year ended 31 March 2016.

#### *Interest payable and funding facility fees*

Interest payable and funding facility fees increased by £6.7 million, or 113.6%, to £12.6 million for the year ended 31 March 2017 from £5.9 million for the year ended 31 March 2016. This increase was primarily due to interest on the Senior Secured Notes issued in 2017.

As a percentage of revenue, interest payable and funding facility fees represented 9.8% for the year ended 31 March 2017 compared to 5.8% for the year ended 31 March 2016.

#### *Shareholder loan note interest*

Shareholder loan note interest increased by £23.4 million to £23.4 million for the year ended 31 March 2017 from nil for the year ended 31 March 2016. The shareholder loan notes were issued in April 2016, and therefore there was no shareholder loan note interest prior to that date.

#### *Impairment charge*

Impairment charge decreased by £0.9 million, or 9.3%, to £8.8 million for the year ended 31 March 2017 from £9.7 million for the year ended 31 March 2016. This decrease in impairment charge was primarily due to the sale of charged-off loans, which reduced impairment charge by £2.0 million, offset by an increase in originations in connection with the pilot lending initiative, which have higher levels of impairment.

#### *Operating expenses*

Operating expenses increased by £6.2 million, or 19.4%, to £38.2 million for the year ended 31 March 2017 from £32.0 million for the year ended 31 March 2016 due to increased advertising and marketing activities.

As a percentage of revenue, operating expenses represented 29.7% for the year ended 31 March 2017 compared to 31.3% for the year ended 31 March 2016.

#### *Profit before tax*

Profit before tax decreased by £9.9 million, or 17.8%, to £45.6 million for the year ended 31 March 2017 from £55.5 million for the year ended 31 March 2016, as a result of the introduction of shareholder loan notes into the Group's structure and the resultant increase in interest expense.

#### *Tax on profit*

Tax on profit increased by £3.1 million, or 31.3%, to £13.0 million for the year ended 31 March 2017 from £9.9 million for the year ended 31 March 2016 due to an increase in the level of taxable profits before shareholder loan note interest for the period.

#### *Profit after tax and total comprehensive income*

Profit after tax decreased by £13.0 million, or 28.5%, to £32.6 million for the year ended 31 March 2017 from £45.6 million for the year ended 31 March 2016, as a result of the factors described above.

**As at 31 March 2017 compared to 31 March 2016**

*Statement of financial position*

	<b>As at 31 March</b>	
	<b>2016</b>	<b>2017</b>
	<b>(£ millions)</b>	
Net Loan Book . . . . .	266.3	402.2
Borrowings . . . . .	70.8	283.4
Retained earnings . . . . .	203.8	236.4

#### *Net loan book*

Net Loan Book increased by £135.9 million, or 51.0%, to £402.2 million as at 31 March 2017 from £266.3 million as at 31 March 2016. The increase in the Net Loan Book reflected Loans Issued of £276.8 million plus interest added to the loans of £133.6 million less payments collected of £265.5 million and an impairment charge of £8.8 million. The increase in Loans Issued was primarily due to growth across channels, which has been driven by a number of factors, including improvements in operational processes (reducing the time it takes to pay out loans) and consolidation of third party brokers into those with which the Group has strong relationships.

#### *Borrowings*

Borrowings increased by £212.6 million, or 300.3%, to £283.4 million as at 31 March 2017 from £70.8 million as at 31 March 2016. This increase was primarily due to the issuance of the Senior Secured Notes in January 2017, which was partially offset by the partial repayment of shareholder loan notes with proceeds from the issuance of the Senior Secured Notes.

#### *Retained earnings*

Retained earnings increased by £32.6 million, or 16.0%, to £236.4 million for the year ended 31 March 2017 from £203.8 million for the year ended 31 March 2016. The increase was primarily due to the increase in revenue from the increased Loan Book.

### **5. Liquidity and capital resources**

The Group's historical liquidity requirements have arisen primarily from the need for the Group to issue loans, meet its debt and tax servicing requirements, to fund its working capital requirements and to fund capital expenditures. The Group's principal sources of liquidity have historically been cash provided by operations, its issuances of Senior Secured Notes and its revolving credit facilities and shareholder loan notes. The Group expects its sources of liquidity going forward to include cash provided by operations and its Revolving Credit Facility.

The Group's ability to generate cash from its operations depends on its future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond its control, as well as other factors discussed in the section entitled Part 1 "Risk Factors."

The Group believes that its operating cash flow, together with cash resources under the Revolving Credit Facility, will be sufficient to fund its debt and tax servicing requirements as they become due, working capital requirements and capital expenditures for the next twelve months. Future drawings under the Revolving Credit Facility will only be available if, among other things, the Group meets the financial covenants included in the Revolving Credit Facility Agreement. The Group may also evaluate alternate third party sources of finance from time to time.

For the periods under review, management believes that collections during the period and Loans Issued during the period provide two key measures of the Group's operating cash flow generation and liquidity of its business. See Part 2 "Presentation of Financial and Other Information." Therefore, the commentary below provides a description of movements in collections during the period and Loans Issued during the period. The commentary below also provides a description of movements in the key lines of the consolidated cash flow statement.

**Year ended 31 March 2018 compared to the year ended 31 March 2017**

*Statement of cash flow information*

	For the year ended 31 March	
	2017	2018
	(£ millions)	
Net cash from operating activities before loans issued and collections on loans . . . . .	0.3	73.6
Loans issued . . . . .	(276.8)	(470.1)
Collections . . . . .	265.5	404.4
<b>Net cash used in investing activities</b> . . . . .	<b>(0.2)</b>	<b>(0.1)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b> . . . . .	<b>(7.7)</b>	<b>7.8</b>

*Net cash from operating activities before loans issued and collections on loans*

Net cash from operating activities before loans issued and collections on loans was £73.6 million for the year ended 31 March 2018, compared to £0.3 million for the year ended 31 March 2017. This increase was primarily due to higher interest and tax payments.

*Loans issued*

Loans Issued increased by £193.3 million, or 69.8%, to £470.1 million for the year ended 31 March 2018 from £276.8 million for the year ended 31 March 2017. This increase primarily reflects growth across channels, which has been driven by a number of factors, including the increase in maximum loan size to £10,000 and strong brand recognition. The third party introductions channel grew 77.2%, the repeat business channel grew 101.3% and the direct channel by 33.9% for the year ended 31 March 2018 as compared with the year ended 31 March 2017.

*Collections*

Collections increased by £138.9 million, or 52.3%, to £404.4 million for the year ended 31 March 2018 from £265.5 million for the year ended 31 March 2017 as a result of the increase in Loan Book.

*Net cash used in investing activities*

Net cash flow used in investing activities was £0.1 million for the year ended 31 March 2018, compared to £0.2 million for the year ended 31 March 2017.

**Year ended 31 March 2017 compared to the year ended 31 March 2016**

*Statement of cash flow information*

	For the year ended 31 March	
	2016	2017
	(£ millions)	
Net cash (used in)/from operating activities before loans issued and collections on loans .....	(69.6)	0.3
Loans issued .....	(142.5)	(276.8)
Collections .....	<u>212.4</u>	<u>265.5</u>
<b>Net cash used in investing activities .....</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net (decrease)/increase in cash and cash equivalents .....</b>	<b>0.1</b>	<b>(7.7)</b>

*Net cash (used in)/from operating activities before loans issued and collections on loans*

Net cash from operating activities before Loans Issued and collections on loans was £0.3 million for the year ended 31 March 2017, compared to cash used in operating activities before Loans Issued and collections on loans of £69.6 million for the year ended 31 March 2016. This increase was primarily due to higher interest and tax payments.

*Loans issued*

Loans Issued increased by £134.3 million, or 94.2%, to £276.8 million for the year ended 31 March 2017 from £142.5 million for the year ended 31 March 2016. This increase primarily reflects growth across channels, which has been driven by a number of factors, including improvements in operational processes (reducing the time it takes to pay out loans) and consolidation of third party brokers into those with which the Group has strong relationships. The third party introductions channel grew 98.4% and the repeat business channel grew 125.8%, and the direct channel by 68.5% in the year ended 31 March 2017 as compared with the year ended 31 March 2016.

*Collections*

Collections increased by £53.1 million, or 25.0%, to £265.5 million for the year ended 31 March 2017 from £212.4 million for the year ended 31 March 2016 as a result of the increase in the Loan Book.

*Net cash used in investing activities*

Net cash flow used in investing activities was £0.2 million for the year ended 31 March 2017, compared to £0.2 million for the year ended 31 March 2016.

**6. Contractual obligations and commercial commitments**

Below is a summary of the Group's contractual obligations and commercial commitments as at 31 March 2018. The table below does not include any interest charges on its outstanding indebtedness.

The Group is continuously assessing options to refinance its outstanding indebtedness at lower costs or more favourable terms. The timing of any refinancing transaction will depend on market conditions and other factors.

(in £ millions)	Total	Less than	1 - 3	3 - 5	More than
		1 year	years	years	5 years
Payments due by period					
Senior Secured Notes .....	400.0	—	—	—	400.0
Operating lease obligations .....	0.5	0.2	0.3	—	—
<b>Total contractual obligations .....</b>	<b>400.5</b>	<b>0.2</b>	<b>0.3</b>	<b>—</b>	<b>400.0</b>

## 7. Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements.

## 8. Qualitative and quantitative disclosures about market risk

### Credit risk

There is limited concentration of risk with the average balance in the Loan Book amounting to £3,992, and a maximum of £14,437 at 31 March 2018. The carrying amount of the loans represents the Company's maximum exposure to credit risk.

The Group carries out an affordability assessment on both borrower and guarantor before a loan can be paid out. As a separate exercise using the knowledge and data from its 13 year presence in the guarantor loan market, each potential loan undergoes a creditworthiness assessment based on the applicants' and guarantors' credit history. No formal collateral or guarantees are held against loans on the basis that the borrower and guarantor are technically and in substance joint borrowers.

The Group manages credit risk by actively managing the blend of risk in its portfolio to achieve the desired impairment rates in the long term. The Group aims to achieve the desired risk in the portfolio by managing its scorecards and the maximum amount borrowers are able to borrow depending on their circumstance and credit history. Factors the Group considers in monitoring the overall impairment rates include the total value of the loan, the home owner status of the guarantor, whether loans are new or repeat loans and whether these are pilot lending loans. Using the data and expected loss curves for the different scorecards the business can vary its origination levels to target an expected loss rate, impairment level and manage balance sheet risk.

Lending pilots are designed to test new criteria and relationships that allow the Group to lend to applicants that would have been rejected under the core scorecards. By their nature the loss history on lending pilots is not established. The Group monitors performance to determine which pilot lending loans perform at an acceptable risk level over time with a view to being established within a core scorecard, or alternatively rejected where performance of lending pilots are below the level required for the Group to meet its internal targets. The business monitors the proportion of the balance sheet within the homeowner guarantor, non-homeowner guarantor and pilot lending categories.

In assessing the level of impairment the business makes provision for a percentage of loans that are currently up to date. As part of its procedures the Group expects that at any time there will be an element of loans that are currently up to date but where the customer may have an unreported difficulty in repaying the loan and therefore the Group makes provision for the estimated effect. In addition should a customer enter into a repayment plan the Group does not reschedule the terms for its internal reporting. Instead the business calculates the arrears level with reference to the original terms.

## **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other prices risk. The Group's exposure is primarily to the risk of changes in interest rates.

### **Interest rate risk**

The Revolving Credit Facility interest rate is set at a margin of 3.5% for utilised funds plus LIBOR and a total charge of 1.4% for non-utilised funds. The interest rate on the Senior Secured Notes is set at a fixed interest rate of 7.625%. A 1% movement in LIBOR based on the funds utilised at the year end (£65.0 million) equates to an annual charge of £650,000.

As the majority of the Group's borrowings are at a fixed interest rate, the Group considers there is no significant interest rate risk to the Group at 31 March 2018.

Amounts receivable from customers are charged at 49.9% APR over a period of 1 to 5 years.

### **Foreign exchange risk**

There is no significant foreign exchange risk to the Group. The Group does incur some operating costs in USD and Euro, which it does not hedge as there would be minimal impact on reported profits and equity. Amigo Luxembourg SA is a GBP functional currency entity and gives no foreign exchange exposure upon consolidation.

### **Liquidity risk**

Liquidity risk is the risk that the Group will have insufficient liquid resources to fulfil its operational plans and/or meet its financial obligations as they fall due. Liquidity risk is managed by the Group's central finance department through daily monitoring of expected cash flows, ensuring sufficient funds are drawn against the Group's finance facilities to meet obligations as they fall due.

The Group's forecasts and projections, which cover a period of more than 12 months from the date of this Prospectus, take into account expected originations, collections, and payments and allow the Group to plan for future liquidity needs.

See also the section entitled Part 1 "Risk Factors."

## **9. Critical accounting estimates and policies**

The preceding discussion of past performance is based upon the consolidated financial statements of the Company, which have been prepared in accordance with IFRS.

The Group's significant accounting policies are described in notes 1 and 2 to the audited annual financial statements of the Company. The application of these accounting policies requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. On an ongoing basis, the Group evaluates its estimates, which are based on historical experience and market and other conditions, and on assumptions that the Group believes to be reasonable.

## PART 11

### CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation as at 31 March 2018 and gross indebtedness as at 31 May 2018. The statement of indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's historical financial information set out in Part 12 "Historical Financial Information" of this Prospectus. The following tables do not reflect the impact of the Reorganisation on the Group's capitalisation and indebtedness.

	As at 31 May 2018
	£ in millions
<b>Indebtedness</b>	
Non-current debt (excluding current portion of the long-term debt):	
Guaranteed and Secured <sup>(1)</sup> . . . . .	456.3
Unguaranteed/unsecured <sup>(2)</sup> . . . . .	205.0
<b>Total Non-current debt</b> . . . . .	<b>661.3</b>
Current debt	
Guaranteed and secured . . . . .	—
Unguaranteed/unsecured . . . . .	—
<b>Total Current debt</b> . . . . .	<b>—</b>
<b>Total indebtedness</b> . . . . .	<b>661.3</b>
 <b>As at 31 March 2018</b>	
<b>£ in millions</b>	
<b>Capitalisation<sup>(3)</sup></b>	
Share capital . . . . .	1.0
Share premium <sup>(3)</sup> . . . . .	0.9
Merger reserve . . . . .	(295.2)
Retained earnings . . . . .	287.0
<b>Total capitalisation</b> . . . . .	<b>(6.3)</b>

(1) The Group's secured debt includes Senior Secured Notes and the drawn Revolving Credit Facility and is shown net of unamortised debt issue costs of £9.7m and does not include accrued interest as at 31 May 2018.

(2) The Group's unguaranteed/unsecured debt includes the shareholder loan notes.

(3) The statement of capitalisation has been extracted without material adjustment from the Group's historical financial information set out in Part 12 "Historical Financial Information" of this Prospectus.

The following table of net indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's historical financial information set out in Part 12 "Historical Financial Information" of this Prospectus:

	As at 31 May 2018
	£ in millions
<b>Cash</b> . . . . .	<b>8.2</b>
<b>Liquidity</b> . . . . .	<b>8.2</b>
Current bank debt . . . . .	—
Other current financial debt . . . . .	—
<b>Current financial debt</b> . . . . .	<b>—</b>
<b>Net current financial liquidity</b> . . . . .	<b>8.2</b>
Non-current bank loans <sup>(1)</sup> . . . . .	(63.2)
Notes issued <sup>(2)</sup> . . . . .	(393.1)
Other non-current financial debt <sup>(3)</sup> . . . . .	(205.0)
<b>Non-current financial indebtedness</b> . . . . .	<b>(661.3)</b>
<b>Net financial indebtedness</b> . . . . .	<b>(653.1)</b>

(1) The Group's non-current bank loans include balances drawn on the Revolving Credit Facility and are shown net of unamortised debt issue costs of £2.8m and does not include accrued interest as at 31 May 2018.

(2) The Group's notes issued include the Senior Secured Notes and are shown net of unamortised debt issue costs of £6.9m and does not include accrued interest as at 31 May 2018.

(3) Other non-current financial debt relates to the Group's shareholder loan notes.

## PART 12

### HISTORICAL FINANCIAL INFORMATION

#### Section A—Accountant's report



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29 June 2018

Ladies and Gentlemen

#### Amigo Holdings PLC

We report on the financial information set out on pages 138 to 169 for the years ended 31 March 2016, 31 March 2017 and 31 March 2018. This financial information has been prepared for inclusion in the prospectus dated 29 June 2018 of Amigo Holdings PLC on the basis of the accounting policies set out in note 1. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

#### Responsibilities

The Directors of Amigo Holdings PLC are responsible for preparing the financial information on the basis of preparation set out in note 1.1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

#### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the prospectus dated 29 June 2018, a true and fair view of the state of affairs of Amigo Holdings PLC as at 31 March 2016, 31 March 2017 and 31 March 2018 and of its profits, cash flows and recognised gains and losses for the years ended 31 March 2016, 31 March 2017 and 31 March 2018 in accordance with the basis of preparation set out in note 1.1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully  
KPMG LLP

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## Section B—Consolidated financial information

### Consolidated statement of comprehensive income

	Notes	2016	2017	2018
		£m	£m	£m
Revenue . . . . .	3	102.1	128.6	210.8
Interest payable and funding facility fees . . . . .	4	(5.9)	(12.6)	(30.4)
Shareholder loan note interest . . . . .	4	—	(23.4)	(21.2)
Total interest expense . . . . .	4	(5.9)	(36.0)	(51.6)
Impairment of amounts receivable from customers . . . . .	14	(9.7)	(8.8)	(44.8)
Operating expenses . . . . .	5	(32.0)	(38.2)	(46.2)
Other operating income . . . . .	7	1.0	—	—
IPO costs and related financing . . . . .	8	—	—	(2.1)
<b>Profit before tax . . . . .</b>		<b>55.5</b>	<b>45.6</b>	<b>66.1</b>
Tax on profit . . . . .	9	(9.9)	(13.0)	(15.5)
<b>Profit after tax &amp; total comprehensive income attributable to equity shareholders of the Company . . . . .</b>		<b>45.6</b>	<b>32.6</b>	<b>50.6</b>

The profit is derived from continuing activities.

		2016	2017	2018
Basic earnings per share . . . . .	10	£114,000	8.8p	12.7p
Diluted earnings per share . . . . .	10	£114,000	8.8p	12.7p

## Consolidated statement of financial position

	Notes	2016	2017	2018
		£m	£m	£m
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	11	0.9	0.7	0.6
Intangible assets . . . . .	12	0.1	0.1	0.1
Deferred tax asset . . . . .	13	0.1	0.2	—
		1.1	1.0	0.7
<b>Current assets</b>				
Amounts receivable from customers . . . . .	14	272.2	414.5	666.3
Other receivables . . . . .	15	1.3	2.3	2.3
Cash at bank and in hand . . . . .		12.1	4.4	12.2
		285.6	421.2	680.8
<b>Total Assets</b> . . . . .		286.7	422.2	681.5
<b>Current liabilities</b>				
Trade and other payables . . . . .	16	(7.6)	(11.1)	(18.8)
Current tax liabilities . . . . .		(4.5)	(4.7)	(12.7)
		(12.1)	(15.8)	(31.5)
<b>Non-current liabilities</b>				
Borrowings . . . . .	17	(70.8)	(283.4)	(455.0)
Shareholder loan notes . . . . .	18	—	(179.9)	(201.1)
Deferred tax liability . . . . .	13	—	—	(0.2)
		(70.8)	(463.3)	(656.3)
<b>Total liabilities</b> . . . . .		(82.9)	(479.1)	(687.8)
<b>Net assets / (liabilities)</b> . . . . .		203.8	(56.9)	(6.3)
<b>Equity</b>				
Share capital . . . . .	19	—	1.0	1.0
Share premium . . . . .		—	0.9	0.9
Merger reserve . . . . .		—	(295.2)	(295.2)
Retained earnings . . . . .		203.8	236.4	287.0
<b>Shareholder equity</b> . . . . .		203.8	(56.9)	(6.3)

## Consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve <sup>(1)</sup>	Retained earnings	Total equity
	£m	£m	£m	£m	£m
At 1 April 2015 . . . . .	—	—	—	158.2	158.2
Total comprehensive income . . . . .	—	—	—	45.6	45.6
At 31 March 2016 . . . . .	—	—	—	203.8	203.8
Shares issued . . . . .	1.0	0.9	—	—	1.9
Merger reserve arising on group restructure . . . . .	—	—	(295.2)	—	(295.2)
Total comprehensive income . . . . .	—	—	—	32.6	32.6
At 31 March 2017 . . . . .	1.0	0.9	(295.2)	236.4	(56.9)
Total comprehensive income . . . . .	—	—	—	50.6	50.6
At 31 March 2018 . . . . .	1.0	0.9	(295.2)	287.0	(6.3)

(1) The merger reserve was created as a result of an inter and intra-group reorganisation to create an appropriate holding company structure.

## Consolidated statement of cash flows

	Year to 31-Mar-16	Year to 31-Mar-17	Year to 31-Mar-18
	£m	£m	£m
Profit for the period .....	45.6	32.6	50.6
<b>Adjustments for:</b>			
Impairment charge .....	9.7	8.8	44.8
Income tax expense .....	9.9	13.0	15.5
Shareholder loan note interest accrued .....	—	23.4	21.2
Interest expense .....	5.9	12.6	30.4
Interest accrued on loan book .....	(104.7)	(133.6)	(222.1)
Depreciation of property, plant and equipment .....	0.5	0.3	0.2
<b>Operating cash flows before movements in working capital</b>			
Increase in receivables .....	(5.4)	(7.4)	(8.8)
Decrease in net payables .....	—	(0.3)	7.5
Tax paid .....	(10.5)	(12.7)	(7.2)
Interest paid .....	(5.9)	(8.5)	(28.2)
Proceeds from intercompany funding .....	(11.5)	42.0	3.1
Repayment of intercompany funding .....	—	(42.5)	(5.0)
Proceeds from external funding .....	(12.2)	387.6	276.6
Repayment of external funding .....	9.0	(175.0)	(105.0)
Repayment of shareholder loan notes .....	—	(140.0)	—
<b>Net cash used in operating activities before loans issued and collections on loans</b>			
Loans issued .....	(142.5)	(276.8)	(470.1)
Collections .....	212.4	265.5	404.4
<b>Net cash used in operating activities</b> .....	0.3	(11.0)	7.9
<b>Investing activities</b>			
Purchases of property, plant, equipment .....	(0.2)	(0.2)	(0.1)
<b>Net cash used in investing activities</b> .....	(0.2)	(0.2)	(0.1)
<b>Financing activities</b>			
Proceeds from issue of share capital .....	—	3.5	—
<b>Net cash from financing activities</b> .....	—	3.5	—
<b>Net increase / (decrease) in cash and cash equivalents</b> .....	0.1	(7.7)	7.8
Cash and cash equivalents at beginning of period .....	12.0	12.1	4.4
<b>Cash and cash equivalents at end of period</b> .....	12.1	4.4	12.2

# Notes to the consolidated historic financial information

## 1. Accounting policies

### 1.1. Basis of preparation of historical financial information

Amigo Holdings PLC (the "Company") is a public company limited by shares and incorporated and domiciled in the UK. The consolidated historical financial information ("HFI") has been prepared on the basis of the statutory group head by Amigo Holdings Limited.

The principal activity of the company is to act as a holding company for the Amigo Loans Group of companies. The principal activity of the Amigo Loans Group is to provide individuals with guarantor loans of up to £10,000 each repayable over 1 to 5 years.

The Company was incorporated on 24 February 2016. In April 2016 it bought 100% of Richmond Group Limited's share in Amigo Loans Ltd in exchange for shares and loans notes. As part of this transaction, the Company received a dividend of £50m from Amigo Loans Ltd which it used to repay £50m of shareholder loan notes. Richmond Group is the controlling shareholder in the Company. In addition to Amigo Loans Ltd, the Company purchased a 100% direct shareholding in Amigo Management Services Ltd. The Company has a 100% indirect shareholding in RG Catering Services Limited via Amigo Management Services Ltd.

This group reorganisation, including the establishment of this entity as an intermediate holding company, was treated as a common control transaction. Accordingly, the consolidated financial statements for this company and its subsidiary undertakings are presented as if they had been in existence throughout the current and prior year.

The consolidated HFI comprised the financial information the Group for the years ended 31 March 2016, 31 March 2017 and 31 March 2018. This HFI does not represent statutory accounts for the periods presented. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The reports of the auditor were (i) unqualified and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The HFI has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The HFI has been prepared in accordance with the requirements of the Prospectus Directive Regulation, and the Listing Rules.

The accounting policies have been applied consistently to all periods presented in the HFI.

The presentation currency of the Group is GBP and the HFI is presented in GBP. The following principal accounting policies have been applied:

### 1.2. Change to IFRS not yet adopted

A number of new and amended IFRSs were issued during the year which do not become effective until after 31 March 2018.

#### 1.2.1. IFRS 15

IFRS 15 Revenue from Contracts with Customers—effective for the Group's year ending 31 March 2019—provides a single principles based model to be applied to all sales contracts. IFRS 15 is not expected to impact on the results of the Group as revenue is derived from interest.

## **1.2.2. IFRS 16**

IFRS 16 *Leases*—effective for the Group’s year ending 31 March 2020—requires lessees to recognise a lease liability and a right of use asset for all leases unless the lease term is 12 months or less or the underlying asset has a low value. As the Group currently only has one significant operating lease (see Note 25), IFRS 16 is not expected to have a significant impact on the results of the Group. Under IFRS 16 this lease will be taken onto the balance sheet at the NPV of the minimum lease payments in April 2019, with a corresponding right of use asset. The change in accounting for this lease would have an immaterial impact on the Income Statement charge. The Group will continue to assess the impact of the standard, should any new leases arise.

## **1.2.3. IFRS 9**

IFRS 9 ‘Financial Instruments’ is the replacement of IAS 39 ‘Financial instruments, recognition and measurement’ and will be applied for the first time in the Group’s financial statements for the year ended 31 March 2019. The key changes to the Group’s accounting policies resulting from its adoption of IFRS 9 are summarised below.

The assessment below is dependent on management’s judgements and estimates particularly with regard to forward looking assumptions. The full impact of adopting IFRS 9 on the consolidated Financial Statements will depend on the financial instruments that the Group holds during 2018, the macroeconomic environment and judgements made during the year.

### **1.2.3.1. Classification**

IFRS 9 adopts a classification and measurement approach for financial assets which reflect how the assets are managed and their cash flow characteristics.

IFRS 9 includes three classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (‘FVOCI’) and Fair Value Through Profit and Loss (‘FVTPL’). A financial asset is measured at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group does not believe that the new classification requirements will have a significant impact upon the measurement bases for its financial assets. Loans to customers that are classified as loans and receivables and measured at amortised cost under IAS 39 will also be measured at amortised cost under IFRS 9.

### **1.2.3.2. Impairment**

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. IFRS 9 requires an impairment provision to be recognised on origination of loan, based on its anticipated credit loss. Under IAS39, a provision is made where there has been objective evidence of impairment, such as a borrower falling into arrears. Additionally, the IAS39 methodology included a provision against up to date loans for losses where the loss has been incurred but not yet reported and is likely to be reported during a short emergence period. Under IFRS9, a provision will be made against all up to date loans to reflect the probability that they will default within the next 12 months, which is longer than the emergence period used under IAS39, thus accelerating the recognition of impairment charges. The application of expected lifetime credit losses to assets which have experienced a significant increase in credit risk also results in an uplift in impairment versus IAS39.

IFRS 9 only changes the timing of impairment losses with earlier recognition of impairment provisions on a growing loan book; the Group's cash flows are unaffected by the change in accounting standard and the lifetime losses are the same under both IAS 39 and IFRS 9.

#### **1.2.3.2.1. *Measurement of ECLs***

Under IFRS 9 financial assets fall into one of three categories:

Stage 1—Financial assets which have not experienced a 'significant' increase in credit risk since initial recognition.

Stage 2—Financial assets that are considered to have experienced a 'significant' increase in credit risk since initial recognition.

Stage 3—Financial assets which are in default or otherwise credit impaired.

Loss allowances for Stage 1 financial assets are based on 12-month ECLs, that is the portion of ECLs that result from default events that are possible within 12 months after the reporting date and are recognised from the date of initial recognition. Loss allowances for stage 2 and 3 financial assets are based on lifetime ECLs, which are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has adopted a collective basis of measurement for calculating ECLs. The loan book is divided into portfolios of assets with shared risk characteristics and further divided by quarterly origination vintages. The Group's ECL methodology considers the collective estimated cash shortfalls for each credit risk portfolio based on forecast loss curves. Forecast loss curves are prepared on a risk segment basis for annual vintages and combine long term historical trends, current credit loss behaviour and management judgements.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

The Group performs joint credit and affordability assessments on both the borrower and guarantor. When a borrower misses a payment, both parties are kept informed regarding the remediation of the arrears. If a missed payment is not remediated within a certain timeframe, collection efforts are automatically switched to the guarantor and if arrears are cleared the loan is considered as performing. In substance the Group treats the borrower and the guarantor as having equivalent contractual responsibilities.

#### **1.2.3.2.2. *Significant increase in credit risk***

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis.

The qualitative customer data available on an ongoing basis and available without undue cost or effort is payment status flags, which occur in specific circumstances such as a short-term payment plan, bankruptcy deceased or other indicators of significant change.

To determine whether there has been a significant increase in credit risk the following 2 step approach has been taken:

- 1) The primary indicator of whether a significant increase in credit risk has occurred for an asset is determined by considering the performance of each payment status flag. The Group considers the credit risk of an asset to have increased significantly since initial recognition if, based on the Group's analysis, the remaining lifetime probability of default is determined to have increased since initial recognition for assets with a payment flag.
- 2) As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is two contractual payments past due.

The Group reassesses the flag status of all loans at each month end on a collective basis and remeasures the proportion of the book which has demonstrated a significant increase in credit risk based on the latest payment flag data. An account transitions from stage 2 to stage 1 when a payment flag is removed from the account.

#### **1.2.3.2.3. *Definition of default***

The Group considers an account in default if it is more than three contractual payments past due.

The Group reassesses the status of loans at each month end on a collective basis. When the arrears status of an asset improves so that it no longer meets the default criteria for that portfolio it is cured and transitions back from stage 3 to stage 2.

#### **1.2.3.2.4. *Forward looking information***

The Group incorporates forward-looking information into its measurement of ECLs. The Group has analysed the effect of a range of economic factors and identified the most significant macroeconomic factor that is likely to impact credit losses as the rate of unemployment. Forecast unemployment rates have been factored into the credit loss models utilising four scenarios based on independent forecasts of future economic conditions and applying a probability-weighted approach. These scenarios include a base, an upside and two downside scenarios.

### **1.2.3.3. *Transition***

The Group intends to take advantage of the exemption and not restate comparative information for periods up to 31 March 2018. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 April 2018.

The estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at 1 April 2018 is expected to be approximately £38m. This represents:

- £nil related to the classification requirements;
- An expected reduction of approximately 7% of the carrying value of the loan book related to increased IFRS 9 impairment charge;
- An increase of approximately 17% of the additional IFRS 9 impairment provision in the carrying value of the deferred tax asset; and
- An expected reduction of approximately £38m of net assets related to increased IFRS 9 impairment charge.

The above are estimates and will not be finalised until all transition work has been completed. The impact is the Group's best estimate pending finalisation of the transition work. The Group continues to refine, monitor and validate certain elements of the

impairment models and related controls ahead of full reporting of IFRS 9 impacts later in 2018.

#### **1.2.3.4. Disclosure**

IFRS 9 requires additional disclosures, in particular with regards to credit risk and ECLs. The Group's implementation project included assessing the disclosure requirements, identifying data gaps and implementing the necessary system and controls changes to enable the required disclosure.

### **1.3. Consolidation**

The accounts have been consolidated using the common control accounting method on the basis that the Company acquired its interest in its subsidiaries from Richmond Group Limited, the Company's ultimate parent, which owned 82% of the share capital of the Company at 31 March 2018. The ultimate beneficial owner of the Company, who has control as defined by IFRS 10, and its subsidiaries, did not change as a result of the reorganisation of the group structure.

As a consequence this transaction has not been treated as a business combination and assets have been acquired at book value using common control accounting. The HFI consolidates the Company and all of its subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation. The HFI for this Company and all of its subsidiary undertakings are presented as if they had been in existence throughout the periods presented. The Company only accounts include only the period post incorporation (and are not disclosed in the HFI).

### **1.4. Going concern**

The directors have made an assessment in preparing the HFI as to whether the Group is a going concern.

The Group meets its funding requirements through cash generated from operations, a revolving credit facility which expires in January 2022, Senior secure notes which expire in January 2024 and shareholder loan notes (although these have been converted to shares as part of the IPO). The Group's forecasts and projections, which cover a period of more than 12 months from the date of approval of this HFI, taking into account reasonably possible changes in normal trading performance, show that the Group should be able to operate within its currently available facilities. The Group has sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business. The forecasts include allowance for shareholder loan notes including accrued interest being capitalised upon the Company listing and IPO costs. The forecasts and projection contain no material uncertainties that would impact on the going concern basis for the Group.

Whilst there is a net liability position at 31 March 2018 being reported in the Consolidated Statement of Financial Position, after the effects of IFRS 9 on 1 April 2018 and the conversion of the shareholder loan notes explained above the Group is in a net asset position at IPO. After reviewing the Group's forecasts and projections the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore adopts the going concern basis in preparing its HFI.

### **1.5. Revenue**

Revenue comprises interest income on loans to customers. Loans are initially measured at fair value (which is equal to cost at inception) and are subsequently measured at amortised cost using the effective interest rate method. Revenue is presented net of amortised broker fees

which are spread over the expected behavioural lifetime of the loan as part of the effective interest rate method.

## **1.6. Other operating expenses**

Operating expenses include all direct and indirect costs. Where loan origination and acquisition costs can be referenced directly back to individual transactions (e.g. broker commission), they are included in the effective interest rate in revenue and amortised over the behavioural life of the loan rather than recognised in full at the time of acquisition.

## **1.7. Interest payable and funding facility fees**

Interest payable and funding facility fees are charged to the Income Statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument, and recognised over the behavioural life of the liability. Amortised facility fees are charged to the Income Statement over the term of the facility on a straight line basis. Non-utilisation fees are charged to the Income Statement as incurred.

Shareholder loan note interest is charged to the Income Statement as accrued and is shown separately on the face of the Income Statement due to its nature and size. The Directors feel that this presentation gives the user of these financial statements a clearer view of the different interest balances charged to the Income Statement.

## **1.8. Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

## **1.9. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **1.9.1. Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### **1.9.1. Deferred tax**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## **1.10. Property, plant and equipment (PPE)**

PPE are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of property, plant and equipment.

Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Depreciation is provided on the following basis:

Leasehold Improvements . . . . .	10% straight line
• Fixtures & fittings . . . . .	25% straight line
• Computer equipment . . . . .	50% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## **1.11. Intangible assets**

Intangible assets are recognised at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised from the date they are available for use. Amortisation is charged to the Income Statement.

Acquired software costs incurred are capitalised and amortised on a straight-line basis over the anticipated useful life, which is normally 4 years.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

## **1.12. Operating leases: lessee**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. Commitments under operating leases are disclosed within Note 25.

## **1.13. Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, the most significant being loans to customers, high yield bonds, loans from banks and other third parties, and loans to related parties.

### **1.13.1. Financial assets**

#### **1.13.1.1. Other receivables**

Other receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans and amounts owed by parent and

subsidiary undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis.

### **1.13.1.2. Impairment**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment is triggered by default or delinquency in interest or principal payments. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income. Loans that are six or more payments in arrears are charged off the Statement of Financial Position and are no longer included in the loan book.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

### **1.13.1.3. Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

### **1.13.1.4. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised

when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
  - the Group has transferred substantially all the risks and rewards of the asset; or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### **1.13.2. Financial liabilities**

Debt instruments (other than those wholly repayable or receivable within one year), i.e. shareholder loans notes and borrowings, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Short term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the income statement.

## **1.14. Share based payments**

Share based payment transactions in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payments. At the grant date, the fair value of the share based payment is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employee becomes unconditionally entitled to the awards. The fair value of the awards granted is measured based on company specific observable market data, taking into account the terms and conditions upon which the awards were granted.

## **2. Judgments in applying accounting policies and key sources of estimation uncertainty**

Preparation of the HFI requires management to make significant judgements and estimates. The items in the HFI where these judgements and estimates have been made are:

### **Significant judgements**

#### **Credit impairment**

Amounts receivable from customers included in the Statement of Financial Position refers to total outstanding customer loans less a provision for impairment. The provision for impairment represents an accounting estimate of the portion of loan accounts that are not in arrears or are up to five payments in arrears for which we will not ultimately be able to collect payment. Loans that are six or more payments in arrears are charged off the Statement of Financial Position and are no longer included in the loan book. Value that is recovered on charged off loans reduces the impairment charge in the Income Statement.

This approach ensures:

- a timely recognition of incurred losses;
- distinguishes between assets that have significantly deteriorated in credit quality and those that have not; and

- provides more accurate estimates of incurred credit losses.

The guiding principle of the model is to reflect the trend of deterioration or improvement in the credit quality of loans.

The key judgements applied to the impairment model are:

- roll rates are averaged over the last 6 months to remove seasonal and calendar fluctuations whilst reflecting any underlying changes to the performance of the loan book; and
- loss given default on provided accounts is assumed at 90%; and
- loss given default on charged off accounts is assumed to be 100%

## Impairment sensitivity

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**Method** . . . . . Two key parameters in the model were tested as indicated below to estimate the impact on the provision as at 31 March 2018 and impact on profit before tax for the 12 months to 31 March 2018.

**Test 1** . . . . . The current model assumes a discounted recovery rate of 10% (i.e. Loss given default (LGD) of 90%) on all receivables in arrears but not charged-off. To sensitise the data an average recovery rate of 0% has been assumed.

Impact:

The bad debt provision increased from £21.2m to £23.5m: +£2.3m

**Test 2** . . . . . The impairment model assumes 6 month average roll rates. The sensitivity of roll rates deteriorating by 10% has been tested, e.g. 4 payments in arrears likelihood to charge-off from 76% to 84% (both adjusted by the LGD).

Impact:

The bad debt provision moved from £21.2m to £30.0m: +£8.8m

**Test 3** . . . . . The impairment model assumes 6 month average roll rates. The impact of using a 3 or 9 month average roll rates has been tested.

Impact:

i) When using a 3 month average the bad debt provision reduced from £21.2m to £20.3m: -£0.9m

ii) When using a 9 month average the bad debt provision reduced from £21.2m to £21.8m: +£0.6m

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Summary	Per accounts	Test 1	Test 2	Test 3i)	Test 3ii)
	£m	£m	£m	£m	£m
Profit before tax . . . . .	66.1	63.8	57.3	67.0	65.5
Net assets . . . . .	(6.3)	(8.2)	(13.4)	(5.6)	(6.8)

## Effective interest rates

The effective interest rate includes broker commission which can be referenced directly back to individual transactions. The key judgement applied in the effective interest rate calculation is the life of the loan and, to a lesser extent, the profile of loan payments over this period.

For the purposes of amortising the acquisition cost, the average life of a loan is assumed at 31 months based on historical data. The payment profile, calculated using actual historic payment patterns, takes into account early settlement and therefore is not linear over the life of the loan. A movement of—6 month change in the assumed average life of a loan originated in the year would impact the Income Statement by -£0.8m.

## Share based payments

A share based payments award exists in the form of a put option in relation to ordinary shares which were acquired at market value in the 2017 year by three directors (one director has since left the business) and a number of members of senior management—see Note 19. The Board has made the judgement that an exit, in the form of an IPO or sale of the Group within a period of five years after award of the shares, is the expected outcome and as such has chosen to treat these as a contingently equity share settled scheme. As such the charge in the consolidated statement of comprehensive income is £nil (2017: £nil).

If an exit within this period becomes unlikely the award becomes a cash-settled scheme, and the fair value of the award would be remeasured at each reporting date.

## 3. Revenue

Revenue is all derived from a single segment in the UK. This is consistent with the reporting to the Chief Operating Decision Maker, which we consider is the Board. No segmental analysis is therefore provided. Revenue includes interest from impaired loans of £4.0m (2017: £1.4m, 2016: £1.2m) and is net of amortised broker costs.

## 4. Interest payable and funding facility fees

	Year to 31-Mar-16	Year to 31-Mar-17	Year to 31-Mar-18
	£m	£m	£m
Bank interest payable . . . . .	3.7	5.4	2.9
Interest payable on loans from related undertakings . . . . .	0.3	0.2	—
Senior secured notes interest payable . . . . .	—	4.1	25.0
Funding facility fees . . . . .	1.9	2.9	2.5
	5.9	12.6	30.4
Shareholder loan note interest . . . . .	—	23.4	21.2
<b>Total interest payable . . . . .</b>	<b>5.9</b>	<b>36.0</b>	<b>51.6</b>

Funding facility fees include non-utilisation fees associated with the undrawn portion of the Group's revolving credit facility and amortisation of the initial costs of the Group's revolving credit facility and senior secured notes.

## 5. Operating expenses

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Advertising and marketing . . . . .	15.3	18.0	21.1
Employee costs (Note 6) . . . . .	9.4	10.6	9.8
Print, post and stationery . . . . .	1.7	2.6	4.1
Credit scoring costs . . . . .	1.3	1.8	2.9
Communication costs . . . . .	0.8	1.4	2.3
Other . . . . .	3.5	3.8	6.0
	32.0	38.2	46.2

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Other operating expenses include:			
Fees payable to the Company's auditor and its associates for:			
—audit of the financial statements of the Company and subsidiaries of the Company .....	—	0.1	0.2
—corporate finance transactions .....	—	—	0.7
Depreciation of PPE .....	0.5	0.3	0.2
Operating lease expense—property .....	0.2	0.2	0.2
Defined contribution pension cost .....	0.1	0.1	0.2

## 6. Employees

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Employee costs</b>			
Wages and salaries .....	8.5	9.6	8.7
Social security costs .....	0.8	0.9	0.9
Cost of defined pension contribution scheme .....	0.1	0.1	0.2
	9.4	10.6	9.8

The average monthly number of employees, including the directors, during the year was as follows:

	31-Mar-16	31-Mar-17	31-Mar-18
<b>Employee numbers</b>			
Sales .....	195	203	156
Administration .....	90	79	108
	285	282	264

## 7. Other operating income

During the year ended 31 March 2016, two of the Richmond Group companies, Post Net Ltd and Haymarket Lending Ltd, were dissolved and the intercompany balances held with those companies were written back reflecting the £1.0m in the Income Statement.

## 8. IPO costs and related financing

IPO costs and related financing costs are disclosed separately in the financial statements as the Directors consider it necessary to do so to provide further understanding of the financial performance of the Group. They are material items of expense that have been shown separately due to the significance of their nature or amount.

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
IPO costs and related financing .....	—	—	2.1
	—	—	2.1

### IPO costs

IPO costs incurred and accrued relate to advisor, legal fees, and financing fees for a potential initial public offering of the Group in the 2019 financial year.

## 9. Taxation

	Year to 31-Mar-16	Year to 31-Mar-17	Year to 31-Mar-18
	£m	£m	£m
<b>Corporation Tax</b>			
Current tax on profits for the year .....	10.3	12.2	15.6
Adjustments in respect of previous periods .....	(0.4)	0.8	(0.4)
<b>Total current tax .....</b>	<b>9.9</b>	<b>13.0</b>	<b>15.2</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences .....	—	—	(0.1)
Adjustments in respect of prior periods .....	—	—	0.4
<b>Taxation on profit .....</b>	<b>9.9</b>	<b>13.0</b>	<b>15.5</b>

A reconciliation of the actual tax charge, shown above, and the profit before tax multiplied by the standard rate of tax, is as follows:

	Year to 31-Mar-16	Year to 31-Mar-17	Year to 31-Mar-18
	£m	£m	£m
<b>Profit before tax .....</b>			
Profit before tax .....	55.5	45.6	66.1
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%, 2016: 20%) .....	11.1	9.1	12.5
<b>Effects of:</b>			
Expenses not deductible for tax purposes .....	—	3.1	2.9
Adjustments to tax charge in respect of prior periods .....	(0.4)	0.8	0.1
Non-taxable income .....	(0.2)	—	—
Prior year restatement of profit .....	(0.6)	—	—
<b>Total tax charge for the year .....</b>	<b>9.9</b>	<b>13.0</b>	<b>15.5</b>

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

## 10. Earnings per share

	31-Mar-16 Per share	31-Mar-17 Pence per share	31-Mar-18 Pence per share
<b>Earnings per share</b>			
Basic earnings per share .....	£114,000	8.8p	12.7p
<b>Diluted earnings per share</b>			
Basic earnings per share .....	£114,000	8.8p	12.7p

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Earnings</b>			
Earnings for basic earnings per share .....	45.6	32.6	50.6

	31-Mar-16	31-Mar-17	31-Mar-18
<b>Weighted average number of ordinary shares</b>			
Basic earnings per share . . . . .	400	369,457,704	400,000,000
Weighted average number of ordinary shares (diluted)	400	369,457,704	400,000,000
Diluted earnings per share . . . . .	£114,000	8.8p	12.7p
Basic earnings per share . . . . .	£114,000	8.8p	12.7p

The basic earnings per share is based on the number of shares outstanding for each period, in accordance with IAS 33. As a result of the IPO, upon admission, the number of shares in issue will be split with each share being split into 400 shares. The basic and diluted earnings per share has been retrospectively adjusted for in the current and prior periods, as a result of the change in the number of shares outstanding without a corresponding change in resources.

## 11. Property, plant and equipment

	Long leasehold property	Fixtures & fittings	Office equipment	Computer equipment	Total
	£m	£m	£m	£m	£m
<b>Cost or valuation</b>					
At 01 April 2016 . . . . .	0.8	0.5	0.1	0.6	2.0
Additions . . . . .	—	—	—	0.1	0.1
At 31 March 2017 . . . . .	0.8	0.5	0.1	0.7	2.1
Additions . . . . .	—	—	—	0.1	0.1
Disposals . . . . .	—	—	(0.1)	(0.2)	(0.3)
At 31 March 2018 . . . . .	0.8	0.5	—	0.6	1.9
<b>Depreciation</b>					
At 01 April 2016 . . . . .	0.2	0.3	0.1	0.5	1.1
Charge for the period . . . . .	0.1	0.1	—	0.1	0.3
At 31 March 2017 . . . . .	0.3	0.4	0.1	0.6	1.4
Charge for the period . . . . .	—	0.1	—	0.1	0.2
Disposals . . . . .	—	—	(0.1)	(0.2)	(0.3)
At 31 March 2018 . . . . .	0.3	0.5	—	0.5	1.3
<b>Net book value</b>					
At 31 March 2018 . . . . .	0.5	—	—	0.1	0.6
At 31 March 2017 . . . . .	0.5	0.1	—	0.1	0.7
At 31 March 2016 . . . . .	0.6	0.2	—	0.1	0.9

## 12. Intangible assets

	Acquired computer software	Total
	£m	£m
<b>Cost or valuation</b>		
At 01 April 2016 . . . . .	0.2	0.2
Additions . . . . .	—	—
At 31 March 2017 . . . . .	0.2	0.2
Additions . . . . .	—	—
At 31 March 2017 . . . . .	0.2	0.2
<b>Amortisation</b>		
At 01 April 2016 . . . . .	0.1	0.1
Charge for the period . . . . .	—	—
<b>At 31 March 2017 . . . . .</b>	<b>0.1</b>	<b>0.1</b>
Charge for the period . . . . .	—	—
<b>At 31 March 2018 . . . . .</b>	<b>0.1</b>	<b>0.1</b>
<b>Net book value</b>		
At 31 March 2018 . . . . .	0.1	0.1
At 31 March 2017 . . . . .	0.1	0.1
At 31 March 2016 . . . . .	0.1	0.1

## 13. Deferred tax

	31-Mar 16	31-Mar 17	31-Mar-18
	£'000	£'000	£'000
At 01 Apr 2015 / 01 April 2016 / 01 April 2017 . . . . .	—	0.2	0.1
Charge to the profit and loss . . . . .	0.1	—	(0.3)
<b>At 31 Mar 2016 / 31 Mar 2017 / 31 March 2018 . . . . .</b>	<b>0.1</b>	<b>0.2</b>	<b>(0.2)</b>

The deferred tax asset / (liability) is made up as follows:

	31-Mar 16	31-Mar 17	31-Mar-18
	£'000	£'000	£'000
Accelerated capital allowances . . . . .	0.1	0.2	—
Unpaid remuneration . . . . .	—	—	0.1
Other temporary differences . . . . .	—	—	(0.3)
	0.1	0.2	(0.2)

#### 14. Amounts receivable from customers

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Amounts receivable from customers</b>			
Due within one year	103.9	162.4	373.6
Due in more than one year	162.4	239.8	273.3
	266.3	402.2	646.9
<b>Deferred broker costs</b>			
Due within one year	2.3	7.8	12.7
Due in more than one year	3.6	4.5	6.7
	272.2	414.5	666.3

The fair value of amounts receivable from customer is approximately £685.9m (2017: £440.3m; 2016: £271.6m) (see Note 23). The fair value of Loans to customers has been estimated using a net present value calculation using discount rates derived from contractual interest rates less acquisition and financing costs. As these loans are not traded on an active market and the fair value is therefore determined through future cash flows, they are classed as Level 3 under IFRS 13 *Fair Value Measurement*.

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Neither past due nor impaired</b>			
Up-to-date	252.7	382.2	605.6
<b>In arrears but not impaired</b>			
1 payment in arrears	14.4	19.9	40.3
2 payments in arrears	2.2	3.3	7.7
<b>In arrears and impaired</b>			
3-5 payments in arrears	4.3	5.0	14.5
	273.6	410.4	668.1
Impairment provision on amounts receivable from customers	(7.3)	(8.2)	(21.2)
	266.3	402.2	646.9
Deferred broker costs	5.9	12.3	19.4
	272.2	414.5	666.3

The loan book is representative of a single product in the UK.

The carrying amount of the loans represents the Company's maximum exposure to credit.

	Impairment provision
	£m
At 1 April 2015 . . . . .	(6.0)
Charge-offs during the period . . . . .	8.4
Charge to the consolidated statement of comprehensive income during the period . . . . .	(9.7)
<b>At 31 March 2016 . . . . .</b>	<b>(7.3)</b>
Charge-offs during the period . . . . .	7.9
Recoveries during the period . . . . .	2.0
Charge to the consolidated statement of comprehensive income during the period . . . . .	(10.8)
<b>At 31 March 2017 . . . . .</b>	<b>(8.2)</b>
Charge-offs during the period . . . . .	31.8
Recoveries during the period . . . . .	0.5
Charge to the consolidated statement of comprehensive income during the period . . . . .	(45.3)
<b>At 31 March 2018 . . . . .</b>	<b>(21.2)</b>

## 15. Other receivables

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Current</b>			
Other receivables . . . . .	0.2	0.8	0.9
Prepayments and accrued income . . . . .	1.1	1.5	1.4
	1.3	2.3	2.3

## 16. Trade and other payables

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Current</b>			
Accrued senior secured note interest . . . . .	—	4.1	6.3
Trade payables . . . . .	1.8	1.8	0.8
Amounts owed to group undertakings . . . . .	2.8	2.3	0.4
Taxation and social security . . . . .	0.7	0.7	0.2
Accruals and deferred income . . . . .	2.3	2.2	11.1
	7.6	11.1	18.8

## 17. Bank and other borrowings

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Non-current liabilities</b>			
<b>Amounts falling due 3 - 4 years</b>			
Bank Loan .....	—	—	62.2
<b>Amounts falling due 4 - 5 years</b>			
Bank loan .....	70.8	14.3	—
<b>Amounts falling due &gt; 5 years</b>			
Senior secured notes .....	—	269.1	392.8
	70.8	283.4	455.0

In January 2017 a total of £275m was raised from the issue of the senior secured notes from a group undertaking (Amigo Luxembourg SA) which have a maturity date of January 2024 and bear interest at 7.625%. Direct costs of £5.9m were incurred on the issue of the senior secured notes. In May 2017 and September 2017 a further £50 million and £75 million, respectively, of senior secured notes were issued on the same terms as the £275 million of senior secured notes issued in January 2017. Direct costs of £0.9 million and £1.5 million, respectively, were incurred in connection with the issuances.

The funds raised were used to repay the previous bank facility which had a facility limit of £150m, bore interest at a rate of 4.25% above LIBOR, and was due to mature in September 2017.

A new bank facility with a limit of £57m was put in place in January 2017, which was extended during the 2018 year to £159.5m. The new and the previous bank facility, and the senior secured notes are secured by a charge over the Group's assets and a cross guarantee given by other group companies.

### Reconciliation of movements of liabilities to cash flows arising

	Senior secured notes	Bank loan	Shareholder loan notes	Intercompany funding	Other funding	Total liabilities relating to cash flow
	£m	£m	£m			£m
<b>Cost or valuation</b>						
At 01 April 2016 .....	—	70.8	—	2.8	—	73.6
Intercompany funding ..				1.6		1.6
Net proceeds from external funding .....	269.1	(57.0)	—	—	—	212.1
Repayment of loan notes ..	—	—	(140.0)	—	—	(140.0)
Non-cash movements ..	—	0.5	319.9	(2.1)	1.9	320.2
At 31 March 2017 .....	269.1	14.3	179.9	2.3	1.9	467.5
Net proceeds from external funding .....	123.7	47.9	—	—	—	171.6
Repayment of loans .....	—	—	—	(1.9)	—	(1.9)
Non-cash movements ..	—	—	21.2	—	—	21.2
At 31 March 2018 .....	392.8	62.2	201.1	0.4	1.9	658.4

## 18. Shareholder loan notes

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
<b>Amounts falling due &gt; 5 years</b>			
Shareholder loan notes . . . . .	—	179.9	201.1

The shareholder loan notes are split into three classes as follows:

	Class A	Class B	Class C	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
Initial amount . . . . .	151,000	144,954	583	296,537
Interest accrued . . . . .	6,496	16,850	66	23,412
Amounts repaid . . . . .	(140,010)	—	—	(140,010)
<b>At 31 March 2017 . . . . .</b>	<b>17,486</b>	<b>161,804</b>	<b>649</b>	<b>179,939</b>
Interest accrued . . . . .	1,697	19,416	78	21,191
<b>At 31 March 2018 . . . . .</b>	<b>19,183</b>	<b>181,220</b>	<b>727</b>	<b>201,130</b>

Interest on the shareholder loan notes has been accrued but not paid. The loan notes are repayable in 2031. Interest was charged on the Class A loan notes at an annual rate of 8%, which increased to 12% from October 2017. Interest is charged on the Class B and C loan notes at an annual rate of 12%.

As part of the Company's IPO, the Class A, B and C loan notes have been converted to share capital as explained in Note 1.4.

£672,604 of the Class C loan note balance as at 31 March 2018 is due to management of the Company.

## 19. Share capital

At 31 March 2016 there was 1 Ordinary A share of £1 in issue.

Allotted and called up shares at par value	31-Mar-17	31-Mar-17	31-Mar-17
	£'000	£'000	£'000
	Paid	Unpaid	Total
801,000 Ordinary A shares of £1 each . . . . .	801	—	801
41,000 Ordinary B shares of £1.24 each . . . . .	51	—	51
100,000 Ordinary C shares of £1 each . . . . .	82	18	100
58,000 Ordinary D shares of £1 each . . . . .	30	28	58
	<b>964</b>	<b>46</b>	<b>1,010</b>

Allotted and called up shares at par value	31-Mar-18	31-Mar-18	31-Mar-18
	£'000	£'000	£'000
	Paid	Unpaid	Total
803,574 Ordinary A shares of £1 each . . . . .	804	—	804
41,000 Ordinary B shares of £1.24 each . . . . .	51	—	51
97,500 Ordinary C shares of £1 each . . . . .	80	18	98
57,926 Ordinary D shares of £1 each . . . . .	29	28	57
	<b>964</b>	<b>46</b>	<b>1,010</b>

	Ordinary A number	Ordinary B number	Ordinary C number	Ordinary D number	Total number
Share issued at incorporation . . . . .	1	—	—	—	1
At 31 March 2016 . . . . .	1	—	—	—	1
Shares issued . . . . .	800,999	41,000	100,000	58,000	999,999
At 31 March 2017 . . . . .	801,000	41,000	100,000	58,000	1,000,000
Share reclassifications <sup>(1)</sup> . . . . .	2,574	—	(2,500)	(74)	—
<b>At 31 March 2018 . . . . .</b>	<b>803,574</b>	<b>41,000</b>	<b>97,500</b>	<b>57,926</b>	<b>1,000,000</b>

(1) Following the sale of shares between shareholders some shares were reclassified.

During the 2018 year the Company issued no shares (2017: 1,000,000 £1 ordinary shares for a consideration of £3.5m).

At 31 March 2017 18,000 C shares and 27,750 D shares were unpaid.

At 31 March 2018 18,000 C shares and 27,750 D shares were unpaid.

At 31 March 2017 Directors held 41,000 B shares, 100,000 C shares and 7,000 D shares.

At 31 March 2018 Directors held 41,000 B shares, 100,000 C shares and 2,599 D shares.

The ordinary B shares have 1.24 votes per share; all other shares have one vote per share.

The maximum nominal amount allowed by the Company's Articles is £1,010k having been fully satisfied by the shares in issue.

The A ordinary shares have special rights attached via the Articles of the Company and the Investor Agreement to ensure the ultimate controlling party retains control key actions of the Group.

A put option exists whereby, in the event that no initial public offering, or transaction by which any person has acquired more than 50% of the equity share capital in the Company, has taken place within five years of the date of the Investment Agreement, each of the members of the Group's management party thereto has the right to require the Richmond Group to acquire that member of management's holding of shares, and shareholder loan notes if held, for the agreed fair value of those shares or shareholder loan notes, as further provided in the Investment Agreement. The Investment agreement is between Amigo Holdings PLC, Richmond Group Limited and certain individuals.

As part of the IPO the A, B, C and D shares have been converted to ordinary shares.

## 20. Share based payments

As noted within Note 19 above, put options exist in relation to the share capital of the Company. These have been treated as contingent equity settled transactions. As it is considered that the most likely outcome will be an initial public offering, in which case the put options lapse, no charge has been taken in the Income Statement.

## 21. Capital commitments

The Group had no capital commitments as at 31 March 2016, 31 March 2017 or 31 March 2018.

## 22. Related party transactions

During the year the Group traded with the ultimate parent company, Richmond Group Limited, and its subsidiaries.

The Group receives charges from and makes charges to these related parties in relation to catering services, shared costs, staff costs and other costs incurred on their behalf. Balances related to corporation tax and VAT in relation to group wide registrations and payment arrangements are also passed through these related party balances. The charges and the outstanding balances at the year end are as below:

	Charged to	Charged from	Balance outstanding
	£m	£m	£m
<b>Year to 31 March 2016</b>			
Richmond Group Limited . . . . .	0.4	(0.9)	(2.8)
Let Me Limited . . . . .	0.2	(0.2)	—
<b>Year to 31 March 2017</b>			
Richmond Group Limited . . . . .	0.8	(0.7)	(2.3)
Let Me Limited . . . . .	0.1	—	—
<b>Year to 31 March 2018</b>			
Richmond Group Limited . . . . .	0.5	(0.3)	(0.4)
Let Me Limited . . . . .	—	—	—

In addition to the above the Company repaid shareholder loan notes to Richmond Group Limited of £140m in the year ended 31 March 2017.

Intra-Group transactions between the Company and the fully consolidated subsidiaries or between fully consolidated subsidiaries are eliminated on consolidation.

### Key management compensation

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Salaries and short term employee benefits . . . . .	0.8	1.0	1.3

Key management comprises members of the Board (including fees of Non-executive Directors) and Executive Directors.

See Note 18 for details of shareholder loan notes held by the ultimate parent and two directors.

### 23. Financial instruments

The below tables show the carrying amounts and fair values of financial assets and financial liabilities, including the levels in the fair value hierarchy. All financial assets fall within the IAS 39 category of loans and receivables. Further details of the assets and liabilities can be found within notes 14 - 18.

The tables below analyse financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31-Mar-18 Carrying amount	31-Mar-18 Fair value
	£m	£m
<b>Financial assets not measured at fair value<sup>(1)</sup></b>		
Loans to customers (Level 3) <sup>(2)</sup> . . . . .	666.3	685.9
Other receivables . . . . .	2.3	2.3
Cash and cash equivalents . . . . .	12.2	12.2
	<b>680.8</b>	<b>700.4</b>
<b>Financial liabilities not measured at fair value<sup>(1)</sup></b>		
Amounts owed to parent group entities . . . . .	(0.4)	(0.4)
Other liabilities . . . . .	(18.4)	(18.4)
Bond liability (Level 1) . . . . .	(392.8)	(410.5)
Shareholder loan notes . . . . .	(201.1)	(201.2)
Bank loans . . . . .	(62.2)	(62.2)
	<b>(674.9)</b>	<b>(692.6)</b>
<b>Maturity analysis of financial liabilities</b>		
<b>Analysed as</b>		
<b>—due within one year</b>		
Amounts owed to parent group entities . . . . .	(0.4)	
Other liabilities . . . . .	(18.4)	
<b>—due in three to four years</b>		
Bank Loans . . . . .		(62.2)
<b>—due in five or more years</b>		
Bond liability . . . . .	(392.8)	
Shareholder loan notes . . . . .	(201.1)	
	<b>(674.9)</b>	

	31-Mar-17 Carrying amount	31-Mar-17 Fair value
	£m	£m
<b>Financial assets not measured at fair value<sup>(1)</sup></b>		
Loans to customers (Level 3) <sup>(2)</sup> . . . . .	414.5	440.3
Other receivables . . . . .	2.3	2.3
Cash and cash equivalents . . . . .	4.4	4.4
	<u>421.2</u>	<u>447.0</u>
<b>Financial liabilities not measured at fair value<sup>(1)</sup></b>		
Amounts owed to parent group entities . . . . .	(2.3)	(2.3)
Other liabilities . . . . .	(8.8)	(8.8)
Bond liability (Level 1) . . . . .	(269.1)	(282.6)
Shareholder loan notes . . . . .	(179.9)	(179.9)
Bank loans . . . . .	(14.3)	(14.3)
	<u>(474.4)</u>	<u>(487.9)</u>
<b>Maturity analysis of financial liabilities</b>		
<b>Analysed as</b>		
<b>—due within one year</b>		
Amounts owed to parent group entities . . . . .	(2.3)	
Other liabilities . . . . .	(8.8)	
<b>—due in four to five years</b>		
Bank loans . . . . .	(14.3)	
<b>—due in five or more years</b>		
Bond liability . . . . .	(269.1)	
Shareholder loan notes . . . . .	(179.9)	
	<u>(474.4)</u>	

	31-Mar-16 Carrying amount	31-Mar-16 Fair value
	£m	£m
<b>Financial assets not measured at fair value<sup>(1)</sup></b>		
Amounts receivable from customers (Level 3) <sup>(2)</sup>	272.2	271.6
Other receivables	1.3	1.3
Cash and cash equivalents	12.1	12.1
	<b>285.6</b>	<b>290.9</b>
<b>Financial liabilities not measured at fair value<sup>(1)</sup></b>		
Amounts owed to parent group entities	(2.8)	(2.8)
Other liabilities	(4.8)	(4.8)
Bank loans	(70.8)	(70.8)
	<b>(78.4)</b>	<b>(78.4)</b>
<b>Maturity analysis of financial liabilities</b>		
<b>Analysed as</b>		
<b>—due within one year</b>		
Amounts owed to parent group entities		(2.8)
Other liabilities		(4.8)
<b>—due in four to five years</b>		
Bank loans		(70.8)
		<b>(78.4)</b>

All financial instruments are held at amortised cost.

(1) The Group has disclosed the fair values of financial instruments such as short-term trade receivables and payables at their carrying value because they consider this a reasonable approximation of fair value.

(2) The unobservable inputs in the fair value calculation of amounts receivable from customers are expected credit losses, forecast cash flows and discount rates.

## Financial instruments not measured at fair value

The fair value of Loans to customers has been estimated using a net present value calculation using discount rates derived from contractual interest rates less acquisition and financing costs. As these loans are not traded on an active market and the fair value is therefore determined through future cash flows, they are classed as Level 3 under IFRS 13 *Fair Value Measurement*.

The fair value of Bond liabilities has been taken at the Bloomberg Valuation Service (BVAL) market price for the bonds.

## Maturity analysis of contractual cash flows of financial liabilities

As at 31 March 2018

	0 - 1 year	2 - 5 years	Greater than 5 years		Total
			£m	£m	
Amounts owed to group entities	0.4	—	—	—	0.4
Other liabilities	18.4	—	—	—	18.4
Bank loans	—	65.0	—	—	65.0
Bond liability	30.5	91.5	461.0	583.0	
Shareholder loan notes	—	—	869.5	869.5	
	<b>49.3</b>	<b>156.5</b>	<b>1,330.5</b>	<b>1,536.3</b>	

## Maturity analysis of contractual cash flows of financial liabilities

As at 31 March 2017

	0 - 1 year	2 - 5 years	Greater than 5 years	Total
	£m	£m	£m	£m
Amounts owed to group entities .....	2.3	—	—	2.3
Other liabilities .....	8.8	—	—	8.8
Bank loans .....	—	16.0	—	16.0
Bond liability .....	21.0	62.9	337.9	421.8
Shareholder loan notes .....	—	—	869.5	869.5
	32.1	78.9	1,207.4	1,318.4

## Maturity analysis of contractual cash flows of financial liabilities

As at 31 March 2016

	0 - 1 year	2 - 5 years	Greater than 5 years	Total
	£m	£m	£m	£m
Amounts owed to group entities .....	2.8	—	—	2.8
Other liabilities .....	4.8	—	—	4.8
Bank loans .....	—	70.8	—	70.8
	7.6	70.8	—	78.4

## Credit risk

There is limited concentration of risk with the average balance in the loan book amounting to £3,992 (2017: £3,447; 2016: £3,056) and a maximum of £14,437 at 31 March 2018 (2017: £11,423; 2016: £11,381). The carrying amount of the loans represents the Company's maximum exposure to credit risk with the table above summarising the credit quality of loan repayments.

The Group carries out an affordability assessment on both borrower and guarantor before a loan (or top up) can be paid out. As a separate exercise using the knowledge and data from its 13 year presence in the guarantor loan market each potential loan undergoes a creditworthiness assessment based on the applicants' and guarantors' credit history. No formal collateral or guarantees are held against loans on the basis that the borrower and guarantor are technically and in substance joint borrowers.

The Group manages credit risk by actively managing the blend of risk in its portfolio to achieve the desired impairment rates in the long term. The Group aims to achieve the desired risk in the portfolio by managing its scorecards and the maximum amount borrowers are able to borrow depending on their circumstance and credit history. Factors we consider in monitoring the overall impairment rates include the total value of the loan, the home owner status of the guarantor, whether loans are new or repeat loans and whether these are lending pilot loans. Using the data and expected loss curves for the different scorecards the business can vary its origination levels to target an expected loss rate, impairment level and manage balance sheet risk.

Lending pilots are designed to test new criteria and relationships that allow the Group to lend to applicants that would have been rejected under the core scorecards. By their nature the loss history on lending pilots is not established. The Group monitors performance to determine which loans perform at an acceptable risk level over time with a view to being

established within a core scorecard, or alternatively rejected where performance of lending pilots are below the level required for the Group to meet its internal targets.

The business monitors the proportion of the balance sheet within the homeowner guarantor, non homeowner guarantor and lending pilot categories. At 31 March 2018 and 31 March 2017 the mix of business within the categories was as follows:

Balance sheet	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Gross book value arising from originations with homeowner guarantor . . . . .	225.5	272.9	332.2
Gross book value arising from originations with non- homeowner guarantor . . . . .	48.1	106.0	224.5
Gross book value arising from originations from Lending pilots . . . . .	—	31.5	111.4
	273.6	410.4	668.1

In assessing the level of impairment the business makes provision for a percentage of loans that are currently up to date. As part of its procedures the Group expects that at any time there will be an element of loans that are currently up to date but where the customer may have an unreported difficulty in repaying the loan and therefore the Group makes provision for the estimated effect.

In addition should a customer enter into a repayment plan the Group does not reschedule the terms for its internal reporting. A repayment plan is where the Group accepts alternative loan repayments from those set out in the original terms. A repayment plan will only be agreed if it is in the interests of the customer and the Group. As a result, the business calculates the arrears level with reference to the original terms. At 31 March 2018 2% of the gross book value of loans was under repayment plans (2017: 2%, 2016: 4%).

Originations relating to the circumstances monitored are as follows:

Lending originations	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
New origination with homeowner guarantor . . . . .	60.2	85.8	109.0
New origination with non-homeowner guarantor . . . . .	37.0	62.9	117.4
Repeat origination with homeowner guarantor . . . . .	37.5	68.5	80.3
Repeat origination with non-homeowner guarantor . . . . .	7.8	29.1	64.4
Lending pilots . . . . .	—	30.5	99.0
	142.5	276.8	470.1

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk-interest rate risk, currency risk and other prices risk. The Group's exposure is primarily to the risk of changes in interest rates.

### Interest rate risk

The bank facility interest rate is set at a margin of 3.5% for utilised funds plus LIBOR and a total charge of 1.4% for non-utilised funds. The bond liability is set at a fixed interest rate of 7.625%. A 1% movement in LIBOR based on the funds utilised at the year end (£65m) equates to an annual charge of £650,000.

As the majority of the Group's borrowings are at a fixed interest rate, the Group considers there is no significant risk to the Group at 31 March 2018.

Amounts receivable from customers are charged at 49.9% APR over a period of 1 to 5 years.

### Foreign exchange risk

There is no significant foreign exchange risk to the Group. The Group does incur some operating costs in USD and Euro, which it does not hedge as there would be minimal impact on reported profits and equity. Amigo Luxembourg SA is a GBP functional currency entity and gives no foreign exchange exposure upon consolidation.

### Liquidity risk

Liquidity risk is the risk that the Group will have insufficient liquid resources to fulfil its operational plans and /or meet its financial obligations as they fall due. Liquidity risk is managed by the Group's central finance department through daily monitoring of expected cash flows, ensuring sufficient funds are drawn against the Group's finance facilities to meet obligations as they fall due.

The Group's forecasts and projections, which cover a period of more than 12 months from the approval of this HFI, take into account expected originations, collections, and payments and allow the Group to plan for future liquidity needs.

### Capital management

The Board acknowledges there is a net liability position at 31 March 2018 being reported in the Consolidated Statement of Financial Position, however, after the effects of IFRS 9 on 1 April 2018 and the conversion of the shareholder loan notes explained in note 1.4 the Group is in a net asset position at IPO.

The Board seeks to maintain a strong capital base in order to maintain investor, customer, and creditor confidence and to sustain future development of the business whilst satisfying the Group's bond and banking covenants. The Group has no minimum capital requirements imposed on it by regulation.

The Group finances its operations through a mixture of equity funding and debt financing, which represents the Group's definition of capital for this purpose. There have been changes to the capital requirements during the year as the Group has required suitable levels of capital injections to fund growth.

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Shareholder funds . . . . .	203.8	(56.9)	(6.3)
Shareholder loan notes . . . . .	—	179.9	201.1
Group capital . . . . .	203.8	123.0	194.8

As part of the Company's IPO, the Class A, B and C loan notes have been converted to share capital as explained in Note 1.4.

### 24. Pension commitments

The company operates defined contribution pension schemes for the benefit of its employees. The assets of the scheme are administered by trustees in funds independent from those of the company.

The total contributions charged during the 2018 year were £174k (2017: £132k, 2016: £122k). At 31 March 2018 there were contributions outstanding of £42k (2017: £19k, 2016: £16k).

## 25. Commitments under operating leases

At 31 March 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	31-Mar-16	31-Mar-17	31-Mar-18
	£m	£m	£m
Not later than 1 year .....	0.2	0.2	0.2
Later than 1 year and not later than 5 years .....	0.7	0.5	0.3
<b>Total .....</b>	<b>0.9</b>	<b>0.7</b>	<b>0.5</b>

Operating lease commitments relate to the Amigo Office in Bournemouth.

## 26. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Richmond Group Ltd, a company incorporated in the UK.

The Company and Group are included in the consolidated financial statements of Richmond Group Limited.

## 27. Subsidiary undertakings

The Company has the following subsidiary companies whose results are included in this consolidated HFI:

Unless otherwise indicated all Group owned shares are ordinary

Name	Country of incorporation	Interest	Principal activity
<b><i>Direct holding</i></b>			
Amigo Loans Group Limited <sup>(1)</sup> .....	United Kingdom	100%	Trading company
<b><i>Indirect holdings</i></b>			
Amigo Loans Holdings Ltd <sup>(1)</sup> .....	United Kingdom	100%	Holding company
Amigo Loans Ltd <sup>(1)</sup> .....	United Kingdom	100%	Trading company
Amigo Management Services Ltd <sup>(1)</sup> ..	United Kingdom	100%	Trading company
RG Catering Services Ltd <sup>(1)</sup> .....	United Kingdom	100%	Trading company
Amigo Luxembourg SA <sup>(2)</sup> .....	Luxembourg	100%	Financing company
Amigo Car Loans Limited <sup>(1)*</sup> .....	United Kingdom	100%	Dormant company
Amigo Motor Finance Limited <sup>(1)*</sup> .....	United Kingdom	100%	Dormant company
Amigo Car Finance Limited <sup>(1)*</sup> .....	United Kingdom	100%	Dormant company
Amigo Store Limited <sup>(1)</sup> .....	United Kingdom	100%	Dormant company
Amigo Group Limited <sup>(1)</sup> .....	United Kingdom	100%	Dormant company
Amigo Finance Limited <sup>(1)</sup> .....	United Kingdom	100%	Dormant company
Amigo Loans International Limited <sup>(3)**</sup> .....	Ireland	100%	Holding company
Amigo Loans Ireland Limited <sup>(3)***</sup> .....	Ireland	100%	Trading company

(1) registered at 118-128 Commercial Road, Bournemouth, BH2 5LT.

(2) registered at 19, Rue de Bitbourg, L-1273 Luxembourg.

(3) registered at Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2.

\* incorporated 7 June 2017.

\*\* registered 22 September 2017.

\*\*\* registered 2 August 2017—this business has applied for a lending license and has not commenced lending operations.

## PART 13

### DETAILS OF THE OFFER

#### Background

Pursuant to the Offer, 118,836,758 Shares are expected to be sold by the Selling Shareholders. In addition, a further 11,883,675 Over-allotment Shares are being made available by the Selling Shareholders pursuant to the Over-allotment Option described below.

In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States and (ii) in the United States only to qualified institutional buyers in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued and sold under the Offer in jurisdictions outside the United Kingdom are described below.

When admitted to trading, the Shares will be registered with ISIN number GB00BFFK8T45 and SEDOL (Stock Exchange Daily Official List) number BFFK8T4 and trade under the symbol "AMGO".

Immediately following Admission, it is expected that in excess of 25.0% of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraphs 6.14.1R to 6.14.3R of the Listing Rules) assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to 27.5% if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

#### Use of proceeds

Pursuant to the Offer, the Selling Shareholders will receive aggregate proceeds of approximately £318.0 million from the sale of the Shares, net of underwriting commissions and other estimated fees and expenses of approximately £8.8 million. No proceeds will be received by the Company pursuant to the Offer.

#### Reasons for the Offer

The Directors believe that the Offer will:

- further increase the Group's public profile and brand recognition;
- improve financing options available to the Group in the future, providing it with access to a wider range of institutional investors and a stronger capital markets profile;
- assist in recruiting, retaining and incentivising key management and employees; and
- provide the Selling Shareholders with a partial realisation of their investment in the Group.

#### Pricing and allocation

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The Shares allocated under the Offer have been underwritten, subject to certain conditions, by the Underwriters as described in the paragraph headed "Underwriting arrangements" below and in paragraph 9 of Part 14 "Additional Information". Pricing and allocations under the Offer will be determined at the discretion of the Company and Richmond Group Limited, following the receipt of a pricing and allocation proposal from the Joint Global Co-ordinators. All Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 13.3 of Part 14 "Additional Information".

Various independently managed funds within the Invesco Limited group have in aggregate agreed to acquire 32,245,000 Shares with a value of approximately £88,673,750 at the Offer Price, representing 6.8% of the Company's total share capital on Admission.

Various funds within the Woodford Investment Management Ltd group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

Various independently managed funds within the J.P. Morgan Asset Management group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

## **Dealing arrangements**

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and the Underwriters. Further details of the Underwriting Agreement are described in paragraph 9.1 of Part 14 "Additional Information".

Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 29 June 2018. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. The earliest date for such settlement of such dealings will be 4 July 2018. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 4 July 2018. Settlement of dealings from that date will be on a two-day rolling basis. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.**

Each investor in the Offer will be required to undertake to pay the Offer Price for the Shares issued or sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

## **Over-allotment and stabilisation**

In connection with the Offer, J.P. Morgan Securities plc, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measure be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any overallotments made and/or stabilising transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 10% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, the Selling Shareholders will have granted to the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10% of the total number of Shares comprised in the Offer at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares.

For a discussion of certain stock lending arrangements entered into in connection with the Over-allotment Option, see paragraph 9.2 of Part 14 "Additional Information—Stock Lending Agreement".

## **CREST**

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. With effect from Admission, the Articles will permit the holding of Shares in the CREST system.

Application has been made for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

## **Underwriting arrangements**

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to use reasonable endeavours to procure, as agent for the Selling Shareholders, purchasers for the Shares to be sold by the Selling Shareholders in the Offer, or, failing which, for the Underwriters to purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Underwriting Agreement (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Underwriting Agreement and these arrangements will lapse and any moneys received in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the Shares sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 9.1 of Part 14 "Additional Information—Underwriting arrangements". Certain selling and transfer restrictions are set out below.

## **Lock-up arrangements**

Pursuant to the Underwriting Agreement, the Company undertakes to the Joint Global Co-ordinators (for themselves and on behalf of the other Underwriter) that from the date of the Underwriting Agreement until the date falling 180 days after the date of Admission,

neither it nor any member of the Group will, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, or issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of the issue of Shares pursuant to the grant, vesting or exercise of options or awards under share option schemes in existence on the date of Admission and described in paragraph 7 of Part 14 "Additional Information—Deferred Bonus Plan ("DBP")".

Pursuant to the Underwriting Agreement and related arrangements, Richmond Group Limited undertakes to the Joint Global Co-ordinators (for themselves and on behalf of the other Underwriter) that from the date of the Underwriting Agreement until the date falling 180 days after the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. Pursuant to the Underwriting Agreement and related arrangements, the Selling Shareholders (other than Richmond Group Limited) undertake to the Joint Global Co-ordinators (for themselves and on behalf of the other Underwriter) that from the date of the Underwriting Agreement until the date falling 365 days after the date of Admission, he or she will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. With respect to James Benamor, this lock-up shall not apply to any disposals of Shares by Richmond Group Limited following the expiry of its lock-up period as a Selling Shareholder. The above restrictions shall not apply in respect of Shares issued pursuant to the grant or exercise of options under share option schemes in existence on the date of Admission and described in paragraph 7 of Part 14 "Additional Information—Deferred Bonus Plan ("DBP")", or prohibit, as the case may be, a Director, Selling Shareholder or Senior Manager from:

- (a) selling Shares pursuant to the Offer on the terms and conditions set out in the Underwriting Agreement and in the Deeds of Election;
- (b) accepting a general offer made to all holders of issued and allotted Shares for the time being (other than Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Act) made in accordance with the City Code on terms which treat all such holders alike;
- (c) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in sub paragraph (b) above;
- (d) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;
- (e) transferring or disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Act;

- (f) taking up any Shares or other rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (g) transfers of the legal interest in Shares provided that the beneficial owner shall not change;
- (h) transferring Shares to any connected person (as defined in the Act) or, in the case of a Director, Senior Manager or Selling Shareholder (other than Richmond Group Limited), any trust (and upon change of trustees of a trust, to the new trustees of such trusts) and by the trustees to such trusts to the beneficiaries thereof;
- (i) in the case of Richmond Group Limited, from entering into, and transferring Shares in accordance with the terms of, the Stock Lending Agreement;
- (j) in the case of the Selling Shareholders, from entering into, and transferring Shares in accordance with the terms of, the Over-allotment Option; or
- (k) in the case of Richmond Group Limited, from transferring any Shares to Simon Dighton in accordance with the terms of a call option agreement dated 13 June 2018 between Richmond Group Limited, Simon Dighton and Amigo Management Services Ltd (the "Call Option Agreement").

provided that, in the case of paragraphs (g) and (h), prior to any such transfer the relevant transferee has entered into equivalent lock-up arrangements for the remainder of the lock-up period.

In addition, pursuant to and subject the Deeds of Election, the Selling Shareholders, other than Richmond Group Limited, have agreed that, subject to the following paragraph, from the date of Admission until three years from the date of Admission, he or she will not, without the prior written consent of the Company, directly or indirectly, other than pursuant to the Offer, in the manner described herein, and save that the above restrictions shall not prohibit the relevant Selling Shareholder from:

- (a) accepting a general offer made to all holders of issued and allotted Shares for the time being (other than Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Act) made in accordance with the City Code on Takeovers and Mergers on terms which treat all such holders alike;
- (b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in paragraph (a) above;
- (c) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;
- (d) transferring or disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Act;
- (e) taking up any Shares or other rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (f) transferring Shares to any connected person (as defined in the Companies Acts) or any trust (and upon change of trustees of a trust, to the new trustees of such trusts) and by the trustees to such trusts to the beneficiaries thereof;
- (g) transferring the legal interest in Shares provided the beneficial owner shall not change; or

(h) entering into, and transferring Shares in accordance with the terms of, the Over-allotment Contract,

provided that, in the case of paragraph (f) and (g), prior to any such transfer the relevant transferee has entered into equivalent lock-up arrangements for the remainder of the lock-up period.

On or at any time after the first anniversary of the date of Admission, the Selling Shareholders that are subject to the lock-up arrangements set out in the paragraph above may elect to Transfer up to one third of their Shares by notifying the Company in writing. Further, on or at any time after the second anniversary of the date of Admission, such Selling Shareholders may elect to Transfer in aggregate: (i) up to one third of their Shares; and (ii) any of the one third Shares permitted to be but not Transferred on or at any time after the first anniversary of the date of Admission, in each case, by notifying the Company in writing.

Further details of these arrangements, which are contained in the Underwriting Agreement, are set out in paragraph 9 of Part 14 "Additional Information—Underwriting arrangements".

## **Selling restrictions**

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

## ***European Economic Area***

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") no Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons in a Relevant

Member State (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Co-ordinators; or

(c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive,

*provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.*

**For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.**

#### **United States**

The Shares have not been and will not be registered under the U.S. Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act.

Each acquirer of Shares that are part of the underwritten portion of the Offer within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (d) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.
- (b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the U.S. Securities Act

and that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

(c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and**

(d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### **Canada**

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **Australia**

This Prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Prospectus has not been, and will not be, lodged with the Australian Securities and Investments Commission (whether as a disclosure document under the Australian Corporations Act or otherwise). Any offer in Australia of the Shares under this Prospectus or otherwise may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer for on-sale of the Shares that is received in Australia within 12 months after their issue by the Company is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring Shares should observe such Australian on-sale restrictions.

The Company is not licensed in Australia to provide financial product advice in relation to the Shares. Any advice contained in this Prospectus is general advice only. This Prospectus has been prepared without taking account of any investor's objectives, financial situation or needs, and before making an investment decision on the basis of this Prospectus, investors should consider the appropriateness of the information in this Prospectus, having regard to their own objectives, financial situation and needs. No cooling off period applies to an acquisition of the Shares.

### **Japan**

The Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA). Neither the Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in

Japan, including any corporation or entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

#### ***Hong Kong***

This Prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any Shares other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

#### ***Switzerland***

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland.

The Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under article 652a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither the Prospectus nor any other offering or marketing material relating to the Offer, the Company or the Shares has been or will be filed with, and the offer of the Shares will not be supervised by, the Swiss Finance Market Supervisory Authority FINMA, and the offer of the Shares has not been and will not be authorised under the Swiss Federal Act on collective investment schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Shares.

#### ***Singapore***

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the securities will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the SFA; (2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:

- i. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- ii. where no consideration is or will be given for the transfer;
- iii. where the transfer is by operation of law;
- iv. as specified in Section 276(7) of the SFA;
- v. or as specified in Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### ***South Africa***

This Prospectus will not be registered as a prospectus in terms of the Companies Act 1973 in South Africa and, as such, any offer of Shares in South Africa may only be made if it shall not be capable of being construed as an offer to the public as envisaged by section 144 of such Act. Furthermore, any offer or sale of the Shares shall be subject to compliance with South African exchange control regulations.

## **PART 14**

### **ADDITIONAL INFORMATION**

#### **1. Incorporation and share capital**

- 1.1 The Company was incorporated and registered in England and Wales on 24 February 2016 as a private company limited by shares under the Act with the name Amigo Holdings Limited and with the registered number 10024479.
- 1.2 On 8 June 2018, the Company was re-registered as a public limited company with the name Amigo Holdings PLC.
- 1.3 The Company's registered office and principal place of business is at Nova Building, 118-128 Commercial Road, Bournemouth BH2 5LT, United Kingdom, and its telephone number is +44 1202 629161.
- 1.4 The principal laws and legislation under which the Company operates and the ordinary shares have been created are the Act and regulations made thereunder.
- 1.5 On incorporation the share capital of the Company was £1.00 being one ordinary share of £1.00 which was allotted to Richmond Group Limited.
- 1.6 On 20 April 2016, the Company:
  - (1) issued 800,999 new fully paid ordinary shares of £1 each;
  - (2) redesignated its ordinary share capital of 801,000 fully paid ordinary shares of £1 each to 801,000 fully paid A ordinary shares of £1 each; and
  - (3) issued:
    - (i) 41,000 fully paid B ordinary shares of £1.24 each;
    - (ii) 100,000 C ordinary shares of £1.00 each, comprising 82,000 fully paid and 18,000 unpaid C ordinary shares; and
    - (iii) 5,000 fully paid D ordinary shares of £1.00 each.
- 1.7 On 27 July 2016, the Company issued 37,500 D ordinary shares of £1.00 each, comprising 15,750 unpaid and 21,750 fully paid D ordinary shares.
- 1.8 On 4 August 2016, the Company issued 2,000 fully paid D ordinary shares of £1.00 each.
- 1.9 On 9 February 2017, the Company issued 13,500 D ordinary shares of £1.00 each, comprising 12,000 unpaid and 1,500 paid D ordinary shares.
- 1.10 The Company currently has:
  - (1) 803,574 fully paid A ordinary shares;
  - (2) 41,000 fully paid B ordinary shares;
  - (3) 97,500 fully paid C ordinary shares; and
  - (4) 57,926 fully paid D ordinary shares.
- 1.11 On 28 June 2018, the Company's shareholders resolved at general meeting that (in each case following the resolutions passed in connection with the Reorganisation referred to in paragraph 2 of this Part 14 and conditional upon Admission):
  - (a) with effect from Admission, in addition to any prior authority conferred upon the directors of the Company, the directors of the Company be generally and

unconditionally authorised for the purposes of section 551 of the Act and in relation to article 10 of the Articles so that the directors of the Company may exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company following Admission:

- (i) up to an aggregate nominal amount of £396,111 (such amount to be reduced by the nominal amount of any shares in the Company or rights to subscribe for or convert any security into shares in the Company granted under sub-paragraph (ii) below in excess of such sum); and
- (ii) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount equivalent to £792,222 (such amount to be reduced by any allotments of any shares in the Company or grants of rights to subscribe for or convert any security into shares in the Company made under sub-paragraph (i) above) in connection with an offer by way of a rights issue:
  - (A) to holders of shares in the Company in proportion (as nearly as practicable) to their existing holdings; and
  - (B) to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors of the Company consider it necessary, as permitted by those securities,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to be conferred for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at close of business on the date falling 15 months after the date on which the resolution was passed), but in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors of the Company may allot or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the authority had not ended.

- (b) in addition to any prior power conferred upon the Board, the power conferred on the Board by article 10 of the Articles be so conferred so that the Board may exercise all the powers of the Company to allot equity securities (as defined in section 560(1) of the Act) in the Company for cash under the authority given by sub-paragraph (a) above as if section 561 of the Act did not apply to any such allotment, such power to be limited:
  - (i) to the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under sub-paragraph (a)(ii) above by way of a rights issue only):
    - (A) to holders of shares in the Company in proportion (as nearly as practicable) to their existing holdings; and
    - (B) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other; and

- (ii) to the allotment (otherwise than under sub-paragraph (b) above) of equity securities up to a nominal amount equivalent to £59,416,

such power to be conferred for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at close of business on the date falling 15 months after the date on which the resolution was passed), but in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the power ends and the Board may allot or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the power had not ended.

- (c) in addition to any prior power conferred upon the Board and in addition to any authority granted under sub-paragraph (b) above, the power conferred on the Board by article 10 of the New Articles be so conferred so that the Board may exercise all the powers of the Company to allot equity securities (as defined in section 560(1) of the Act) in the Company for cash under the authority given by sub-paragraph (a) above as if section 561 of the Act did not apply to any such allotment, such power to be:

- (i) limited to the allotment of equity securities for cash up to a nominal amount equivalent to £59,416; and
- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group,

such power to be conferred for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at close of business on the date falling 15 months after the date on which the resolution was passed), but in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the power ends and the Board may allot or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the power had not ended.

- (d) with effect from Admission, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of Shares each subject to the following conditions:

- (i) the maximum aggregate number of Shares authorised to be purchased is such amount which represents 10% of the Company's issued Share capital immediately following Admission;
- (ii) the minimum price (excluding expenses) which may be paid for each Share is 0.25 pence (being the nominal value of a Share);

- (iii) the maximum price (excluding expenses) which may be paid for each Share is the higher of (i) 105% of the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System; and
- (iv) the authority shall expire at the end of the next annual general meeting of the Company (or, if earlier at close of business on the date falling 15 months after the date on which the resolution was passed) so that the Company may, before the expiry of the authority enter into a contract to purchase Shares which will or may be executed wholly or partly after the expiry of such authority.

- (e) with effect from Admission, the Company be authorised in accordance with the New Articles, until the Company's next annual general meeting, to call general meetings on not less than 14 clear days' notice.
- (f) the Company and all companies that are its subsidiaries, at any time up to the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date that is 15 months after the date the resolution was passed), be authorised, in aggregate, to:
  - (i) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;
  - (ii) make political donations to political organisations other than political parties not exceeding £100,000 in total; and
  - (iii) incur political expenditure not exceeding £100,000 in total,
 whereby for the purposes of such authority, the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given in sections 363 to 365 of the Act.

1.12 Immediately prior to the completion of the Offer, the issued share capital of the Company will be £1,188,334, comprising 475,333,760 ordinary shares of 0.25 pence each (all of which were fully paid or credited as fully paid). Immediately following completion of the Offer, the issued share capital of the Company is expected to be £1,188,334 comprising 475,333,760 Shares of 0.25 pence each (all of which will be fully paid or credited as fully paid).

1.13 Save as disclosed above and in paragraphs 7 and 9 below:

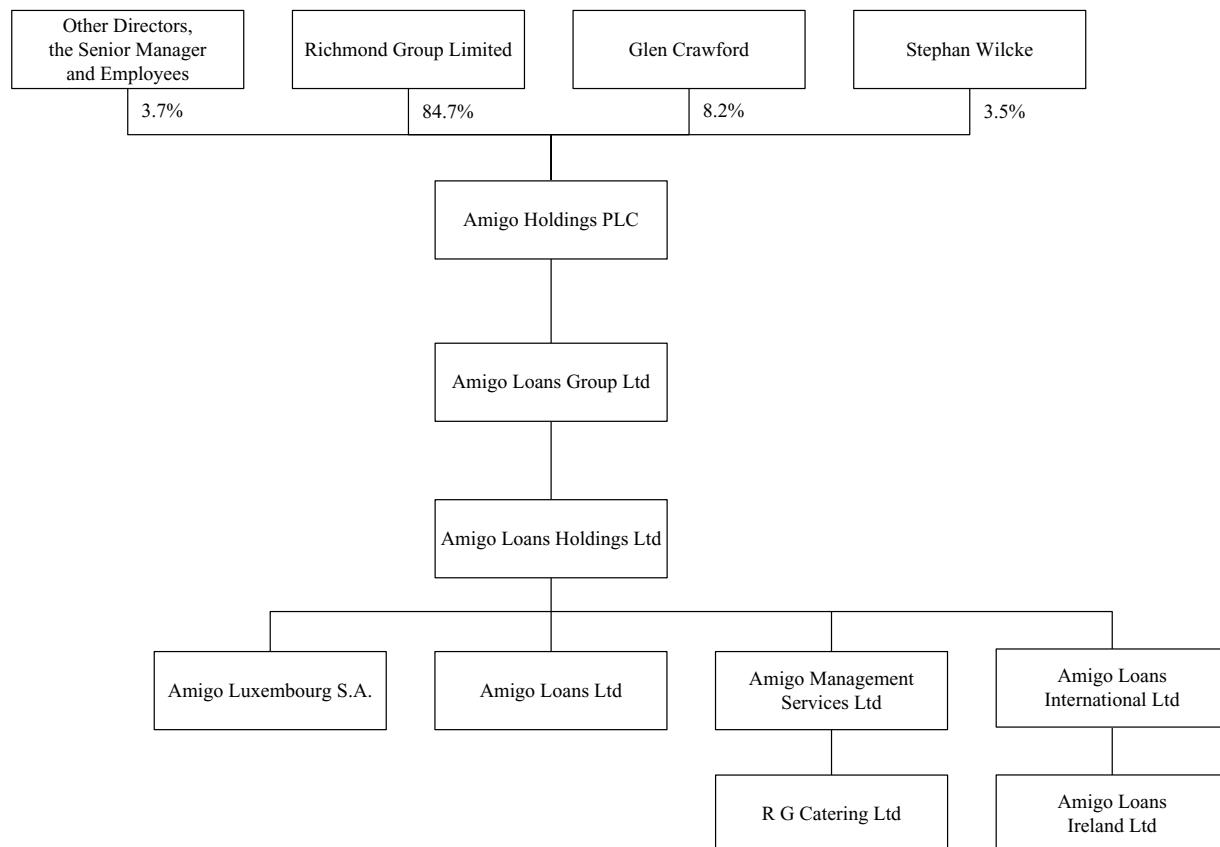
- i) no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;
- ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and
- iii) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

- 1.14 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraph 1.6 above.
- 1.15 Conditional upon the Directors resolving to proceed with the Offer, the Company has undertaken a restructuring in preparation for the Offer (the "**Reorganisation**"). This process is described in paragraph 2 of this Part 14 "Additional Information—Reorganisation".

## 2. REORGANISATION

- 2.1 On 8 June 2018, the Company was re-registered as a public limited company with the name Amigo Holdings PLC;
- 2.2 On or around 29 June 2018, by members' resolutions, the Company will reorganise its share capital as follows (with such steps to take effect upon Admission):
  - (i) each of the 41,000 B ordinary shares of £1.24 each in the capital of the Company will be sub-divided and re-classified into (i) one ordinary share of £1 each and (ii) one deferred share of 24p each (with such deferred shares having zero economic interest and zero voting rights);
  - (ii) all other issued shares of the Company (being the 803,574 A ordinary shares of £1 each, the 97,500 C ordinary shares of £1 each, and the 57,926 D ordinary shares of £1 each) will be re-classified into ordinary shares of £1 each;
  - (iii) each of the ordinary shares of £1 each then held by the shareholders of the Company will be further sub-divided into 400 new ordinary shares with a nominal value of 0.25 pence per share;
  - (iv) the directors of the Company, in accordance with section 551 of the Companies Act, will be generally and unconditionally authorised to allot shares in the capital of the Company up to an aggregate number of 75,333,760 ordinary shares of 0.25 pence per share each (the "**Loan Note Shares**") and that the directors are generally empowered to allot the Loan Note Shares as section 561(1) of the Companies Act did not apply to such allotment; and
  - (v) the Company's current articles of association will be replaced by new articles of association.
- 2.3 On or around 29 June 2018, immediately following the members' resolution approval of the authority described in paragraph 2.2(iv) above and effective upon Admission, the directors of the Company will repay all of the existing shareholder loan notes (including accrued interest) issued by it to Richmond Group Limited and certain members of management by way of issuance of 75,333,760 ordinary shares of 0.25 pence each. This step will occur immediately after the ordinary shares of £1 each will be sub-divided into 400,000,000 ordinary shares of 0.25 pence each as described in paragraph 2.2 (iii) above.

2.4 Upon Admission, the shareholding and corporate structure of the Group's major operating subsidiaries, the companies involved in the Reorganisation and the companies referred to in this Prospectus will be as follows:



### 3. Articles of association

The Articles of Association of the Company (the "Articles") include provisions to the following effect:

#### 3.1 Share rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such rights (including preferred, deferred or other special rights) or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

#### 3.2 Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those Shareholders to vote for the resolution and by one or more other of those Shareholders to vote against it then the proxy shall have one vote for and one vote against the resolution. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and has been granted both discretionary authority to vote on behalf of one or more of those Shareholders and firm voting instructions on behalf of one or more other Shareholders, the proxy shall not

be restricted by the firm voting instructions in casting a second vote in any manner he so chooses under the discretionary authority conferred upon him.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

### **3.3 Dividends and other distributions**

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

The Board may also pay the fixed dividends payable on any shares of the Company half-yearly or otherwise on fixed dates if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to or the terms of issue of a share.

All dividends or other sums payable on or in respect of any share which remain unclaimed may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years or more after becoming due for payment shall be forfeited and shall revert to the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie or in kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator with the like authority shall think fit, but so that no Shareholder shall be compelled to accept any shares or other property in respect of which there is a liability.

### **3.4 Variation of rights**

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

### **3.5 Lien and forfeiture**

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys called or payable to the Company (whether presently or not) at a fixed time in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 days' notice) pay to the Company the amount called on his shares.

If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due shall pay interest on the sum and any costs, charges and expenses incurred by the Company by reason of such non-payment.

### **3.6 Transfer of shares**

A member may transfer all or any of his certificated shares by an instrument in writing of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. An instrument of transfer need not be under seal. All instruments of transfer, when registered, may be retained by the Company.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, *provided that* the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- 3.6.1 is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- 3.6.2 is in respect of one class of share only; and
- 3.6.3 is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by

means of a relevant system and may determine that any class of shares shall cease to be a participating security.

### 3.7 Restriction on shares

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period (as defined below) with any notice under section 793 of the Companies Act in respect of those shares (in this sub-section, a "**statutory notice**"), the Company may give the holder of those shares a further notice (in this sub-section, a "**restriction notice**") that the Shareholder shall not, nor shall any transferee otherwise than permitted by the articles, be entitled to be present or vote or count as part of the quorum at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company.

If the Board is satisfied that the default in respect of which the restriction notice was issued no longer continues, any restriction notice shall cease to have effect on or within seven days of that decision. The Company may (at the absolute discretion of the Board) at any time give notice to the Member cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

The relevant period referred to above is the period of 14 days following service of a statutory notice.

Where the restricted shares represent at least 0.25% (in nominal value) of the issued shares of the same class, the restriction notice may also direct that:

- a) any dividend or other monies payable in respect of the restricted shares shall be withheld, bear no interest and shall be payable only when the restriction notice ceases to have effect; and/or
- b) where an offer of the right to elect to receive shares of the Company instead of cash in respect of any dividend has been made, any election made thereunder in respect of such restricted shares shall not be effective; and/or
- c) no transfer of any of the shares held by such Member shall be recognised or registered by the Directors unless the transfer is a permitted transfer or:
  - i. the Member is not in default as regards supplying the information required; and
  - ii. the transfer is of part only of the Member's holding and, when presented for registration, is accompanied by a certificate by the Member in a form satisfactory to the Directors to the effect that after due and careful enquiry the Member is satisfied that none of the shares the subject of the transfer are restricted shares.

### 3.8 Alteration of share capital

Subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

### 3.9 Purchase of own shares

Subject to the provisions of the Act the Company may purchase any of its own shares (including any redeemable shares).

### 3.10 General meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. The Board may call general meetings whenever and at such times and places as it shall determine.

An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be convened by not less than fourteen clear days' notice in writing. However, a meeting can be properly convened on a shorter notice period if it is so agreed by: (a) in the case of an annual general meeting, by all the Shareholders entitled to attend and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving the right.

Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company.

Before a general meeting carries out business, there must be a quorum present. Unless the Articles state otherwise in relation to a particular situation, a quorum for all purposes is two Shareholders present in person or by proxy and entitled to vote.

### **3.11 Directors**

#### *3.11.1 Appointment and removal of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum in number. Directors may be appointed by ordinary resolution of Shareholders or by the Board.

In addition to any powers of removal conferred by the Companies Act, the Company may by ordinary resolution of which special notice has been given in accordance with the Companies Act remove any Director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution, appoint another person who is willing to act in his place.

#### *3.11.2 No share qualification*

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

#### *3.11.3 Annual retirement of Directors*

At every annual general meeting every Director shall retire from office. A retiring Director may offer himself for re-appointment by the shareholders and if that Director is re-appointed he shall be treated as continuing in office without a break.

#### *3.11.4 Remuneration of Directors*

The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in the aggregate an annual sum (excluding amounts payable under any other provision of these Articles) of £1,000,000 or such larger amount as the Company may by ordinary resolution determine) and such remuneration shall be divided between the Directors as they shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

Any Director who is appointed to any executive office or who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may in its discretion decide.

In addition to any remuneration to which the Directors are entitled under the Articles, the Directors may also be paid all reasonable travelling, hotel and other expenses properly

incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or of the holders of any class of shares or debentures of the Company or otherwise in connection with the business of the Company.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

### *3.11.5 Permitted interests of Directors*

Subject to the provisions of the Act, a Director may hold any other office or place of profit with the Company, except that of Auditor, in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company (otherwise than as Auditor), and in any such case on such terms as to remuneration and otherwise as the Directors may decide. Any such remuneration shall be in addition to any remuneration provided for by any other Article.

No Director or intending Director shall be disqualified by his office from entering into, or being otherwise interested in, any of the foregoing, or any other contract, transaction or arrangement with the Company or in which the Company has a (direct or indirect) interest.

Subject to the provisions of the Act and save as therein provided no such contract, transaction or arrangement shall be liable to be avoided on the grounds of the Director's interest, nor shall any Director be liable to account to the Company for any remuneration or other benefit which derives from any such contract, transaction or arrangement or interest by reason of such Director holding that office or of the fiduciary relationship thereby established, but he shall declare the nature of his interest in accordance with the requirements of the Act.

### *3.11.6 Restrictions on voting*

Except as otherwise provided by the Articles, a Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

- a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- c) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- d) any contract, arrangement or transaction concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, *provided that* he does not to his knowledge hold an interest (within the meaning of sections 820 to 825 of the Act) in 1% or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;

- e) any contract, arrangement or transaction for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or advantage not generally accorded to the employees to whom the scheme relates;
- f) any contract, arrangement or transaction concerning any insurance which the Company is to purchase and/or maintain for, or for the benefit of, any Directors or persons including Directors;
- g) the giving of an indemnity pursuant to Article 156 (Indemnity of Directors); and
- h) the provision of funds to any Director to meet, or the doing of anything to enable a Director to avoid incurring, expenditure of the nature described in section 205(1) or 206 of the Act.

### 3.11.7 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, *provided that* the relevant indemnity provision shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

## 4. Mandatory bids and compulsory acquisition rules relating to ordinary shares

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze out and sell out rules relating to the Company.

### 4.1 Mandatory bid

The City Code applies to the Company. Under the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

### 4.2 Squeeze-out

Under the Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90% of the shares to which such offer related it could then compulsorily acquire the remaining 10% The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration

that was available under the original offer unless a member can show that the offer value is unfair.

#### 4.3 Sell-out

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

### 5. Directors' and Senior Manager's interests

5.1 The interests in the share capital of the Company of the Directors and the Senior Manager (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a Senior Manager) as at 29 June 2018 (the latest practicable date prior to printing of this Prospectus) were as follows:

	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
<b>Directors:</b>						
Glen Crawford . . .	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Simon Dighton <sup>(2)</sup> . . .	—	—	—	—	243,304	0.1%
Stephan Wilcke . . .	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%
Roger Lovering . . .	460,000	0.1%	115,063	0.0%	344,937	0.1%
Richard Price . . . .	460,000	0.1%	115,063	0.0%	344,937	0.1%
James Benamor <sup>(3)</sup> . . .	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
<b>Senior Manager:</b>						
Nicholas Beal . . . .	1,200,000	0.3%	300,162	0.1%	899,838	0.2%

#### Notes:

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the steps described in paragraph 2 of this Part 14 "Additional Information" have been completed in full and assuming no exercise of the Over-allotment Option.

(2) Pursuant to the Call Option Agreement, Richmond Group Limited granted Simon Dighton an option to acquire Shares upon Admission. Under the Call Option Agreement, on exercise of the option, RGL may retain such number of Shares under option equal to the consideration for the Shares, plus such further number of Shares with an aggregate market value equal to any tax liability, and then pay an amount equal to the tax liability to Amigo Management Services Ltd, in order to account for any income tax arising on Simon Dighton's behalf as a result of the option being exercised. The remaining Shares shall be transferred to Simon Dighton.

(3) Held through Richmond Group Limited, which is 100% owned by James Benamor.

5.2 In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital

of the Company on 29 June 2018 (the latest practicable date prior to printing of this Prospectus) assuming no exercise of the Over-allotment Option:

<b>Shareholder</b>	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Percentage of issued share capital		Percentage of issued share capital		Percentage of issued share capital	
	Number of shares	share capital	Number of shares	share capital	Number of shares	share capital
Richmond Group Limited <sup>(2)</sup>	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
Glen Crawford	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Stephan Wilcke	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%

**Note:**

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the Reorganisation has been completed in full.

(2) Richmond Group Limited is 100% owned by James Benamor.

Various independently managed funds within the Invesco Limited group have in aggregate agreed to acquire 32,245,000 Shares with a value of approximately £88,673,750 at the Offer Price, representing 6.8% of the Company's total share capital on Admission.

Various funds within the Woodford Investment Management Ltd group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

Various independently managed funds within the J.P. Morgan Asset Management group have in aggregate agreed to acquire 20,000,000 Shares with a value of approximately £55,000,000 at the Offer Price, representing 4.2% of the Company's total share capital on Admission.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company. The business address of Richmond Group Limited is Walton House, 56-58 Richmond Hill, Bournemouth, BH2 6EX, United Kingdom.

- 5.3 As disclosed in paragraph 6.6, Roger Lovering is a director of Shawbrook Bank plc, and has or will have declared the nature and extent of his interest in the matters relating to the documents under consideration in accordance with the requirements of Section 177 of the Companies Act 2006 and the Articles. James Benamor is the 100% owner of Richmond Group Limited which immediately following Admission, assuming no exercise of the Over-allotment Option, will hold 63.5% of the issued share capital of the Company.
- 5.4 Saved as disclosed in paragraph 5.3 above, no Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 5.5 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

## **6. Directors' terms of employment**

6.1 The Directors and their functions are set out in Part 7 "Directors, Senior Manager and Corporate Governance". On 29 June 2018 each of the Executive Directors entered into a new service agreement conditional on, and effective from, Admission.

### **6.2 Executive Directors**

- 6.2.1 On and from the date of Admission, Glen Crawford will receive a basic annual salary of £325,000 and Simon Dighton will receive a basic annual salary of £225,000.
- 6.2.2 Each of the Executive Director's service agreements is terminable by either party on six months' notice. For each of the Executive Directors, the Company is entitled to terminate employment by payment of an amount in lieu of notice equal to their basic annual salary.
- 6.2.3 Each Executive Director is entitled to reimbursement of reasonable expenses incurred by them in the performance of their duties.
- 6.2.4 Glen Crawford and Simon Dighton are entitled to 30 days' holiday per year plus UK public holidays.
- 6.2.5 Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-solicitation, non-compete and non-dealing restrictive covenants for a period of nine months after the termination of his employment.
- 6.2.6 Each Executive Director will have the benefit of appropriate directors' and officers' liability insurance.

### **6.3 Chairman and Non-Executive Directors**

6.3.1 The appointments of the Chairman and the Non-Executive Directors are for a fixed term of five years, commencing on 16 October 2015, with respect to Stephan Wilcke and 25 November 2015, with respect to Roger Lovering and Richard Price, and subject to annual re-election by the Company in general meeting.

Stephan Wilcke is entitled to receive an annual fee of £75,000, and Roger Lovering and Richard Price are each entitled to receive an annual fee of £47,500. James Benamor will be entitled to receive an annual fee of £47,500, effective from Admission. The Chairman and Non-Executive Directors are also entitled to reimbursement of reasonable expenses.

- 6.3.2 The Chairman and Independent Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are also subject to non-competition restrictive covenants for the duration of their appointments and for a period of 12 months following the termination of their appointments.
- 6.3.3 Save as set out in paragraphs 6.2 and 6.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

### **6.4 Directors' and Senior Manager's remuneration**

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 March 2018, the aggregate remuneration and benefits to the Directors and the Senior Manager who served during the year ended 31 March 2018, consisting of seven individuals, was £0.8 million.

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 March 2018, the Directors were remunerated as set out below:

Name	Position	Annual remuneration (£)	Other benefits (£)	Date of joining the group
Glen Crawford . . . . .	Chief Executive Officer	262,650	182,348	12 October 2015
Simon Dighton . . . . .	Chief Financial Officer	87,500	9,381	2 October 2017
Stephan Wilcke . . . . .	Independent Chairman	75,000	—	15 October 2015
Roger Lovering . . . . .	Senior Independent Non-Executive Director	47,500	—	1 December 2015
Richard Price . . . . .	Independent Non-Executive Director	47,500	—	1 December 2015
James Benamor . . . . .	Non-Executive Director	—	—	6 April 2014

6.5 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

#### 6.6 Directors' and Senior Manager's current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and the Senior Manager (other than, where applicable, directorships held in the Company and/or any other company in the Group), in the five years prior to the date of this Prospectus:

Name	Current directorships / partnerships	Past directorships
Glen Crawford . . . . .	—	Cabot Credit Management Group Limited Start Fresh Credit Limited
Simon Dighton . . . . .	SG Dighton Limited	1st Credit Limited Connaught Collections UK Limited
Stephan Wilcke . . . . .	TBC Bank Plc (Georgia) Milvik AB Parsifal Enterprises Ltd Rozes Group Limited Rozes Invest Limited Rozes P2P Partners Limited	OneSavings Bank plc EMF Capital Partners Limited Hellenic Financial Stability Fund Jersey Financial Services Commission
Roger Lovering . . . . .	Caswell Consultancy Ltd Shawbrook Group plc Shawbrook Bank Limited Oodle Finance Limited	Harrods Bank Limited Logical Glue Limited
Richard Price . . . . .	Alpha Bank London Limited Think Money Group Limited Brooks Macdonald Group plc	—
James Benamor . . . . .	Money Garantizado SL Transform Credit Inc. Lendingmate Finance Inc. Richmond Group Limited	Let me Property Limited Haymarket Lending Limited Post Net Ltd Birdsong House
Nicholas Beal . . . . .	First Choice Training Company Limited Michaels Limited	Post Net Ltd Gateway Church, Poole Richmond Group Limited

6.7 Within the period of five years preceding the date of this Prospectus, none of the Directors:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been

disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

## **7. Remuneration Policy**

### **7.1 Overview**

In anticipation of Admission, the Board undertook a review of the Group's remuneration for senior management, including the Executive Directors, to ensure that it is appropriate for a UK-listed company and took due account of the Group's particular circumstances. Following this review, several new key remuneration components have been established, the principal objectives of which are to attract, retain and motivate the Group's Executive Directors and senior management, provide incentives that align with, and support, the Group's business strategy as it evolves, and align incentives with the creation of long-term Shareholder value.

The Remuneration Committee will oversee the implementation of this policy and will seek to ensure that the Executive Directors are fairly rewarded for the Group's performance over the short and long-term. A significant proportion of potential total remuneration is therefore performance-related. In accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, Shareholder approval will be sought at the first annual general meeting of the Company following Admission (to be held in 2019) for the Directors' remuneration policy, the main features of which are described below (and which may be subject to amendment following Admission, for example to take account of any changes in the guidelines laid down by institutional shareholder bodies such as the Investment Association that may be made following Admission, and to the extent the Remuneration Committee considers appropriate and in the interests of Shareholders).

### **7.2 Base salary**

Base salary provides the foundation of a package that will attract, retain and motivate the right talent for the Group. Salaries reflect each individual's role, responsibilities and experience, and take into any account competitive practice in relevant talent markets.

Base salaries will be reviewed as appropriate following Admission, but not typically more frequently than annually. In reviewing base salaries (and overall levels of remuneration more generally), the Remuneration Committee will consider the performance of the Company and the individual, any changes in responsibilities or scope of the role, as well as pay practices in relevant comparator companies of a broadly similar size and complexity (with due account taken of both market capitalisation and turnover). Base salaries for the Executive Directors from Admission will be £325,000 for Glen Crawford and £225,000 for Simon Dighton.

### **7.3 Pension and benefits**

The Group operates a defined contribution group personal pension scheme for employees located in the United Kingdom to which the relevant employer makes additional contributions. The Company does not operate a defined benefit pension scheme.

Other market competitive benefits as the Remuneration Committee considers appropriate, may also be provided.

### **7.4 Annual bonus**

For the current financial year, the Executive Directors participate in a discretionary annual bonus plan. Bonuses are payable based on performance against a range of financial and personal/strategic targets. The maximum bonuses payable to Glen Crawford and Simon Dighton under this arrangement are 200% and 75% of salary, respectively, where the

after-tax receipt will be mandatorily invested in deferred shares in the Company under the Deferred Bonus Plan, as described below. In addition, Simon Dighton is eligible for a one time performance-based bonus of up to £550,000 at the end of the financial year.

Consideration is being given to the annual bonus arrangements for the financial year 2020 and onwards, which will be set out in the Directors' remuneration policy, for which Shareholder approval will be sought at the 2019 annual general meeting.

Consistent with best practice, malus/clawback provisions may be operated at the discretion of the Remuneration Committee in respect of bonuses paid or payable in certain circumstances including those relating to material mis-statement of accounts, errors in calculating the bonus and a participant's conduct.

Annual bonus outcomes will not be pensionable.

#### **7.5 Long-term incentives**

Executive Directors and other senior management may participate in the Deferred Bonus Plan ("DBP"), which is designed to drive sustained long-term performance that supports the creation of Shareholder value. Participants may receive a cash award to be used by the participants as a subscription price paid to the Company for Deferred Shares (as defined below), which may be granted annually and delivered through the DBP. A summary of the principal terms of the DBP are set out at paragraph 8 of this Part 14 "Additional Information". The Remuneration Committee will review award sizes prior to any grant to ensure that they are appropriate in light of market data and individual and Group performance.

#### **7.6 Share ownership guidelines**

The Executive Directors and senior management currently have widely varying levels of share ownership, and have entered into extended lock-up arrangements with the Company following Admission, as described under "Lock-up arrangements" in Part 13 "Details of the Offer". Accordingly, although the Group is committed to developing formal shareholding guidelines in due course, the Remuneration Committee has decided to delay adopting such guidelines until the lock-up arrangements have expired.

#### **7.7 Recruitment remuneration policy**

New Executive Director hires (including those promoted internally) will be offered remuneration packages in line with the Group's remuneration policy in force at the time. In addition to the above elements of remuneration, the Remuneration Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards foregone when leaving the former employer and will be structured, to the extent possible, to take into account other key terms (such as vesting schedules and performance targets) of the awards which are being replaced. For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

#### **7.8 Termination policy**

The Remuneration Committee will consider the treatment of different aspects of remuneration on termination of employment or engagement having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on termination of employment or engagement and any discretion available to the Remuneration Committee in connection with any annual bonus or

award under the DBP, which will take account of the typical practice regarding the treatment of leavers.

### **7.9 Non-Executive Director fees**

The Non-Executive Directors' fees will be set in future at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.

Fee levels are set by reference to non-executive director fees at companies of similar size and complexity and general increases for salaried employees within the Company. The fees paid to the Non-Executive Directors are determined by the Board as a whole. The current fee levels are £47,500 for each of the Non-Executive Directors, and £75,000 for the Chairman. The maximum aggregate annual fee for Non-Executive Directors provided in the Company's Articles of Association is £1,000,000 per annum.

The Non-Executive Directors are not eligible to participate in any of the Company's incentive arrangements going forward, and do not receive pension contributions.

In conjunction with the appointment of an additional Independent Non-Executive Director after Admission, and the re-evaluation by the Board of the Company's compliance with the Governance Code, it is intended that the Remuneration Committee will reassess the remuneration of the existing Non-Executive Directors. It is intended that the additional Independent Non-Executive Director will become chair of the Remuneration Committee, and will be remunerated in line with market practice for public companies of a comparable size. At this time, the Board also intends to align the remuneration of the chairs of the Audit Committee and the Risk Committee with the remuneration of the chair of the Remuneration Committee. It is intended that the Remuneration Committee will review the remuneration of the Chairman during 2019 and will seek approval for the Chairman's proposed remuneration at the 2020 annual general meeting of the Company.

### **7.10 Statement of consideration of Shareholder views**

The 2019 annual general meeting will be the first occasion on which the Company will seek the support of its Shareholders for matters relating to the remuneration of Executive Directors. The Remuneration Committee will ensure that it considers all of the feedback which it receives from its Shareholders during this process.

## **8. Deferred Bonus Plan ("DBP")**

### **8.1 Operation and eligibility**

- 8.1.1 Employees and directors of the Group are eligible to participate in the DBP operated by the Group. Pursuant to the DBP, eligible participants may, at the discretion of the Remuneration Committee, receive a cash award on an annual basis.
- 8.1.2 Any cash award, following the deduction of any liability to income tax or employee's social security contributions, is used as a subscription price paid by the participant to the Company for shares, of which the participant is the absolute beneficial owner, which are subject to a holding period (as described below) (the "Deferred Shares").

### **8.2 Subscription price**

- 8.2.1 The subscription price for the Deferred Shares shall be the market value of the Deferred Shares on the date that the Deferred Shares are acquired by the participant.

### **8.3 Holding period**

8.3.1 The Deferred Shares are subject to a three year holding period.

### **8.4 Voting rights and dividends**

8.4.1 During the holding period, the holders of Deferred Shares shall have voting rights and the right to receive dividends in the same way as other shareholders.

### **8.5 Termination of employment or engagement**

8.5.1 As a general rule, when a participant ceases to be employed or engaged by the Group the participant shall remain entitled to the Deferred Shares, subject to the holding period, but the Company shall have the right to purchase all or some of the Deferred Shares within 12 months of the cessation date for the lower of (i) the market value of the Deferred Shares on the date that the Deferred Shares were acquired by the participant and (ii) the market value of the Deferred Shares on the cessation date.

### **8.6 Malus and clawback**

8.6.1 The Remuneration Committee may decide that the malus and clawback provisions shall apply in the light of the conduct, capability or performance of the participant.

### **8.7 Corporate events**

8.7.1 In the event of a change of control, reconstruction or merger, the Remuneration Committee may determine the extent to which any early payment to the participant may be made.

## **9. Underwriting arrangements**

### **9.1 Underwriting Agreement**

On 29 June 2018 the Company (for itself and as agent for and on behalf of the Selling Shareholders other than Richmond Group Limited pursuant to their respective Deeds of Election), the Directors, Richmond Group Limited, and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- (a) the Selling Shareholders have agreed, subject to certain conditions that are typical for an agreement of its nature to sell the Shares subject to the Offer at the Offer Price;
- (b) the Underwriters have severally agreed, subject to certain conditions that are typical for an agreement of this nature, to procure purchases for or, failing which, to purchase for themselves the Shares to be sold under the Offer at the Offer Price. The Underwriting Agreement will become unconditional on Admission;
- (c) the Selling Shareholders have granted the Over-allotment Option to the Stabilising Manager, pursuant to which the Stabilising Manager may, subject to certain conditions, procure purchasers for or purchase itself up to such number of Over-allotment Shares representing 10% of the total number of Shares sold under the Offer at the Offer Price, for the purposes, amongst other things, of allowing the Stabilising Manager to meet over-allotments, if any, in connection with the Offer and to cover short positions resulting from stabilising transactions. The number of Shares to be transferred pursuant to the Over-allotment Option, if any, will be determined not later than 30 days from the date of publication of the Offer Price. Settlement of the Over-allotment Option will take place shortly after the exercise of the Over-allotment Option;
- (d) each of the Selling Shareholders have agreed to pay to the Underwriters an aggregate commission of 1.75% of the amount equal to the Offer Price multiplied by the number of Shares sold by them in the Offer (including any Over-allotment Shares sold by them

pursuant to the Over-allotment Option), such amount to be apportioned amongst the Underwriters in accordance with the provision of the Underwriting Agreement;

- (e) each of the Selling Shareholders have agreed to pay to the Joint Global Co-ordinators an additional commission of 0.35% of the amount equal to the Offer Price multiplied by the number of Shares sold by them in the Offer (including any Over-allotment Shares sold by them pursuant to the Over-allotment Option), such amount to be apportioned amongst the Joint Global Co-ordinators in the absolute discretion of Richmond Group Limited in relation to the additional commission payable on the Shares sold by it in the Offer (including any Over-allotment Shares sold by it pursuant to the Over-allotment Option) and by the Company (as agent on behalf of the Selling Shareholders other than Richmond Group Limited pursuant to their respective Deeds of Election) in relation to the additional commission payable on the Shares sold by the Selling Shareholders in the Offer (including any Over-allotment Shares sold by them pursuant to the Over-allotment Option);
- (f) each of the Selling Shareholders have agreed to pay to the Underwriters an additional commission of 0.1% of the amount equal to the Offer Price multiplied by the number of Shares sold by them in the Offer (including any Over-allotment Shares sold by them pursuant to the Over-allotment Option), such amount to be apportioned amongst the Underwriters in the absolute discretion of Richmond Group Limited in relation to the additional commission payable on the Shares sold by it in the Offer (including any Over-allotment Shares sold by them pursuant to the Over-allotment Option) and by the Company (as agent on behalf of the Selling Shareholders other than Richmond Group Limited pursuant to their respective Deeds of Elections);
- (g) the obligation of the Selling Shareholders to sell Shares and the obligations of the Underwriters to procure purchasers for or, failing which, to purchase themselves such Shares to be sold under the Offer are subject to certain conditions including, among others, Admission occurring by not later than 8:00 a.m. on 4 July 2018 or such later time and/or date as the Joint Global Co-ordinators may agree with the Company. The Joint Global Co-ordinators may terminate the Underwriting Agreement prior to Admission in certain circumstances that are typical for an agreement of this nature but will not have the benefit of any statutory withdrawal rights. These circumstances include the occurrence of certain significant changes in the condition (financial or otherwise), prospects or earnings of the Company or any other member of the Group and certain changes in financial, political or economic conditions (as more fully set out in the Underwriting Agreement);
- (h) the Selling Shareholders have agreed to pay (in the portions as set out in the Underwriting Agreement) by way of reimbursement to the Underwriters or as otherwise set out in the Underwriting Agreement, any stamp duty or stamp duty reserve tax arising on the initial sale (as applicable) of Shares by them under the Offer and the Selling Shareholders have agreed to pay (in the portions set out in the Underwriting Agreement) by way of reimbursement to the Underwriters or as otherwise set out in the Underwriting Agreement and the Deeds of Election, any stamp duty or stamp duty reserve tax arising on the sale of Shares by them under the Offer;
- (i) the Company has agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst others, the preparation and management of the Offer, Admission or the other arrangements contemplated by the Underwriting Agreement and the Selling Shareholders have agreed to pay or cause to be paid their costs and expenses; and
- (j) each of the Company and the Selling Shareholders have given certain customary representations, warranties and undertakings to the Underwriters and the Company has given a customary indemnity to the Underwriters. The liabilities of the Company under

the Underwriting Agreement are not limited as to amount or time. The Directors have given certain representations, warranties and undertakings to the Underwriters. The liabilities of the Directors and the Selling Shareholders under the Underwriting Agreement and the Deeds of Election are limited as to time and amount.

## 9.2 Stock lending agreement

In connection with settlement and stabilisation, J.P. Morgan Securities plc, as Stabilising Manager, has entered into a stock lending agreement with Richmond Group Limited.

Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 10% of the total number of Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the stock lending agreement, it will be required to return equivalent securities to Richmond Group Limited by no later than the third business day after the date that is the 30th day after the commencement of conditional dealings of the Shares on the London Stock Exchange.

## 9.3 Selling Shareholder arrangements

The indicative interest in Shares of the Selling Shareholders immediately prior to Admission, together with their respective interests in Shares immediately following Admission, assuming no exercise of the Over-allotment Option, are set out in the table below.

	Immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)</sup>		Immediately following Admission <sup>(1)</sup>	
	Number of shares	Percentage of issued share capital	Number of Shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
<b>Shareholders</b>						
Richmond Group Limited <sup>(2)</sup> . . .	402,597,291	84.7%	100,642,815	21.2%	301,711,172	63.5%
Glen Crawford .	38,891,345	8.2%	9,728,087	2.0%	29,163,258	6.1%
Stephan Wilcke	16,493,879	3.5%	4,125,697	0.9%	12,368,182	2.6%
Other Directors, Senior Manager and employees . .	17,351,245	3.7%	4,340,159	0.9%	13,254,390	2.8%

**Note:**

(1) The interests of Shares as at the date of this Prospectus have been stated on the basis that the Reorganisation has been completed in full.

(2) The business address of Richmond Group Limited is Walton House, 56-58 Richmond Hill, Bournemouth, BH2 6EX, United Kingdom.

The Selling Shareholders other than Richmond Group Limited have each entered into a Deed of Election under which he or she agrees:

- 9.3.1 to irrevocably arrange the sale of a specified proportion of his or her Shares and the Over-allotment Shares (if any) to be sold by him or her upon any exercise by the Stabilising Manager of the Over-allotment Option;
- 9.3.2 to give certain representations, warranties and undertakings to the Company, the Directors, Link Market Services Limited and the Underwriters (the liabilities of such Selling Shareholders pursuant to these representations, warranties and undertakings being limited as to time and amount);

9.3.3 to pay the commissions payable to the Underwriters set out in paragraphs 9.1(d), 9.1(e) and 9.1(f) of this Part 14 "Additional Information";

9.3.4 to pay any stamp duty and/or stamp duty reserve tax arising on the transfer and/or delivery and/or acquisition of his or her Shares and Over-allotment Shares (if any) to be sold by him or her upon any exercise by the Stabilising Manager of the Over-allotment Option, as further described in paragraph 9.1(h) of this Part 14 "Additional Information"; and

9.3.5 to enter into the lock up arrangements to be entered into by such Selling Shareholders as described in Part 13 "Details of the Offer".

## 10. Subsidiaries, investments and principal establishments

The Company is the principal holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company are as follows:

### 10.1 Subsidiaries and subsidiary undertakings

Name	Country of incorporation and registered office	Percentage of ownership interest and voting power	Field of activity
Amigo Loans Group Ltd . . . . .	UK	100%	Holding company
Amigo Loans Holdings Ltd . . . . .	UK	100%	Holding company
Amigo Luxembourg S.A. . . . .	Luxembourg	100%	Provision of financing
Amigo Loans Ltd . . . . .	UK	100%	Provision of consumer loans
Amigo Management Service Ltd .	UK	100%	Provision of operational services
Amigo Loans International Ltd . .	Ireland	100%	Holding company
R G Catering Ltd . . . . .	UK	100%	Provision of catering for head office
Amigo Loans Ireland Ltd . . . . .	Ireland	100%	Provision of consumer loans

### 10.2 Principal establishments

The following are the principal establishments of the Group:

Name and location	Type of facility	Tenure
Principal office, Bournemouth, United Kingdom . .	Office (lease)	10 years
Satellite office, Dublin, Ireland . . . . .	Office (licence)	30 day rolling notice

## 11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

### 11.1 Underwriting agreement

The Underwriting Agreement is described in paragraph 9.1 of this Part 14 "Additional Information".

### 11.2 Relationship agreement

The Relationship Agreement is described in Part 7 "Directors, Senior Manager and Corporate Governance—Relationship Agreement with Richmond Group Limited".

### 11.3 Indentures

The Indentures are described in paragraph 12.1 of this Part 14 "Additional Information".

### 11.4 Revolving credit facility agreement

The Revolving Credit Facility Agreement is described in paragraph 12.2 of this Part 14 "Additional Information".

## 12. Group financing arrangements

The Group's financing arrangements consist of:

- (a) the Senior Secured Notes;
- (b) the Revolving Credit Facility; and
- (c) the Intercreditor Agreement,

further details of each of which are set out below.

The Company is not subject to the restrictive covenants included in the Notes or the Senior Facilities Agreement and is therefore not restricted by the Group's third party financing arrangements from incurring indebtedness, paying dividends to its shareholders or taking material corporate actions (although contractual limitations in the agreements described below could in certain circumstances limit the ability of Group members to distribute funds to the Company or conduct non-arm's length transactions with the Company).

### 12.1 Senior Secured Notes

On 20 January 2017, Amigo Luxembourg issued £275 million of Senior Secured Notes under the Indenture. On 10 May 2017, Amigo Luxembourg issued £50 million as additional notes pursuant to the Indenture and on 18 September 2017 Amigo Luxembourg issued £75 million as additional notes pursuant to the Indenture. Interest on the 2024 Notes is payable semi-annually in arrears on 15 January and 15 July of each year. The 2024 Notes will mature on 15 January 2024.

The 2024 Notes are unconditionally guaranteed, jointly and severally, by Amigo Loans Group and each of Amigo Loans Holdings, Amigo Loans, Amigo Management and RG Catering. The 2024 Notes are secured by first-ranking liens on certain assets that also secure the obligations under the Revolving Credit Facility, including all of the issued capital stock in Amigo Luxembourg, and all of the issued capital stock in each of the guaranteeing entities (other than Amigo Loans Group), and substantially all of the existing and future property and assets of Amigo Luxembourg, and each of the guaranteeing entities, including future acquired material real property, book debts, bank accounts, investments, uncalled capital and goodwill, plant and machinery and insurances and related proceeds, claims of any kind, returns of premium and other benefits, pursuant to English law governed fixed and floating charges.

At any time on or after 15 January 2020, Amigo Luxembourg S.A. may redeem all or part of the 2024 Notes at the following redemption prices, if redeemed during the twelve-month period beginning on 15 January of the years indicated below:

Year	Percentage
2020 .....	103.813%
2021 .....	101.906%
2022 and thereafter .....	100.000%

together with accrued and unpaid interest on such 2024 Notes and additional amounts, if any, to the redemption date.

At any time prior to 15 January 2020, Amigo Luxembourg S.A. may redeem all or part of the 2024 Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium and accrued and unpaid interest and additional amounts, if any, to, the applicable redemption date. In addition, at any time prior to 15 January 2020, Amigo Luxembourg S.A. may redeem up to 40% of the aggregate principal amount of the 2024 Notes and any additional notes issued under the Indenture with the net cash proceeds from certain equity offerings at a redemption price equal to 107.625% of the principal amount of such 2024 Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date; *provided that* at least 60% of the original principal amount of the 2024 Notes and any additional notes issued under the Indenture remains outstanding. Additionally, Amigo Luxembourg S.A. may redeem in whole, but not in part, the 2024 Notes in the event of certain developments affecting taxation.

The Indenture, among other things, restricts the ability of Amigo Loans Group Ltd and its restricted subsidiaries (the "Restricted Group"), to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain investments;
- create or permit to exist certain liens;
- transfer or sell certain assets;
- enter into certain transactions with affiliates;
- merge or consolidate with other entities;
- amend certain documents;
- engage in certain activities (with respect to Amigo Luxembourg S.A. and Amigo Loans Group Ltd); and
- impair the security interests created for the benefit of the holders of the 2024 Notes.

Certain of the covenants will be suspended if the 2024 Notes obtain and maintain an investment grade rating. These covenants are subject to a number of important exceptions and qualifications.

## 12.2 Revolving Credit Facility

### Overview

On 20 January 2017, Amigo Loans and other parties entered into the Revolving Credit Facility Agreement with The Royal Bank of Scotland plc acting as agent for National Westminster Bank plc and Shawbrook Bank Limited as the original lenders, The Royal Bank of Scotland plc as facility agent (the "Agent") and US Bank Trustees Limited as security agent (the "Security Agent") providing for a £57 million senior revolving credit facility, which has since been increased to £159.5 million in total commitments pursuant to: (i) an accordion increase of commitments by £22.75 million effective as of 30 August 2017; (ii) an amendment and restatement agreement increasing commitments by £30 million and including Leumi ABL Limited as a lender effective as of 21 December 2017 and (iii) an amendment and restatement agreement increasing commitments by £49.75 million, including HSBC Bank plc as a lender and amending the "Impairment Charge Ratio" effective as of 12 March 2018.

The Revolving Credit Facility Agreement provides for the total amount of the Revolving Credit Facility to be increased, provided that total commitments under the accordion increase provisions cannot be increased to be more than the greater of (x) £57 million and (y) 17.5% of total loan assets on an uncommitted basis.

The Revolving Credit Facility Agreement provides for committed financing, which is available for utilisation by way of revolving loans and ancillary facilities (subject to an agreed limit), from and including the date on which all conditions precedent under the Revolving Credit Facility Agreement are satisfied.

The original borrower under the Revolving Credit Facility is Amigo Loans. The Revolving Credit Facility is jointly and severally guaranteed on a senior secured basis by Amigo Loans Group and each of Amigo Loans Holdings, Amigo Loans, Amigo Management and RG Catering. Borrowings under the Revolving Credit Facility and the related guarantees will be secured by first ranking liens on the same assets that will secure the Notes and will rank *pari passu* in right and priority of payment with the liens securing the Notes, as governed by the Intercreditor Agreement.

The Revolving Credit Facility bears interest at a rate per annum equal to LIBOR or EURIBOR, as applicable, plus a margin of 3.50% per annum. Amigo Loans Group is also required to pay a commitment fee, in arrears on the last day of each financial quarter during the availability period, on available but unused commitments under the Revolving Credit Facility at a rate of 40% of the applicable margin under the Revolving Credit Facility Agreement. Amigo Loans Group may also be required to pay fees related to the issuance of ancillary facilities.

The Revolving Credit Facility will terminate on the fifth anniversary of 20 January 2017 (unless extended for an additional period of 364 days in accordance with the terms of the Revolving Credit Facility Agreement) and any amount still outstanding at the original termination date, or in relation to any part of the facility which is extended, at the extended termination date, will be immediately due and payable.

Subject to certain conditions, a borrower may voluntarily prepay utilisations and/or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving prior notice to the Agent. Amounts paid may be reborrowed, subject to the terms of the Revolving Credit Facility Agreement and *provided that* the relevant part of the available commitments are not also cancelled.

In addition, the Revolving Credit Facility Agreement requires mandatory cancellation and, if applicable, prepayment in full or in part in certain circumstances.

Upon the occurrence of certain change of control events or the sale of all or substantially all of the assets of the restricted group whether in a single transaction or a series of related transactions (the "**Change of Control Provision**"), each lender under the Revolving Credit Facility Agreement will be entitled, *provided that* it has notified the Agent within 60 days of the occurrence of such event, to cancel its participation in the Revolving Credit Facility. The Change of Control Provision will not be triggered by the Offer.

The Revolving Credit Facility Agreement contains customary information and negative covenants (including restrictive covenants that largely replicate those contained in the Indenture), subject to certain agreed exceptions. The Revolving Credit Facility Agreement also requires each borrower and each guarantor of the Revolving Credit Facility to observe certain customary affirmative covenants. In this respect, Amigo Loans Group's financial and operating performance will be monitored by financial covenants tested quarterly, which requires Amigo Loans Group to ensure that:

- (a) on the last day of each fiscal quarter the "Total Net Debt LTV Ratio", which is tested with reference to the total financial indebtedness of the restricted group, less cash or cash equivalents held by the restricted group and divided by total loan assets, does not exceed 80%;
- (b) the "SSRCF LTV Ratio", which is tested with reference to the aggregate amount drawn under the Revolving Credit Facility Agreement together with other liabilities that rank

*pari passu* with the Revolving Credit Facility, less cash or cash equivalents held by the restricted group and divided by total loan assets, does not exceed 17.5%;

- (c) the “Fixed Charge Coverage Ratio”, which is tested with reference to the ratio of consolidated EBITDA to fixed charge, is greater than 2.50 to 1.00; and
- (d) the Impairment Charge Ratio does not exceed 0.175.

The Revolving Credit Facility Agreement also contains a performance covenant with respect to the performance of the Group’s Loan Book.

As of 31 March 2018, £65.0 million had been drawn under the Revolving Credit Facility Agreement.

### 12.3 Intercreditor agreement

In connection with their entering into the Revolving Credit Facility Agreement and the Indenture, Amigo Loans, Amigo Luxembourg, Amigo Loans Group, Amigo Loans Holdings, Amigo Management, RG Catering, the facility agent, the trustee and the security agent and the lenders under the Revolving Credit Facility Agreement and others entered into an intercreditor agreement on 20 January 2017 (the “**Intercreditor Agreement**”) to govern the relationships and relative payment and transaction security (the “**Collateral**”) priorities among (i) the creditors of the Revolving Credit Facility (the “**Credit Facility Lenders**”); (ii) the Trustee on behalf of itself and the holders of the Notes; (iii) future hedge counterparties under certain hedging agreements (the “**Hedge Counterparties**”); (iv) certain future creditors of the Restricted Group; (v) certain intra-group creditors and debtors; (vi) various creditor representatives; and (vii) the Security Agent. In the event of an enforcement action against Amigo Loans Group or a member of the Restricted Group, the Intercreditor Agreement also governs the process by which enforcement actions can be taken in respect of the indebtedness and/or Collateral including when security and guarantees will be released to permit a sale of any assets subject to Collateral.

The Intercreditor Agreement also contains provisions relating to future indebtedness that may be incurred by Amigo Loans Group and each of its affiliates that incurs any liability or provides any guarantee under the Revolving Credit Facility or the Indenture or other *pari passu* debt documentation (including by way of an increase of the commitments under the Revolving Credit Facility Agreement) and may rank *pari passu* to the Notes and be secured by the Collateral, *provided that* it is permitted by the terms of the Revolving Credit Facility Agreement and the Indenture, subject to the terms of the Intercreditor Agreement.

## 13. UK taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current or announced UK legislation and what is understood to be the current practice of HMRC as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

**The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject**

to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

### 13.1 Taxation of dividends

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

#### 13.1.1 UK resident individual shareholders

Different rates of tax apply to different bands of an individual's dividend income, which for these purposes includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) that dividend falls within the nil rate band (i.e. the band of an individual's dividend income to which the dividend nil rate of 0% applies).

In the tax year 2018/2019, the nil rate band applies to the first £2,000 of an individual's dividend income in that tax year.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received by the Shareholder in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band (each such rate as applicable in 2018/2019).

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

#### 13.1.2 UK resident corporate shareholders

It is likely that most dividends paid on the Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If a dividend paid on the Shares to a UK resident corporate Shareholder does not fall within one of the exempt classes, the Shareholder will be subject to corporation tax on the dividend at the prevailing rate (currently 19%, intended to fall to 17% from 1 April 2020).

#### 13.1.3 Non-UK resident shareholders

A Shareholder resident outside the United Kingdom may be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult its, his or her own tax adviser concerning its, his or her tax position on dividends received from the Company.

### 13.2 Taxation of disposals

A disposal or deemed disposal of Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject

to any available exemption or relief (such as the annual exempt amount for individuals of £11,700 for 2018/19), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For UK resident individual Shareholders, any chargeable gain on their disposal of Shares will be subject to capital gains tax at 10% to the extent that it does not exceed the income tax basic rate band and 20% to the extent that it exceeds the income tax basic rate band (in each case when treated as received on top of any income and other chargeable gains in that tax year and each such rate as applicable in 2018/2019). For such corporate Shareholders, any chargeable gain will be subject to corporation tax at the prevailing rate (currently 19%, intended to fall to 17% from 1 April 2020).

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the United Kingdom for the purposes of a double tax treaty ("Treaty non-resident") for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to capital gains tax on his or her return to the United Kingdom, subject to any available exemptions or reliefs.

### 13.3 Stamp duty and Stamp Duty Reserve Tax ("SDRT")

#### 13.3.1 The offer

The stamp duty and SDRT treatment of the purchase of Shares under the Offer will be as follows:

The transfer of, or agreement to transfer, Shares sold by the Selling Shareholders under the Offer will generally give rise to a liability to stamp duty and/or SDRT at the rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholders have agreed to meet such liability. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

#### 13.3.2 Subsequent transfers

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. As noted above, an exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest), *provided that* a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

### *13.3.3 Shares subsequently transferred through paperless means including CREST*

Paperless transfers of Shares, such as those occurring within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5%) will arise.

### *13.3.4 Shares held through clearance systems or depositary receipt arrangements*

Special rules apply where shares are issued or transferred to, or to a nominee or agent for, either (i) a person whose business is or includes issuing depositary receipts within Section 67 or Section 93 of the Finance Act 1986 or (ii) a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at a rate of 1.5% of the amount or value of the consideration given or, in certain cases, the value of the Shares. Following litigation, HMRC have confirmed that they will no longer seek to apply the 1.5% SDRT charge on an issue of shares into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. However, this view has not been reflected in a change to the UK legislation. HMRC's view is that the 1.5% SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. Further EU litigation however indicates that this view is not correct (at least in respect of certain transfers of only the legal title into a clearance service) but HMRC have not yet confirmed whether they will cease to apply the charge in such cases. Accordingly, specific professional advice should be sought before incurring a 1.5% stamp duty or SDRT charge in any circumstances.

At the Autumn Budget 2017, the government announced that HMRC will continue not to apply the 1.5% stamp duty and SDRT charge on the issue of shares (and transfers integral to capital raising) into overseas clearance services and depositary receipt arrangements following the UK's exit from the EU.

Except in relation to clearance services that have made and maintained an election under Section 97A(1) of the Finance Act 1986 (to which special rules apply), no stamp duty or SDRT is payable in respect of transfers within clearance services or depositary receipt systems. There is an exception from the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in the Company into such a service and on subsequent agreements to transfer such shares within such a service.

**The statements in this paragraph 13.3.4 apply to any holders of Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.**

## **13.4 Inheritance tax**

The Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Shares through trust arrangements.

#### **14. Certain U.S. federal income tax considerations**

The following is a description of certain U.S. federal income tax consequences to U.S. Holders, as defined below, of acquiring, owning and disposing of Shares, but does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire Shares. This discussion applies only to a U.S. Holder that acquires Shares pursuant to the Offering and holds the Shares as capital assets for U.S. federal income tax purposes. In addition, this discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, the Medicare contribution tax on net investment income, estate and gift tax laws and U.S. state or local tax laws, and does not describe differing tax consequences applicable to U.S. Holders subject to special rules, such as:

- financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- dealers or traders in securities;
- dealers or traders in currencies and commodities;
- persons holding Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships or pass-through entities for U.S. federal income tax purposes;
- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs";
- certain former citizens or long-term residents of the United States;
- persons holding Shares in connection with a branch, agency or permanent establishment within the United Kingdom; or
- persons that own, directly, indirectly or constructively, ten percent (10%) or more, by vote or value, of the stock of the Company.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares should consult their tax advisers as to the particular U.S. federal income tax consequences to their partners of acquiring, owning and disposing of such Shares.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of Shares and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust (or otherwise if the trust has a valid election in effect under current Treasury regulations to be treated as a United States person).

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the Shares based on their particular circumstances.

#### **14.1 Passive foreign investment company**

In general, a corporation organised outside the United States will be treated as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average fair market value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. A non-U.S. corporation that owns (directly or indirectly) at least 25% of another corporation, the non-U.S. corporation is treated as owning a proportionate share of the assets of the other corporation and earning its proportionate share of the income of the other corporation for purposes of determining whether such non-U.S. foreign corporation is a PFIC.

Based on the Company's projected income, assets and activities, and the projected income, assets and activities of its subsidiaries, the Company expects that the Company and each of its subsidiaries will be treated as a PFIC (each such subsidiary, a "Subsidiary PFIC") for the current taxable year and all subsequent taxable years. The remainder of this summary assumes that the Company is and will continue to be a PFIC and that each subsidiary is and will continue to be a PFIC.

#### **14.2 Distributions**

A distribution on the Shares to a U.S. Holder during a taxable year generally will be treated as an "excess distribution" to the extent such distribution does not exceed the ratable portion of the "total excess distribution" with respect to such Shares for such taxable year. The total excess distribution with respect to such Shares for a taxable year of a U.S. Holder is generally the excess of (i) all distributions to the U.S. Holder on such Shares during such taxable year over (ii) 125 percent of the average annual distributions to the U.S. Holder on such Shares during the preceding three taxable years (or shorter period during which the U.S. Holder held such Shares). The total excess distribution with respect to such Shares is deemed to be zero for the taxable year in which such U.S. Holder's holding period for such Shares begins. The tax payable by a U.S. Holder on an excess distribution with respect to the Shares will be determined by allocating such excess distribution ratably to each day of the U.S. Holder's holding period for such Shares. The amount of excess distribution allocated to the taxable year of such distribution will be included as ordinary income for the taxable year of such distribution. The amount of excess distribution allocated to any other period included in such

U.S. Holder's holding period cannot be offset by any net operating losses of such U.S. Holder and will be taxed at the highest marginal rates applicable to ordinary income for each such period and, in addition, an interest charge will be imposed on the amount of tax for each such period. Furthermore, the amount of excess distribution not includable in income in the taxable year of such distribution will not be included in determining the amount of the excess distribution for any subsequent taxable year.

To the extent a distribution of the Shares does not constitute an excess distribution to a U.S. Holder, such U.S. Holder generally will be required to include the amount of such distribution in gross income as a dividend to the extent of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) that are not allocated to excess distributions. To the extent the amount of such distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in such Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale or exchange of such Shares (which gain should be treated as an excess distribution and be subject to tax consequences relating to an excess distribution described above). The Company does not intend to calculate its earnings and profits under U.S. federal income tax principles. Consequently, a U.S. Holder should expect that a distribution that does not constitute an excess distribution will generally be treated as a dividend even if that distribution might otherwise constitute a return of capital or gain from the sale or exchange of such Shares.

Distributions on the Shares that are treated as dividends will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations or for the reduced tax rate applicable to "qualified dividend income" of non-corporate taxpayers.

The amount of any distribution paid in pounds sterling (or other foreign currency) that a U.S. Holder will be required to include in income will equal the U.S. dollar value of the distributed foreign currency, calculated by reference to the exchange rate in effect on the date the payment is received by the U.S. Holder, regardless of whether the payment is converted into U.S. dollars on the date of receipt. If the foreign currency so received is converted into U.S. dollars on the date of receipt, such U.S. Holder generally will not recognise foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

For foreign tax credit purposes, the dividends should generally constitute "passive category income," or in the case of certain U.S. Holders, "general category income." The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes based on their particular circumstances.

The U.S. federal income taxation of distributions from a PFIC is extremely complex. Each U.S. Holder should consult its own tax adviser with respect to the appropriate U.S. federal income tax treatment of any distributions on the Shares.

#### **14.3 Sale, exchange or other disposition of the shares**

A U.S. Holder generally will recognise gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of the Shares in an amount equal to the difference, if any, between the amount realised on such sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in the Shares as determined in U.S. dollars. Any such gain generally will be treated as an excess distribution subject to the tax consequences relating to

an excess distribution described above under "Distributions." Any such loss generally will be treated as a capital loss. The deductibility of capital losses is subject to limitations.

The U.S. federal income taxation of the sale, exchange or other disposition of shares of a PFIC is extremely complex involving, among other things, significant issues as to the sourcing of any gain or loss realised on such sale, exchange or other disposition and any non-U.S. currency that a U.S. Holder receives upon such sale, exchange or disposition. Each U.S. Holder should consult its own tax adviser with respect to the appropriate U.S. federal income tax treatment of any sale, exchange or other disposition of, the Shares.

A U.S. Holder that receives pounds sterling (or other foreign currency) from a sale or other taxable disposition of Shares generally will realise an amount equal to the U.S. dollar value of such foreign currency received on the date such Shares are disposed of. However, if the Shares are treated as being "traded on an established securities market" pursuant to the Code, a cash basis or electing accrual basis U.S. Holder will determine the U.S. dollar value of the amount realised by translating such amount at the spot rate on the settlement date of the disposition. If an accrual basis U.S. Holder makes the election described above, it must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. Holder will have a tax basis in any foreign currency received in respect of a disposition of Shares equal to the U.S. dollar value of such foreign currency on the settlement date. Any gain or loss recognised upon a subsequent disposition of such foreign currency will be treated as ordinary income or loss to such U.S. Holder and generally will be U.S.-source income or loss. If a U.S. Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realised using the spot rate on the settlement date, it will recognise foreign currency gain or loss to the extent of any difference between the U.S. dollar amount of the foreign currency realised on the date of the disposition and the U.S. dollar value of the foreign currency received at the spot rate on the settlement date.

#### **14.4 Indirect investments in subsidiary PFICs**

The PFIC rules described above under "*Distributions*" and "*Sale, Exchange or Other Disposition of Offer Shares*" generally will apply to direct and indirect dispositions of the Company's interest in the Subsidiary PFICs (including a disposition by a U.S. Holder of the Shares) and excess distributions by the Subsidiary PFICs. U.S. Holders should consult their own tax advisers regarding the tax consequences to them as a result of the Company's direct or indirect investment in a PFIC.

##### ***Qualified electing fund election***

The tax consequences described above under "*Distributions*" and "*Sale, Exchange or Other Disposition of the Shares*" generally would not apply if a "qualified electing fund" ("QEF") election were available and a U.S. Holder had validly made such an election as of the beginning of such U.S. Holder's holding period. A QEF election would be available to a U.S. Holder, however, only if the Company agrees to provide such U.S. Holder annually with certain information. As the Company does not intend to provide U.S. Holders with the required information, prospective investors should assume that a QEF election will not be available in respect of the Shares.

##### ***Mark-to-market election***

If the Shares are "regularly traded" on a "qualified exchange", a U.S. Holder may make a mark-to-market election with respect to the Shares (but not the stock of any Subsidiary PFICs), which may but is not likely to mitigate the materially adverse tax consequences resulting from the Company's PFIC status (and would not with respect to the stock of any Subsidiary PFICs). If a "mark-to-market" election is available and a U.S. Holder validly makes such an election as of the beginning of the U.S. Holder's holding period, the U.S. Holder generally will not be subject to the adverse tax consequences relating to an excess distribution or gain

described above under "Distributions" or "Sale, Exchange or Other Disposition of the Shares" but would, instead, generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, its Shares at the end of each taxable year as ordinary income or to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of its Shares.

A mark-to-market election with respect to the Shares, however, will not apply with respect to the Company's interest in a Subsidiary PFIC. Since substantially all of the Company's income is earned by its subsidiaries, each of which is a Subsidiary PFIC, a mark-to-market election will not be effective with respect to the Company's Subsidiary PFICs and accordingly, even if a U.S. Holder makes a mark-to-market election with respect to the Shares, such holder would continue to be subject to the adverse tax consequences relating to an excess distribution or gain described above under "Distributions" or "Sale, Exchange or Other Disposition of the Shares" with respect to shares of the Company's Subsidiary PFICs.

Each U.S. Holder should consult its own tax adviser with respect to the availability, utility and tax consequences of a mark-to-market election with respect to the Shares and the U.S. Holder's indirect interest in Subsidiary PFICs.

#### **14.5 Information reporting and backup withholding**

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.- related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (1) the U.S. Holder is a corporation or other exempt recipient; or (2) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

#### **14.6 Foreign asset reporting**

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to an interest in the Shares by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, to their tax return for each year in which they hold Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisers regarding the application of these rules in their particular circumstances.

**The above summary is not intended to constitute a complete analysis of all U.S. federal income tax consequences relating to the acquisition, holding and disposition of the Shares. Prospective purchasers of Shares should consult their own tax advisers concerning the tax consequences based on their particular situations.**

### **15. Enforcement and civil liabilities under u.s. federal securities laws**

The Company is a public limited company incorporated under English law. The Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the U.S. courts judgments obtained in U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the U.S. courts, of civil liabilities predicated upon U.S. federal securities laws.

## **16. Litigation**

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's and/or the Group's financial position or profitability.

## **17. Related party transactions**

Save as described in Notes 2.6 and 22 in the Historical Financial Information set out in Section B of Part 12 "Historical Financial Information," there are no related party transactions between the Company or members of the Group for the years 2016, 2017 and 2018.

## **18. Working capital**

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## **19. No significant change**

There has been no significant change in the financial or trading position of the Group since 31 March 2018, the date to which the historical financial information in Part 12 "Historical Financial Information" relating to the Group was prepared.

## **20. Consents**

KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the report in Section A of Part 12 "Historical Financial Information" in the form and context in which it appears, and has authorised the contents of its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act. KPMG LLP has not filed and will not be required to file a consent under Section 7 of the U.S. Securities Act.

## **21. General**

The fees and expenses to be borne by the Company in connection with Admission including the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £5.0 million (including VAT).

## **22. Documents available for inspection**

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Prospectus at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, United Kingdom:

- (a) the Articles;
- (b) the Historical Financial Information, together with the related accountant's report from KPMG LLP, which is set out in Part 12 "Historical Financial Information";
- (c) the consent letter from KPMG LLP referred to in "Consents" in paragraph 20 above; and
- (d) this Prospectus.

Dated: 29 June 2018

## PART 15

### DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise:

<b>"Act"</b> . . . . .	the UK Companies Act 2006, as amended
<b>"Adjusted EBITDA"</b> . . . . .	profit before tax, depreciation, amortisation of bank facility fees, interest payable and recoverable, other operating income, shareholder loan note interest and IPO costs and related financing
<b>"Adjusted Profit after Tax"</b> . . . . .	profit after tax plus shareholder loan note interest and IPO costs and related financing less incremental tax expense
<b>"Adjusted Tangible Equity"</b> . . . . .	shareholder equity less intangible assets plus shareholder loan notes
<b>"Admission"</b> . . . . .	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
<b>"Amigo Loans Ireland Ltd"</b> . . . . .	Amigo Loans Ireland Ltd, the Group's subsidiary in Ireland
<b>"Amigo Loans Ltd"</b> . . . . .	Amigo Loans Ltd, a private company limited by shares incorporated under the laws of England and Wales
<b>"Amigo Loans Group Ltd"</b> . . . . .	Amigo Loans Group Ltd, a private company limited by shares incorporated under the laws of England and Wales
<b>"Amigo Loans Holdings Ltd"</b> . . . . .	Amigo Loans Holdings Ltd, a private company limited by shares incorporated under the laws of England and Wales
<b>"Amigo Luxembourg S.A."</b> . . . . .	Amigo Luxembourg S.A., a wholly owned subsidiary of Amigo Loans Holdings, incorporated as a public limited liability company ( <i>société anonyme</i> ) under the laws of the Grand Duchy of Luxembourg
<b>"Amigo Management Services Ltd"</b> . . . . .	Amigo Management Services Ltd, a private company limited by shares incorporated under the laws of England and Wales
<b>"APR"</b> . . . . .	annual percentage rate of charge
<b>"Articles"</b> . . . . .	the articles of association of the Company to be adopted upon Admission
<b>"ASA"</b> . . . . .	the UK Advertising Standards Authority
<b>"Board"</b> . . . . .	the board of directors of the Company
<b>"CAGR"</b> . . . . .	compound annual growth rate
<b>"Call Option Agreement"</b> . . . . .	the call option agreement dated 13 June 2018 between Richmond Group Limited, Simon Dighton and Amigo Management Services Ltd
<b>"CCA"</b> . . . . .	the UK Consumer Credit Act 1974 (as amended) and related secondary legislation

<b>"charged-off loans"</b> . . .	loans for which the customers are at least six payments in arrears and that have been fully charged off of the Group's statement of financial position
<b>"City Code"</b> . . . . .	the UK City Code on Takeovers and Mergers
<b>"Clearstream"</b> . . . . .	Clearstream Banking, <i>société anonyme</i>
<b>"Company"</b> . . . . .	Amigo Holdings PLC, a public company limited by shares incorporated under the laws of England and Wales
<b>"CONC"</b> . . . . .	the specialist consumer credit sourcebook of the FCA Handbook
<b>"CREST"</b> . . . . .	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
<b>"Cost:Income Ratio"</b> . . .	operating expenses excluding IPO costs and related financing divided by revenue
<b>"customers"</b> . . . . .	borrowers and guarantors
<b>"Deeds of Election"</b> . . .	the share sale election deeds pursuant to which each of the Selling Shareholders other than Richmond Group Limited has irrevocably instructed the Company to agree the sale of Shares as agent for and on behalf of such Selling Shareholders
<b>"Directors"</b> . . . . .	the Executive Directors and the Non-Executive Directors
<b>"Disclosure Guidance and Transparency Rules"</b> . . . . .	the disclosure guidance and transparency rules produced by the FCA and forming part of the FCA's handbook of rules and guidance as from time to time amended
<b>"EEA"</b> . . . . .	the European Economic Area
<b>"EU"</b> . . . . .	the European Union
<b>"Euro" or "€"</b> . . . .	the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended
<b>"Executive Directors"</b> . .	the executive Directors of the Company
<b>"FCA"</b> . . . . .	the UK Financial Conduct Authority, a regulatory body that regulates financial services in the United Kingdom (from 1 April 2013 and consumer credit firms from 1 April 2014)
<b>"FCA Handbook"</b> . . . .	the handbook of rules and guidance made by the FCA
<b>"FLM Loans"</b> . . . . .	trading name of Financial Processing UK Ltd, the former company name of Amigo Loans Ltd prior to its rebranding in 2012
<b>"FOS"</b> . . . . .	UK Financial Ombudsman Service, a statutory dispute resolution scheme, set up under FSMA, to adjudicate complaints about financial services
<b>"Adjusted Free Cash Flow excluding Loan Originations"</b> . . . .	cash collections less non-direct costs (expenses excluding advertising and credit score costs)
<b>"FSA"</b> . . . . .	UK Financial Services Authority, a regulatory body that regulated financial services in the United Kingdom before 1 April 2013
<b>"FSMA"</b> . . . . .	the UK Financial Services and Markets Act 2000 (as amended) and related secondary legislation

<b>"Governance Code"</b>	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
<b>"Group"</b>	Amigo Holdings PLC and each of its consolidated subsidiaries and subsidiary undertakings from time to time
<b>"Guarantors"</b>	Amigo Loans Group, Amigo Loans Holdings, Amigo Loans, Amigo Management and RG Catering
<b>"Historical Financial Information"</b>	the historical financial information contained in Section B of Part 12 "Historical Financial Information"
<b>"HMRC"</b>	HM Revenue and Customs
<b>"ICO"</b>	the UK Information Commissioner's Office
<b>"IFRS"</b>	International Financial Reporting Standards, as adopted by the European Union
<b>"Independent Non-Executive Directors"</b>	Non-Executive Directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, the director's judgment, and each an "Independent Non-Executive Director"
<b>"Indenture"</b>	the indenture dated 20 January 2017, as amended, supplemented or modified from time to time, among Amigo Luxembourg S.A., each of the guarantors named therein, U.S. Bank Trustees Limited, as trustee and security agent, Elavon Financial Services DAC, as registrar, and Elavan Financial Services DAC, UK Branch, as paying agent and transfer agent
<b>"Insolvency Act"</b>	the UK Insolvency Act 1986, as amended
<b>"IRS"</b>	the U.S. Internal Revenue Service
<b>"IT"</b>	Information Technology
<b>"Joint Bookrunners"</b>	J.P. Morgan Securities plc, RBC Europe Limited and Macquarie Capital (Europe) Limited
<b>"Joint Global Co-ordinators"</b>	J.P. Morgan Securities plc and RBC Europe Limited
<b>"KPIs"</b>	key performance indicators
<b>"Listing Rules"</b>	the listing rules of the FCA made under section 74(4) of the FSMA
<b>"Loan Book"</b>	total outstanding loans in the Company's statement of financial position
<b>"Loans Issued"</b>	total originations for the period; for loans made to borrowers where they are increasing an existing loan, only the incremental value is included
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Market Abuse Regulation"</b>	Regulation (EU) 596/2014
<b>"Net Interest Margin"</b>	net interest income divided by average interest bearing assets at the beginning of the period and the end of the period
<b>"Net Loan Book"</b>	Loan Book less provision for impairment

<b>"Non-Executive Directors"</b> . . . . .	the non-executive Directors of the Company
<b>"OFCOM"</b> . . . . .	the UK Office of Communications
<b>"Offer"</b> . . . . .	the sale of Shares by the Selling Shareholders described in Part 13 "Details of the Offer"
<b>"Offer Price"</b> . . . . .	the price at which each Share is to be issued or sold pursuant to the Offer
<b>"Official List"</b> . . . . .	the Official List of the FCA
<b>"OFT"</b> . . . . .	the UK Office of Fair Trading, a regulatory body that regulated credit firms before 1 April 2014
<b>"Over-allotment Option"</b>	the option granted to the Stabilising Manager by the Selling Shareholders to purchase, or procure purchasers for, up to 11,883,675 additional Shares as more particularly described in Part 13 "Details of the Offer"
<b>"Over-allotment Shares"</b>	The Shares the subject of the Over-allotment Option
<b>"PCAOB"</b> . . . . .	the Public Company Accounting Oversight Board (United States)
<b>"pounds sterling," "£," "sterling," "British pound," "GBP," "pence" or "p"</b> . . . .	the lawful currency of the United Kingdom
<b>"Prospectus"</b> . . . . .	the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA
<b>"Prospectus Directive"</b> . . . . .	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU
<b>"Prospectus Rules"</b> . . . . .	the prospectus rules of the FCA
<b>"qualified institutional buyers" or "QIBs"</b> . . . . .	has the meaning given by Rule 144A
<b>"Qualified Investors"</b> . . . . .	persons who are "qualified investors" within the meaning of Article 2(l)(e) of the Prospectus Directive
<b>"Registrars and Receiving Agents"</b> . . . . .	Link Market Services Limited, trading as Link Asset Services
<b>"Regulation S"</b> . . . . .	Regulation S under the U.S. Securities Act
<b>"Relationship Agreement"</b> . . . . .	the relationship agreement entered into between the Company and Richmond Group Limited as described in Part 7 "Directors, Senior Manager and Corporate Governance—Relationship Agreement with Richmond Group Limited"
<b>"Remuneration Committee"</b> . . . . .	the remuneration committee of the Board (or such other delegated committee of the Board authorised to consider remuneration and/or share scheme matters)
<b>"Reorganisation"</b> . . . . .	the reorganisation of the Company in preparation for the Offer as described in paragraph 2 of Part 14 "Additional Information—Reorganisation"

<b>"Restructuring"</b> . . . . .	the April 2016 transaction in which Richmond Group Limited transferred its investments in the Group to the Company in exchange for loan notes and a majority of the share capital of the Company
<b>"Revolving Credit Facility"</b> . . . . .	the revolving credit facility made available pursuant to the Revolving Credit Facility Agreement
<b>"Revolving Credit Facility Agreement"</b> . .	the agreement among Amigo Loans, the Royal Bank of Scotland plc as facility agent and US Bank Trustees Limited as security agent and the other parties named therein governing the Revolving Credit Facility dated 20 January 2017, amended and restated or otherwise modified from time to time
<b>"R G Catering Limited"</b> .	R G Catering Limited, a private company limited by shares, incorporated under the laws of England and Wales
<b>"Richmond Group Limited"</b> . . . . .	Richmond Group Limited, a private company limited by shares, incorporated under the laws of England and Wales
<b>"Risk Adjusted Revenue"</b> . . . . .	revenue less impairment charge
<b>"Risk Adjusted Margin"</b>	Risk Adjusted Revenue divided by the average of Loan Book at the beginning of the period and the end of the period
<b>"Rule 144A"</b> . . . . .	Rule 144A under the U.S. Securities Act
<b>"SDRT"</b> . . . . .	stamp duty reserve tax
<b>"SEC"</b> . . . . .	the U.S. Securities and Exchange Commission
<b>"Selling Shareholders"</b> .	Richmond Group Limited and certain Directors, Senior Manager and employees of the Company who will be selling Shares as part of the Offer
<b>"Senior Manager"</b> . . . .	those members of the management bodies of the Company and its subsidiaries who are relevant to establishing that the Company has the appropriate expertise and experience for the management of its business for the purposes of item 14.1 of Annex I of the Prospectus Rules, being those persons named in Part 7 "Directors, Senior Manager and Corporate Governance"
<b>"Senior Secured Notes"</b> .	Amigo Luxembourg's currently outstanding £400,000,000 aggregate principal amount of 7.625% Senior Secured Notes due 2024, including £275,000,000 issued on 20 January 2017, £50,000,000 issued as additional notes on 10 May 2017 and £75,000,000 issued as additional notes on 18 September 2017 pursuant to the Indenture
<b>"Shareholders"</b> . . . . .	the holders of Shares in the capital of the Company
<b>"Shares"</b> . . . . .	the ordinary shares of the Company, having the rights set out in the Articles
<b>"Sponsor"</b> . . . . .	J.P. Morgan Securities plc
<b>"Stabilising Manager"</b> . .	J.P. Morgan Securities plc
<b>"TCF"</b> . . . . .	"treating customers fairly," as according to the sixth principle as set out in the Principles for Business (PRIN) section of the FCA Handbook
<b>"U.S. dollars," "USD"</b> or " <b>"\$"</b> . . . . .	the lawful currency of the United States

<b>"U.S. Exchange Act"</b> . . . .	U.S. Securities Exchange Act of 1934, as amended
<b>"U.S. GAAP"</b> . . . .	accounting principles generally accepted in the United States
<b>"U.S. GAAS"</b> . . . .	auditing standards generally accepted in the United States
<b>"U.S. Securities Act"</b> . . . .	U.S. Securities Act of 1933, as amended
<b>"UK"</b> or the <b>"United Kingdom"</b> . . . .	the United Kingdom of Great Britain and Northern Ireland
<b>"Underwriters"</b> . . . .	J.P. Morgan Securities plc, RBC Europe Limited and Macquarie Capital (Europe) Limited
<b>"Underwriting Agreement"</b> . . . .	the underwriting agreement entered into between the Company, the Directors, Richmond Group Limited and the Underwriters described in paragraph 9.1 of Part 14 "Additional Information—Underwriting Agreement"
<b>"United States"</b> or <b>"U.S."</b> . . . .	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia

**Merrill Corporation Ltd, London**  
18-13759-2



Amigo Loans  
Nova Building  
118 - 128 Commercial Road  
Bournemouth BH2 5LT  
United Kingdom



## IN TOTAL WE'VE HELPED...

over 13,000 people  
to tie the knot

over 8,000 people  
to build a business

over 20,000 people  
move into, or furnish, their home