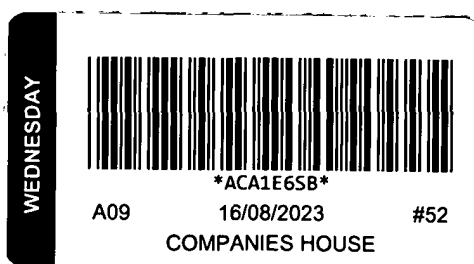


Amigo Holdings PLC

Annual report and accounts 2023



Company registered number: 10024479

The current Board came into Amigo because we believe passionately that there is a need in the market for a regulated mid-cost lender that meets the demand of financially excluded people who deserve access to regulated credit. We have fought hard as we sought to deliver the best outcome for creditors, colleagues and shareholders.

It is with great sadness that the Board took the decision in March 2023 to commence the solvent wind down of the business. This will regrettably result in no value for our shareholders. The Board is deeply sorry for this outcome.

The economic and market environment moved against us considerably after May 2022 when our Scheme of Arrangement, formulated between late 2021 and early 2022, was sanctioned. This severely impacted our ability to raise capital.

Our priority now is to undertake an orderly wind down of both the Amigo Loans Ltd business and the wider Group, in which we maximise returns for Scheme creditors and look after our people as we move through the process. I would like to thank my colleagues for the considerable commitment they have shown over a long and difficult period and all our shareholders and wider stakeholders who have supported us.

Danny Malone
Chief Executive Officer

About Amigo

Amigo provided mid-cost credit in the UK to those who would otherwise find it difficult to access financial services. On 23 March 2023 Amigo stopped offering new loans and started an orderly solvent wind down of the business. Amigo provided guarantor loans in the UK from 2005 to 2020 and unsecured loans under the RewardRate brand from October 2022 to March 2023, offering access to mid-cost credit to those who are unable to borrow from traditional lenders due to their credit histories. Amigo's back book of loans is in the process of being run off or sold with all net proceeds due to creditors under a Court approved Scheme of Arrangement. Amigo Loans Ltd and Amigo Management Services Ltd are authorised and regulated in the UK by the Financial Conduct Authority.

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Headlines

Operational headlines

- On 23 March 2023 Amigo's Scheme of Arrangement ("Scheme"), sanctioned by the High Court in May 2022, switched to the Fallback Solution, which is an orderly wind down of the Amigo Loans Ltd business. All new lending ceased with immediate effect. As a result, the Board has determined that the financial statements will no longer be prepared on a going concern basis (see note 1 of the financial statements).
- This followed the Board concluding that it would not be able to raise sufficient commitments for funds to meet both the Scheme requirement of an additional £15m redress payment and to provide working capital to enable the business to continue as a going concern by 26 May 2023.
- The existing loan books, including both the legacy loans and new RewardRate loans, will continue to be collected or will be sold. This is expected to be substantively completed by early 2024.
- The FCA Enforcement action concluded on 14 February 2023 with a fine of £72.9m reduced to £nil by the FCA in order to not threaten Amigo's ability to meet its commitments to redress creditors identified under the Scheme.
- The priorities now are to ensure the orderly wind down of the business as outlined under the Fallback Solution, and the realisation of assets to maximise return for scheme creditors, whilst looking after the wellbeing of our employees. A number of roles will be required as we continue to service our existing customers and manage the wind down. Consultation for the redundancy of all roles is ongoing.
- The wind down will leave no value for shareholders. While we have continued to engage with potential providers of finance to allow the business to restart, the Board considers the likelihood of success to be low.
- Post period end, in line with the wind down strategy, Chief Executive ("CEO") Danny Malone resigned from his role as CEO and Director, subject to a six month notice period, ending 15 November 2023.

Financial headlines

- Net loan book reduction of 67.1% to £45.4m (FY22: £138.0m) and revenue reduction of 78.4% to £19.3m (FY22: £89.5m), due to the ongoing run-off of the legacy loan book and very limited new lending during the period. All new lending has now stopped in line with the wind down strategy and Fallback Scheme requirements.
- Complaints provision year-on-year increase of 8.9% to £195.9m at 31 March 2023 (FY22: £179.8m). This reflects the higher final number of claims received and higher expected uphold rate which has been revised in line with observed third-party decisioning. The increase in the provision substantially accounts for the income statement charge of £19.1m.
- Year-on-year costs increase of £11.6m owing primarily to RewardRate development and restructuring costs.
- The reduction in revenue as the book runs off, alongside the increase in complaints provision, led to a reported loss before tax of £34.7m, (FY22: profit of £167.9m). Loss after tax was £34.8m (FY22: profit of £169.6m). The significant profit in the prior year related to the release of a substantial proportion of the complaints provision, following the sanctioning of the Scheme.
- Overall, collections have remained robust despite the increased cost of living and the continued, but expected, rise in delinquency as the book runs-off. This has been driven by continued strong post-charge-off recoveries.
- The remaining £50m of senior secured notes was repaid in full, at par, in March 2023.
- Net unrestricted cash of £62.4m at 31 March 2023 (FY22: net unrestricted cash of £83.9m) driven by the continued collection of the back book and limited originations in the period. The reduction from the prior year reflects the payment of the £97m Scheme contribution, £51m of which has been repaid to Amigo post year-end as part of the Fallback Solution. All net cash is committed to the Scheme, other creditors and expenses, with no residual value attributable to shareholders.

Business model

Amigo's business model, driven by our purpose of providing those with few options to borrow the opportunity to achieve financial mobility, offered accessible and affordable loans to customers who have limited access to mainstream finance. Through our customer-first approach, digital platform and online or telephone customer journey, and in the context of a robust conduct and risk framework, we sought to create value for our stakeholders with strong cash generation and efficient operations. We also aimed to support our customers in improving their financial mobility through products that rewarded regular, on-time payments, designed in collaboration with a respected debt charity and with the FCA's Consumer Duty regulation in mind.

In October 2022, Amigo returned to lending with a new brand and innovative lending proposition, significantly improved processes, and a culture of responsible operation to drive positive outcomes for all stakeholders. Unfortunately, due to the inability to raise sufficient funds to meet the conditions of Amigo's Scheme of Arrangement, the Company was placed into an orderly wind down on 23 March 2023, and new lending was stopped. The orderly wind down is expected to be substantively complete within approximately twelve months from its initiation. During this time, Amigo will remain guided by its values and committed to strong governance and regulatory compliance. We continue to focus on delivering the best outcomes possible for our customers, supporting our people and managing costs to maximise redress for our Scheme creditors.

Our values

1

We put customers first

We are passionate about delivering positive outcomes that meet our customers' needs.

3

We act with integrity

We are open and honest.
We aim to do what is right and fair. Always.

2

We are human

We are welcoming and embrace diversity.
We respect and listen to each other.

4

We own the outcome

We find solutions and deliver excellence.
We question and challenge the status quo.

Jonathan Roe
Chair

It is with great sadness that I introduce this year's annual financial results for the year ended 31 March 2023. The past twelve months have been an extraordinarily challenging period. We made significant progress during the first nine months, firstly achieving sanction for our Scheme of Arrangement ("Scheme") and then securing permission from our regulator, the Financial Conduct Authority ("FCA"), to return to lending with the pilot launch of our new RewardRate products. Unfortunately, market conditions moved against us and, despite securing offers for the required debt funding, we were unable to raise sufficient interest to underwrite the required equity funding to pay a further £15m contribution to Scheme creditors and continue as a going concern. As a result, on 23 March 2023, the Board announced that it had taken the difficult decision to switch the Scheme from its Preferred Solution to the Fallback Solution, which requires Amigo to wind down its Amigo Loans Ltd business. As this is the only revenue-generating business within the Group, it is envisaged that the whole Group will be liquidated. The Board is deeply sorry for the impact this will have on Scheme creditors (who will receive less compensation), our shareholders and employees.

While an agreement has been signed with a shareholder who approached management regarding seeking investment in the Company or its subsidiaries, the Board considers that establishing a new business and potentially creating value for shareholders in the longer term has significant execution risks and would require regulatory approval. We are pursuing all avenues in line with our Directors' duties, under the Companies Act, to consider the interests of all stakeholders, including creditors, shareholders and employees. However, as a result of Amigo's Scheme of Arrangement switch to the Fallback Solution (the orderly wind down of the Amigo Loans Ltd business), the Board has determined that the financial statements will no longer be prepared on a going concern basis (note 1 of the financial statements). Under the Fallback Solution there is no expected residual value for shareholders. The Board currently intends to ask shareholders to vote at the AGM in September on proposals to delist the PLC shares unless discussions with potential investors progress towards a successful conclusion.

Culture and conduct

In February, the FCA Enforcement proceedings into the Group's historic lending practices and complaints handling were concluded. Although Amigo was not required to pay a financial penalty, were it not for Amigo's financial position, we would have been subject to a penalty of £72.9m. In reaching agreement on the level of the final penalty, the FCA recognised that any penalty would cause Amigo serious financial hardship and would threaten the Company's ability to meet its commitments to its Scheme creditors.

We are cognisant of the time afforded to Amigo by the FCA throughout the Scheme process and grateful for its recognition of the significant programme of change Amigo has undertaken to deliver improvements to the way in which our business operates, including providing fair outcomes to customers. Amigo has made great strides in setting a culture where the needs of our customers are paramount, where we operate in an open and constructive manner, and monitor and measure conduct and outcomes. As we move through the wind down process, we remain committed to delivering the highest standards of corporate oversight with diligence and integrity.

Our people

Our people are our greatest asset and the resilience and adaptability they have shown has been remarkable. On behalf of the Board, I would like to thank all our teams, both current and those that have left the business already, for their unerring commitment and energy over an immensely difficult period.

A key priority for us is the wellbeing of our teams. We are committed to looking after those that remain with us as we progress through the wind down and complete the Scheme, and to preparing our colleagues for their onward journey as they leave the business.

Board

On 23 September 2022, Gary Jennison stepped down from his role as Chief Executive Officer ("CEO") and as a Director of the Board. In order to provide an appropriate transition, Gary remained employed by Amigo until 31 December 2022. Gary was replaced as CEO by Danny Malone, then Chief Financial Officer ("CFO"), who in turn was replaced by Kerry Penfold as CFO. Kerry moved from the internal position of Head of Finance and has previously held senior positions at other financial institutions.

On 27 March 2023, Senior Independent Director, Maria Darby-Walker and Non-Executive Director Jerry Loy, both resigned from the Board with immediate effect, following the wind down announcement. In line with the wind down strategy, on 15 May 2023 Danny Malone resigned from his role as CEO and Director, subject to serving out his six month notice period to support the orderly wind down of the business.

I would like to thank each for their considerable contributions, support, insight and counsel.

Looking ahead

The orderly wind down of the Amigo business is expected to be substantively completed by the end of the coming financial year. During the wind down process, we will remain guided by our values with a strong focus on governance and oversight as we seek to support all our stakeholders through the process. It is with deep regret that there will be no residual value from the wind down for our shareholders. We will seek to maximise returns for Scheme creditors, support our customers for the remainder of their relationship with us and safeguard the wellbeing of our employees.

The economic environment and resultant tightening of credit availability, coupled with the ongoing cost-of-living crisis, means there is an increasing need for companies like Amigo to provide mid-cost financial products to the financially underserved. With more and more companies in the sector failing, action needs to be taken to fill this gap and provide the opportunity of financial mobility to all.

Jonathan Roe Chair

27 July 2023

Chief Executive Officer's review

Danny Malone

Chief Executive Officer

Performance

Amigo's legacy book continued to unwind over the year, resulting in a reduction in revenue and number of customers of 78.4% and 60.3% respectively, compared to the prior year. The net loan book, at 31 March 2023, was £45.4m. Collections have remained resilient, driven in part by recoveries achieved on charged off accounts. Increases to the expected final number of claims and uphold rate within the Scheme resulted in an increase in the complaints provision. The associated uplift in complaints expense in the income statement, coupled with the reduction in revenue, led to a reported loss after tax for the period of £34.8m, (FY22: profit of £169.6m). The significant profit in the prior year reflected the release of a substantial proportion of the complaints provision following the sanctioning of the Scheme in May 2022. As a result of the wind down decision, the Board considers that Amigo is no longer a going concern (note 1 of the financial statements). However, we are effecting a solvent wind down of the Amigo business and at 31 March 2023 the business had unrestricted cash of £62.4m. Current unrestricted cash is over £121m. Substantially all net assets are committed to the Scheme with, regrettably, no value attributable to shareholders.

Scheme of Arrangement

Amigo's Scheme contained both a Preferred Solution and a Fallback Solution. The Preferred Solution included an initial payment of £97m to Scheme creditors and was conditional on Amigo returning to lending by 26 February 2023 and the completion of a minimum 19:1 capital raise by 26 May 2023, followed by the contribution of a minimum £15m payment to the Scheme fund for creditor redress. If these conditions were not met, or there was no expectation that they could be met, the Fallback Solution would be triggered. The Fallback Solution requires an orderly wind down of the business. Both scenarios include a mechanism to return all residual cash from the business to Scheme creditors.

On 13 October 2022, Amigo received permission from the FCA to return to lending with its new RewardRate products under a pilot test phase. This fulfilled the first Preferred Solution condition. Once Amigo returned to lending, we were able to commence marketing to fulfil the second Preferred Solution condition. The Board fought hard to complete a successful capital raise with the strong belief that doing so, and continuing with the Preferred Scheme, would be in the best interests of not only its shareholders, but also

Scheme creditors, employees and wider stakeholders, including those in society that do not have access to mainstream credit options. With the help of our financial advisors, over 200 private and institutional investors were approached to support a capital raise of £45m, which comprised the Scheme contribution of £15m and £30m of working capital, without which we would be unable to continue as a going concern. This was undertaken against an increasingly challenging economic backdrop in the UK which, in turn, negatively impacted capital markets and the outlook for consumer credit. Despite receiving indicative proposals sufficient to finance our debt requirements, we were only able to secure indications of interest for £11m in ordinary share capital and £10m in exchangeable notes. On 10 March 2023, having lost the last material potential investor from the process, the Board announced that it believed it could not raise the total £45m equity requirement by 26 May 2023. The main concerns investors cited included: current affordability challenges for UK households, particularly in our sector of the market; the history of regulatory intervention in the non-standard credit market and the proposed implementation of a consumer duty of care; the ability to write the loan

volumes in the business plan given the market backdrop; and the impact of having to make a significant upfront payment to Scheme creditors as part of the capital raise.

We have been asked many times why we did not seek investment from our existing shareholder base. We looked into ways in which we might be able to ascertain the amount our almost entirely retail shareholder base would be able and willing to provide. The first challenge was to identify the c.8,000 shareholders who hold their share interests predominantly through third-party brokers. Even with this information, we would have been unable to approach our investors to solicit investment without producing a prospectus. Without underwriters for the raise, we were unable to produce a prospectus with an unqualified working capital statement. We considered capturing indications of interest through a survey of our retail investors but had no way to verify responses. A Board decision to pursue the capital raise, with its associated high costs, with no certainty of success and based on unverifiable survey responses could have contravened the Directors' duties to creditors. The indication that we were given by market experts was that existing shareholders might contribute approximately £5m to the raise. This was the best estimate that we could attain and was not sufficient to continue the process. It excludes one shareholder who had made a significant offer, already factored into the £11m of indicated interest.

To enable a continuation of the Preferred Solution, the Board then explored the potential of pursuing a new scheme, to eliminate the £15m Scheme commitment. A new scheme would be the only way possible of making amendments to the existing Scheme. Cognisant of our duties to shareholders and our wider stakeholders, including Scheme creditors, the Board was resolute that we must explore all options to find a go-forward solution that would retain some value for shareholders and where Scheme creditors would benefit to a greater degree than within the Fallback Solution.

In exploring the possibility of successfully completing a new scheme, the Board took legal advice from several firms of solicitors and King's Counsel in its consideration of a number of factors including the ability to implement a new scheme which secures creditor approval, is not objected to by the FCA and receives High Court sanction, all within the required time. It also considered the additional costs of implementing a new scheme and the confidence that the capital, albeit a lower quantum, could still be raised against the challenging ongoing market backdrop and sentiment around the sector in which Amigo operates. As part of that, it also took into account that the indications of interest for £11m of equity and £10m of exchangeable notes received were indications only and not firm commitments. In light of the advice that it received, and the significant potential costs, the Board reluctantly concluded that pursuing a new Scheme and subsequent capital raise had such a low chance of success it could not be considered to be in the best interests of Scheme creditors. We also considered that while conversion rates under the RewardRate pilot lending scheme had improved as we progressed through the pilot, the business model was not yet proven and, although there was strong potential demand, affordability challenges for UK households meant most customer applications were rejected. As a result, on 23 March 2023, the Board announced that it had taken the very difficult decision to switch the Scheme from the Preferred to the Fallback Solution.

The Fallback Solution requires that the trading subsidiary, Amigo Loans Ltd ("ALL") stopped lending with immediate effect and was placed into an orderly wind down, with the Court order requirement that all surplus assets after the wind down are transferred to the Scheme creditors. In due course, ALL will be liquidated. As ALL is the only revenue-generating business within the Group, it is envisaged that the whole Group will be liquidated, with significant inter-group debts due to ALL being unpaid. Amigo's two authorised businesses, ALL and Amigo Management Services Ltd

("AMSL"), will ultimately require their authorised status to be removed by the FCA. The authorised status must be retained for the duration of any regulated activities including collections from the existing loan book.

The wind down of the business, during which the existing loan book will continue to be collected, will last for approximately twelve months and, as such, will require a number of existing roles. All employees were placed at risk of redundancy and consultation began on 24 March 2023. This is a solvent wind down and any services provided by our suppliers will be paid for in accordance with contractual terms.

The Scheme claims process is unaffected. However, as noted previously, there will be an impact to the total compensation Scheme creditors will receive in terms of pence in the pound as they will not receive a share of the minimum £15m Scheme contribution that was to be raised from investors, and the turnover provision from the New Business Scheme will be replaced by the residual surplus under the Fallback Solution, which will result in a smaller pool of distributable funds. Regrettably, there will be no value attributable to the ordinary shares of the Company in the Fallback Solution.

On 9 June 2023, we announced that the Company had been approached by shareholder Michael Fleming seeking an exclusivity agreement in relation to the business (the "Agreement") which Amigo agreed to. This is to allow Mr Fleming to explore finding and completing investment in the Company or its subsidiaries. The period of exclusivity expires on 6 September 2023. The Agreement will not stop the Company or its subsidiaries progressing with the disposal of assets under its wind down plan or acting on any transaction governed by the Takeover Code. Shareholders should note that there remain significant impediments to any new capital being made available to the business. In addition, establishing a new business and potentially creating value for shareholders in the longer term, has significant execution risks and will require regulatory approval.

Chief Executive Officer's review continued

Scheme of Arrangement continued

The Board believes there to be a low likelihood of a successful conclusion to any discussions arising from this Agreement but is pursuing the Agreement in line with its duties under the Companies Act to consider the interests of all stakeholders, including creditors, shareholders and employees.

Wind down strategy

As Amigo is now progressing with the orderly wind down of the business, our strategic objectives have changed. However, our previously reported strategic pillars remain relevant within the wind down strategy, as we seek to maximise returns to Scheme creditors with a strong focus on costs, whilst maintaining good governance and operating responsibly to meet our customers' needs for the remainder of their relationship with us. The wellbeing of our people will also remain a focus throughout the wind down, as we retain key roles and provide support for our people throughout the process.

As at the end of March 2023, we had c.29k legacy borrowers with open loan positions, the average loan balance being c.£2.2k, and c.500 RewardRate borrowers with an average loan balance of c.£5.2k. By optimising collections activity and other value realisation options, including the sale of all residual loans, we will seek to maximise the amount payable to Scheme creditors. Claims assessment, adjudication and the payment of redress is unaffected by the wind down.

In order to maximise returns to Scheme creditors, specific cash conservation measures have been, and will continue to be, taken. Non-critical supplier contracts have been terminated and a head office move to smaller premises was completed in May 2023. The redemption in full of Amigo's senior secured notes in March 2023 was executed to save interest payments and the management buy-out of Amigo's Irish business was completed in February 2023. While proceeds of the buy-out were nominal (£1), Ireland was not actively lending, and the sale resulted in an ultimate saving to Amigo by eliminating premises and operational costs.

Effective governance and open dialogue with our Regulator will be maintained throughout the wind down process as we focus on delivering the best outcome possible for all our stakeholders.

Our people

Our people have always been what make Amigo special. Many of our teams have been with us for a significant part of, if not all, their careers. It is our priority to support our colleagues, both while they remain with us and in their preparation and search for their next role outside Amigo. I am incredibly proud of, and grateful for, the resilience they have shown and their determination to continue to perform at their best in support of our customers and each other. On behalf of the Board, I should like to thank all our people for their continued efforts.

Summary and outlook

The current Board came into Amigo because we believe passionately that there is a need in the market for a regulated mid-cost lender that meets the demand of financially excluded people who deserve access to regulated credit. We have fought hard to deliver the best outcome for creditors, colleagues and shareholders and have left no stone unturned. I am deeply sorry that we have been unable to successfully complete the capital raise and continue as a going concern, and for the outcome for shareholders who have supported us.

Our priority now is to complete an orderly wind down of both the Amigo Loans Ltd business and the wider Group in which we maximise returns for Scheme creditors and support our customers and our people as we move through the process.

Danny Malone
Chief Executive Officer
27 July 2023

In March 2023, Amigo announced that it was unable to secure adequate capital investment to meet the conditions of its Court sanctioned Scheme of Arrangement and to continue with its strategy to rebuild a responsible, mid-cost lending business. No viable alternative was identified to enable the progression of the Scheme's Preferred Solution. As a result, the business switched from the Preferred Solution to the Scheme's Fallback Solution on 23 March 2023.

Following the triggering of the Fallback Solution, Amigo is required by law to wind down the business and operations of Amigo Loans Ltd ("ALL"). As a result, all new lending was stopped at the end of March 2023. All surplus assets after the wind down will be transferred to Scheme creditors. The Scheme wind down requirement applies only to ALL but with no other revenue-generating activities in the Group it is ultimately envisaged that all Group companies will be liquidated. The wind down is expected to be substantively complete approximately twelve months from its initiation in March 2023.

The strategic priorities of the business have therefore changed since our last Annual Report was published and the focus is now on maximising collections to support creditor redress, delivery of compensation to Scheme claimants with upheld claims and an orderly wind down of the business. Our previously reported strategic pillars remain relevant within the wind down strategy.

Meet our customers' needs

As at the end of March 2023, ALL had c.29k borrowers with open loan positions, the average loan balance being c.£2.2k, and c.500 RewardRate borrowers with an average loan balance of c.£5.2k. A focus throughout the wind down process will be to identify and mitigate any adverse impacts on our customers. Continued communication with borrowers will ensure collection processes remain transparent and fair to borrowers and encourage positive outcomes in the management of their accounts.

The specialist support team that helps vulnerable customers will remain in place to ensure continuity of service to these customers.

By optimising collections activity and other value realisation options, whilst continuing to deliver good customer outcomes, we will seek to maximise the amount payable to Scheme creditors. At the same time, we will look to make those payments in a timely manner. Claims assessment, adjudication and the payment of redress is unaffected by the wind down.

Read more about our customers on pages 10 and 16

Invest in our people

Our people have always been what makes Amigo special. The strong engagement scores that we achieved up to our last survey in January 2023, are remarkable given the incredibly difficult period our colleagues have worked through. The wind down is expected to take approximately twelve months from its start in March 2023. It will be important to retain a number of key roles and capabilities over this period to support our customers through the remainder of their loan term, to complete the Scheme and to manage the wind down itself. However, in order to maximise returns to creditors, the Group will need to progressively reduce its costs and we will sadly need to make redundancies. This process has already started and will continue over the coming financial year. Many of our teams have been with us for a significant part of, if not all, their careers. It is our priority to support our colleagues, both while they remain with us and in their preparation and search for their next role outside of Amigo.

Read more about our people on pages 11 and 16

Enhance efficiencies

Amigo has always maintained a strong focus on cost management. In order to maximise returns to Scheme creditors, specific cash conservation measures have been, and will be, taken. Non-critical supplier contracts have been terminated and a head office move to smaller premises was completed in May 2023. The redemption in full of Amigo's senior secured notes in March 2023 was executed to save interest payments and the management buy-out of Amigo's Irish business was completed in February 2023. While proceeds of the buy-out were nominal (£1), Ireland was not actively lending, and the sale resulted in an ultimate saving to Amigo by eliminating premises and operational costs.

Operate responsibly

Throughout 2022, historic control gaps were addressed, new policies, procedures and training were introduced and new risk management tools and systems implemented. We revised our approach to risk management, recruited specialist and experienced employees and worked with other external experts across the lending sector. Operational resilience measures were embedded throughout the organisation and robust lending rules were introduced to ensure all customers could afford the loan they were requesting.

Effective governance and open dialogue with our Regulator will be maintained throughout the wind down process as we focus on delivering the best outcome possible for all our stakeholders. We will ensure Amigo remains compliant with its obligations as a listed company and regulated lender and with all obligations under the Senior Managers and Certification Regime for as long as Amigo retains authorisation. The request to remove authorised status is expected to be submitted after all collection activity has ceased. The Board also expects to issue proposals to delist the shares of Amigo Holdings PLC from the London Stock Exchange.

Stakeholder engagement and section 172

Our section 172 statement

Section 172 of the Companies Act 2006 normally requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The situation for the Board was made more challenging following the approval of a Scheme of Arrangement in May 2022. From this point the Board was tasked with the need to attract suitable new finance to allow Amigo to meet the requirements of the conditions laid out by the High Court, when it approved the Scheme in May 2022. In particular, this required the Board to balance the costs and benefits of pursuing new capital, whilst protecting the cash available to creditors of the business. In March 2023, the Board concluded that it was no longer viable to continue with the

capital raise and Amigo reverted to the Fallback Solution; being the orderly wind down of the business on behalf of creditors. In reverting to the wind down, the Board had to prefer the interests of creditors over shareholders.

In considering section 172, the Directors are required to have regard, among other matters, to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;

Our customers

Why they are important

- Our customers are at the centre of our purpose. By understanding what's important to our customers and making this the focus for all that we do, we can deliver outcomes that meet their needs in a fair, respectful and responsible way.

Our priorities

- To meet customer needs and, over the past two years, to ensure that they fully understand the Scheme of Arrangement process.
- To understand how customers' needs evolve over time, enabling early identification of when a customer needs extra support.
- To ensure continuity of service during the wind down process and encourage good financial management.
- To realise the value of the loan book in order to maximise the amount payable to creditors under the Scheme.

How we engage

- Customer communication is sent via post, SMS or email. We have a dedicated Scheme website and Facebook page and interact with customers over social media. Regular blogs provided education resources on financial matters on our consumer websites, which since wind down, have provided information on the wind down and what it means for our customers.
- The content of the communications is tailored to the customer's situation and provide the right level of reassurance.
- Our systems enable our teams, who are trained to identify vulnerability triggers, to easily recognise and record vulnerability concerns, so that calls and outcomes can be tailored to the customer's needs. Once a customer is identified as potentially vulnerable, they are supported by our specialist support team.

Community and the environment

Why they are important

- By playing an active role in our community, we aimed to have a positive impact on our community and the environment.

Our priorities

- To help the most vulnerable in our society.
- To minimise the impact we have on the environment.

How we engage

- Through our Responsible Business Council we gave a voice to community and environmental concerns.
- We have maintained our strong relationships with local charities and built new relationships as needs, such as the Ukrainian crisis, have arisen.
- Our employees have raised money for various charities and events and provided donations to local food banks to help those in need.
- The Amigo Volunteer Scheme provides employees with paid leave to volunteer.

Outcomes

- Customers were provided with affordable products that met their needs with flexibility given when their circumstances change.
- Customers have a good understanding of the Scheme process, what it means for them and the need to continue to repay their loan during the wind down.
- Customers are provided with tailored support throughout their journey with us.

- Through fundraising and business donations we raised just under £7,000 this year.
- Amigo's total emissions have increased slightly in the year as more of our employees returned to the office and the in-house café resumed full-time operation. However, we increased our focus on preventing unnecessary waste with the removal of single-use cutlery, reduced the use of takeaway boxes in the café and encouraged employees to stop the use of disposable cups. The café has now closed.

Our section 172 statement continued

- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company.

The Directors consider these factors in discharging their duties under section 172. The key stakeholders we consider in this regard are our customers, our employees, our shareholders and creditors, the regulators, our brokers and suppliers, the local community in which we are located and the environment.

The Board recognises that building strong relationships with our stakeholders is fundamental to delivering its strategy and to operating the business in a sustainable way. This remains the case as the business progresses through its wind down strategy with the same care and diligence being given to engaging with, and supporting, our various stakeholders throughout the process. While the priorities and how we engage may have changed for each of the stakeholder groups, the focus on delivering the best outcome possible remains. One of the key aims of Amigo's wind down strategy is to ensure that, to the greatest extent possible, all customers are protected, staff are treated fairly and that the impact on businesses that rely on us is minimal.

Our people

Why they are important

- The skills and commitment of our employees have been key to delivering and maintaining a fair and rewarding customer experience throughout a difficult period.
- The wind down will require a significant number of roles to be retained as we continue to support our existing customers for the duration of their loans, complete the Scheme and maintain leadership and oversight in line with good governance and compliance.

Our priorities

- To retain talented, appropriately qualified and engaged employees in key roles throughout the wind down process.
- To provide an inclusive environment, where all employees feel valued and are kept informed of the issues that impact them and the broader business.
- To encourage challenge and diversity of thought.
- To support our employees while they remain with us.
- To help ready our colleagues for their next career steps as they prepare to leave Amigo.

How we engage

- Regular employee engagement surveys to gauge sentiment were issued throughout the financial year.
- All-employee calls, hosted by the CEO, were held to update colleagues on the latest information and provide an opportunity to ask questions of management and the Board. These will be supplemented with regular one-to-one engagement at team level and redundancy consultations during the wind down process. FAQs related to the wind down and redundancies are regularly updated on Amigo's intranet.
- All communication with our employees aims to be fully transparent and provide an estimate of timescales of the wind down and redundancy processes.
- Internal promotion of potential new roles, both within Amigo to support the wind down process and external positions to help those being made redundant. Provision of an outplacement service to support through redundancy and career transition, enabling our employees to swiftly secure a new role.
- 24/7 confidential employee assistance line available to all employees to provide individual support where needed.
- Mandatory training to ensure regulatory compliance.
- The Board receives regular employee updates from the Chief People Officer.

- We have retained key people through a period of significant uncertainty for the business. Despite the difficulties, we have maintained an engagement score of 7.9, which is around industry average.
- Our employees are engaged, have a solid understanding of our values and of our regulatory obligations.
- Employees are supported to reach their full potential both at Amigo and in their ongoing career.

Read more about our people on page 16

Stakeholder engagement and section 172 continued

Investors

Why they are important

- Our investors have provided funding in the form of debt and equity over the years, and we had hoped would provide funding again in the future.

Our priorities

- To provide clear, timely and transparent updates on our business to all investors in line with regulatory requirements and best practice.
- To manage expectations and foster a good understanding of our business, its financial position and resultant challenges.

How we engage

- Amigo conducted its Annual General Meeting on 28 September 2022, providing an online facility as well as the opportunity to attend in person. A General Meeting was held on 8 March 2023 to address issues raised under s.656 of the Companies Act. Both meetings provided shareholders with the opportunity to ask questions of the Board and senior management.
- Financial results were reported quarterly whilst the senior secured notes were in issue, and presentations webcast to enable access to all. During the wind down, results will be made available on the London Stock Exchange's Regulatory News System and on Amigo's corporate website.
- Open calls for all shareholders were held on 16 January 2023 and 24 March 2023 to provide shareholders with updates on Amigo's position and its Scheme of Arrangement. Other calls were held during the year with shareholder groups or individuals, hosted by the CEO, CFO, Board members and Investor Relations. A dedicated email for investors' enquiries is available and the PLC website provides share information and FAQs on Amigo's current situation.
- Board members attend ad hoc investor meetings and receive regular updates from our Investor Relations Director.
- Financial advisors were appointed to attract new investment partners and underwriters for a proposed capital raise. Over 200 prospective investors, both debt and equity, were approached. Investor meetings were led by representatives from Amigo's Executive Committee. Unfortunately, the capital raising exercise was unsuccessful.
- After year end, on 9 June 2023, Amigo entered into an exclusivity agreement with shareholder Michael Fleming, at his request, for him to seek investment to allow the business to continue. The Board considers that establishing a new business and potentially creating value for shareholders in the longer term has significant execution risks and that there is only a very low likelihood of success.

Outcomes

- Investors are provided with information required to enable informed investment decisions.
- Unfortunately, we were unable to attract sufficient new investment or interest to underwrite a new capital raising to support the continuation of the business. The difficult decision to switch the Scheme to the Fallback Solution and wind down the business was therefore taken, as required by the High Court.
- All surplus assets after the wind down will be transferred to Amigo's Scheme creditors. The remaining senior secured notes were repaid at par in full during March 2023.
- Regrettably, there is expected to be no value attributed to the Company's ordinary shares under the Fallback Solution.

Suppliers

Why they are important

- Our suppliers support our operation, enabling us to deliver our service and meet customer, employee, investor and regulator needs.

Our priorities

- To ensure continuity of service through retention of key suppliers to minimise disruption to operations, maintain an outstanding customer service and to ensure an orderly wind down of the business.
- To provide comfort to our suppliers that Amigo has sufficient liquidity and that services will continue to be paid for in full under normal terms.

How we engage

- A thorough procurement process ensures a good fit with the organisation and provides a good foundation from which to build strong supplier relationships.
- Individual heads of business divisions maintain relevant relationships. All suppliers were contacted following the wind down announcement, with all communications emphasising the solvent nature of the wind down and Amigo's commitment to honour all contractual agreements.
- The Board receives updates on any issues or proposals concerning suppliers, for example, where outsourcing is considered.

- Collaborative, transparent and effective relationships with partners.
- Supplier services are maintained as required to the end of the wind down process.

Regulators

Why they are important

- Adhering to regulatory requirements enables us to protect consumers by providing fair and responsible finance to the growing population of people who are unable to access credit through mainstream lenders, and to protect all stakeholders' interests during the wind down process.
- Maintaining our licence to operate is imperative while we continue to collect our legacy and RewardRate loan books.

Our priorities

- To maintain a proactive and transparent relationship with our Regulators.
- To ensure we meet regulatory standards at all times.
- To ensure the FCA is kept informed of the wind down process and its progress.

How we engage

- We have maintained an open and regular dialogue with our Regulators with respect to all regulatory and risk matters, including resolution of the Enforcement Action.
- We worked closely with the Regulators to share new approaches and gain consent to initiate pilot lending.
- RewardRate products were designed with the forthcoming Consumer Duty in mind, including training employees.
- We provide weekly and monthly updates to the FCA on Amigo's financial position and on the wind down strategy, its progress and impact on our various stakeholders.

- A thorough understanding of all regulatory requirements is reflected in behaviours throughout Amigo.
- Recognition of the need for companies in the specialist lending sector to provide financial services to the millions excluded by mainstream lenders, resulting in Amigo receiving permission to return to lending, initially on a pilot basis. Subsequent to the decision by the Board on 23 March 2023, all new lending activity ceased.
- A comprehensive wind down strategy that meets regulatory requirements with consideration of all stakeholders.

Principal Board decisions taken during the year under review

Decision to cease with pursuit of the additional capital raise and the switch from the Preferred Solution to the Fallback Solution under the Scheme of Arrangement agreed in May 2022

Amigo's Scheme of Arrangement (the "Scheme") was sanctioned by the High Court in May 2022. The Board had always been clear that the Preferred Solution in which Amigo rebuilds a new, more responsible, mid-cost lending offer would be in the best interests of not only its shareholders, but also Scheme creditors, employees and wider stakeholders, including those in society that do not have access to mainstream credit options. As such, following the announcement issued on 10 March 2023 that the Company had not received sufficient aggregate indications of interest from potential equity investors to cover the total £45m equity capital required, the Board explored whether a potential new scheme, which eliminated the £15m capital commitment to Scheme creditors, was likely to succeed. In seeking to amend the terms of the Scheme, Amigo would have been required to pursue a new replacement scheme. After taking extensive advice from its professional advisers, the Board concluded that successfully executing a new scheme followed by a lower capital raise was highly unlikely, and the significant associated costs would therefore cause avoidable detriment to its Scheme creditors in the event the new scheme and capital raise are unsuccessful. As a result, the Board took the decision to switch the Scheme from the Preferred to the Fallback Solution.

Stakeholders	Considerations
Our customers	The switch from the Preferred Solution to the Fallback Solution had immediate impacts on our customers; both historic and new. The move to wind down meant that the ongoing pilot lending programme for the RewardRate product was immediately curtailed, meaning no new customers could apply for the product. Existing RewardRate loans would continue to operate as planned and those RewardRate customers with near final applications were completed. Legacy customers, not in the Scheme of Arrangement but with existing loans, were reassured through messages on our website and via our call centre that the status of their loans, and their agreed repayments would stay the same. The Board also considered that the decision would impact those with a valid claim in the Scheme as the decision to not progress the fund raise reduced the funds payable to the Scheme by at least £15m.
Investors	With the Scheme of Arrangement agreed in May 2022, Amigo was no longer insolvent. This allowed the Board to operate the business for all stakeholders, whilst there remained reasonable prospects for the business. The switch to the Fallback Solution in March 2023, because of the failure to raise additional capital, meant that under the terms of the Scheme the Amigo lending business had to be wound down in an orderly fashion, with all assets transferred to the Scheme for distribution to Scheme creditors. This meant that shareholders would be unlikely to receive any value from their shareholding in the Company.
Regulators	The FCA wished to ensure that the interests of customers were upheld and that any customer harm, from past and future actions of Amigo, could be resolved in the best manner possible for customers, notwithstanding the switch to the orderly wind down of the business. The Board recognised that the FCA would be concerned about the reputational impact to the market of a disorderly wind down hence took steps to keep them apprised at all stages of the process.
Our people	The immediate impact of switching from the Preferred Solution to the Fallback Solution was the realisation that all employees and Directors would lose their jobs when Amigo completed its orderly solvent wind down. The Board instigated the development of a wind down plan, including a phased redundancy programme so that resources and costs were appropriately matched with the need to preserve Scheme creditors cash, whilst continuing to support the processing of the Scheme of Arrangement and the wind down of remaining customers' loans.

Decision to accept the findings of the Enforcement Action

Since the Enforcement Action commenced in 2020 Amigo has had to devote considerable time and resource to support the investigation work by the FCA. The outcome of the Enforcement Action was deemed, by the Board and the advisers working on the planned capital raise, to be an important milestone to be achieved as part of Amigo's return to active lending. In February 2023, the Company accepted the findings of the Enforcement proceedings.

Stakeholders	Considerations
Our customers	The Board accepting the findings of the Enforcement Action was an important step for existing customers who believed Amigo had not delivered the appropriate service, for existing customers who had ongoing loan arrangements with Amigo and for potential new customers who, not being able to fully access other loan providers, could be served appropriately by RewardRate.
Investors	Completing the open Enforcement Action was a vital step that had to be completed prior to seeking new investors and/or investments from existing shareholders. Until the Enforcement Action was closed, together with the waiving of a potential penalty by the FCA, the Board and advisers did not believe that new investment would be provided to meet the proposed capital raise requirements, due to the uncertainty associated with an open investigation.
Regulators	The FCA were able to fulfil its commitment to ensuring proper standards are maintained and to demonstrate that failures will be investigated, and remedies imposed where appropriate.
Our people	The completion of the Enforcement Action and the work that went alongside it to learn from past failures allowed the employees to develop their own understanding of what is now the required standard for lending. The decision to accept the findings of the Enforcement Action allowed the whole team to focus on delivering better outcomes for customers and the launch of RewardRate.

Decision to develop our new proposition, RewardRate, a path to financial mobility for those who have few options to borrow

The Board has been very clear that the new Amigo will be unrecognisable from its predecessor. The vision was to break down the barriers to financial mobility, creating a community where people are rewarded and empowered to achieve financial mobility. We wished to be dedicated to constantly innovating and building ways to make sure our customers had access to fair and affordable finance so they could make their life plans possible. Our new proposition was designed to serve a large section of society that remains in real need of better access to affordable credit. It was designed to be inclusive, provide flexibility and help our customers build a brighter financial future. Our mantra was 'if it works for you, it works for us'.

Stakeholders	Considerations
Our customers	Customers who used Amigo and similar products are not well served by the existing consumer credit propositions which typically do not include 'our' customers when credit access is assessed. The RewardRate product was designed to responsibly meet the requirements of this demographic. The RewardRate proposition was designed to be flexible and help the financial mobility of the proposed customer base.
Investors	A condition precedent of the New Business Scheme was the requirement to raise additional capital to contribute to the compensation pool to redress customers with a valid complaint against Amigo for past lending practices. RewardRate was intended to provide a viable, new product which it was hoped would allow Amigo to raise the necessary capital to meet the requirement. RewardRate provided Amigo with the opportunity to start re-lending, which it was hoped would increase the size of the loan book, which in turn would facilitate a future return to shareholders.
Regulators	RewardRate was a product that would help fill a gap in the market for customers who are underserved by existing lending propositions. The issue has been made more impactful due to the withdrawal of many of the participants lending to this customer base.
Our people	RewardRate provided an opportunity for Amigo to return to lending. It facilitated the continued employment of staff working for the business.
Distribution network	RewardRate allowed Amigo to restart lending again.

Our customers

We put customers first in all our decisioning and actions. We returned to lending between October 2022 and March 2023 with a new lending proposition designed, in conjunction with a leading debt charity, to provide a path to financial mobility to those with few options to borrow.

We introduced robust lending rules to ensure we lent responsibly and that all customers could afford the loans they were requesting, and we took significant steps to implement the FCA's new Consumer Duty regulation, focused on positive customer outcomes. Due to the wind down decision that was taken in March 2023, all new lending was stopped. During the wind down period, we will continue to support our customers to the end of their journey with us. Collections staff are trained to identify

potential vulnerability in our customers and to discuss the customer's situation so that calls can be tailored and the relevant support provided. This could include referral to our specialist support team or signposting customers to external support services.

A key priority now is to complete the Scheme of Arrangement as soon as possible, managing costs in order to maximise redress for Scheme creditors. The Scheme's claim assessment process is unaffected by the wind down. However, there will be an impact to the total compensation Scheme creditors will receive as it was not possible to raise the additional £15m Scheme contribution from the proposed Capital Raise.

Our people

At Amigo we have always recognised that it is our people who make the difference, who go the extra mile to deliver the right outcomes for our customers and who embody Amigo's culture and purpose. The past two years have been exceptionally challenging, and we are now faced with the task of winding down the business. As we progress through the wind down process, we are committed to supporting our employees' health and wellbeing, retaining the necessary staff to fulfil our ongoing obligations, and to providing all employees with the tools they need to transition to whatever path they choose next.

Engagement, retention and wellbeing

Despite the uncertainty around Amigo's future that we faced throughout the financial year, the engagement survey carried out in January 2023 recorded a score of 7.9. We gathered responses to our engagement and driver questions on an 11-point scale ranging from 0 to 10 (0 indicates a low score and 10 is a high score). The 7.9 result is not only above the benchmark (a comparison with similar sized companies) but also shows that our employees' engagement is still high despite challenging times. This is a remarkable achievement and testament to the incredible resilience of our teams and those who lead them. Although we will measure engagement in a less formal manner, we will ensure we continue to listen and respond to colleagues to maintain engagement as we progress through the wind down.

During the wind down process, it will be important to retain key roles and functions to support our customers, complete the Scheme and manage the wind down itself. With all employees being placed at risk of redundancy immediately following the wind down announcement, we were pleased to be able to minimise the first round of redundancies by reducing outsourced requirements and redeploying colleagues internally. An outplacement service is available for all employees to support them through the redundancy process and in their career

transition, helping our employees to swiftly secure a new role if that is what they want to do. Our HR function has also been proactive in approaching local businesses regarding open vacancies they might be seeking to fill.

A 24/7 employee assistance line is available to all employees who may need additional support and our in-house Mental First Aiders are trained to offer help and advice. Our hybrid working policy remains in place. Our teams are asked to attend the office at least two times a week, subject to individual circumstances.

Diversity

Delivering equality and supporting diversity to create an inclusive workplace where all our people feel valued and able to fulfil their potential, regardless of their race, gender, age, religion or disabilities, reflects our fundamental value of being human. The importance of diversity, equity and inclusion ("DEI") is highlighted in our equity and diversity policy which applies to all employees in Amigo, and the mandatory DEI e-learning module that all colleagues are required to complete annually.

The graphics opposite show our employee base at year end, split by gender, using the definition used in the Hampton-Alexander Review¹ (namely the most senior level of management ("ExCo") plus those of its direct reports that are at Director level).

Human rights and modern slavery

Amigo respects and supports human rights and is committed to the highest level of ethical standards and sound governance arrangements. We act ethically and with integrity in all our business dealings. In accordance with the UK Modern Slavery Act, our Modern Slavery Statement is approved by our Board and published on our website.

¹ Hampton-Alexander Review – Improving gender balance in FTSE leadership, November 2019.

Executive Committee

	Male	5
	Female	3
Total		
8		

Senior management

	Male	5
	Female	4
Total		
9		

Other employees

	Male	86
	Female	83
Total		
169		

Training

Performance management was successfully rolled out with every employee receiving feedback on their performance against objectives and Company values. Mandatory training to ensure compliance with our regulatory obligations and familiarity with our values is performed throughout the year.

Our community

Being a positive part of our local and wider community is important to us. The causes we contribute to matter to our employees and impact the community in which we operate.

Amigo gives something back

Amigo played an important role in the lives of our customers and our approach to charity was built around this. Over the past year, Amigo's Buzz committee, which organises social and charitable events continued to fundraise for our employees' chosen charities, helping to support our local community and charities around the world. Unfortunately, owing to our financial position, Amigo was not able to support these charities as much as we would have liked. However, our employees continued to come together to raise money between them for some great causes. We are extremely proud of the way they worked together to support both the local community and each other.

Environment

At Amigo we believe that by looking after our people and the planet, we can contribute to a better world. In line with government guidelines for Streamlined Energy and Carbon Reporting ("SECR"), the following pages present our energy usage, associated emissions, energy efficiency actions and energy performance of our two UK offices. In May 2023, Amigo closed its larger main office and moved to its smaller second office located in Bournemouth.

Energy efficiency and carbon reduction initiatives

There are a number of ways in which we seek to reduce our energy and carbon usage and overall carbon footprint. Food waste from our in-house café was sent to combustion sites where it was transformed into energy, we use energy efficient light bulbs in our offices and we have a "Cycle to Work" benefit scheme to encourage our employees to reduce the carbon footprint from their commute. Amigo operates a hybrid working policy with employees asked to work from the office at least two days a week, subject to

each of their personal circumstances. As our employees have returned to the office, following the enforced lockdowns of the Covid-19 pandemic, we have seen an increase in our energy usage. However, 75% of our electricity usage is generated from renewable sources and the other 25% from nuclear. This means we no longer use energy generated from fossil fuels.

Lastly, and since 2022, our Annual Reports are certified by the World Land Trust. Our reports are printed on Carbon Balanced Paper which reduces 245kg of carbon dioxide and supports the Trust in protecting 47m² of critically threatened tropical forest.

Greenhouse gas emissions

This is the fourth year for which Amigo has reported on emissions in compliance with the Streamlined Energy and Carbon Reporting ("SECR") requirement. For the year ended 31 March 2023, our total emissions for Scope 1 and 2 have accounted for 26.57 tonnes of CO₂e.

Indicator	Metric	2019/20	2020/21	2021/22	2022/23
Scope 1	Tonnes CO ₂ e	29.61	52.44	0.02	0.51
Scope 2 (location-based)	Tonnes CO ₂ e	156.66	89.96	65.43	108.38
Scope 2 (market-based)	Tonnes CO ₂ e	—	—	—	26.06
Total CO ₂ e emissions (Scope 1+2) (location-based)	Tonnes CO ₂ e	186.27	142.4	65.45	108.89
Total CO ₂ e emissions (Scope 1+2) (market-based)	Tonnes CO ₂ e	—	—	—	26.57
Carbon emissions intensity (location-based)	Tonnes CO ₂ e/per FTE	0.52	0.37	0.27	0.54
Carbon emissions intensity (market-based)	Tonnes CO ₂ e/per FTE	—	—	—	0.13
Total energy consumption	kWh	627,872	391,353	308,185	562,546

Methodology

Amigo collects and reports data in accordance with the Greenhouse Gas Protocol. Data is based on energy and fuel consumption of Amigo Management Services Ltd for the period 1 April 2022 to 31 March 2023, using an operational control boundary.

UK CO₂ emissions were calculated using Defra (2022) greenhouse gas reporting conversion factors. Our GHG emissions are calculated using energy usage data provided by our energy suppliers, employee expense data and records of fuel use. Some energy consumption was estimated where primary data was unavailable due to tenancy arrangements.

1	2	Environment intensity indicators
Scope 1 (Direct CO ₂ e emissions)	Scope 2 (Indirect CO ₂ e emissions)	0.13 (0.27 in 2021/22) tonnes of CO ₂ e per FTE (accounting for renewable electricity)
Company-owned vehicles	Purchased electricity	
	108.38 tonnes of CO ₂ e (location-based)	26.57 total emissions tonnes of CO ₂ e (82.21 in 2021/22)
Company facilities		
0.51 tonnes of CO ₂ e (0.02 in 2021/22)	26.06 tonnes of CO ₂ e (market-based) (65.45 tCO ₂ e in 2021/22)	
	425,692 kWh Amount of renewable energy used	

Summary of changes

In summary, our total emissions have increased compared to FY22. This is a result of the increase in our electricity consumption. As part of our commitments to sustainability and to reduce our impact on the environment, our purchased electricity is from a renewable energy source. Our offices use 75% to 100% renewable electricity with the total renewable energy consumption of 425,692 kWh. This reduces our total non-renewable energy consumption to 136,854 kWh.

This year we have disclosed our carbon footprint using both location-based and market-based approaches. Presenting both methods together shows the impact of renewable energy on carbon emissions. Our total CO₂ emissions from location-based and market-based approaches show that switching to renewables resulted in carbon savings of 82 tCO₂.

Taskforce on Climate-related Financial Disclosures (“TCFD”)

Last year we reported against TCFD recommendations for the first time. This year, we were working towards our second-year reporting and had progressed well along our projected roadmap to compliance, before the Board took the decision to initiate the wind down of the Amigo Loans Ltd business and the wider Group.

The following report details the governance structure that was in place during the financial year ended March 2023 and the steps we had taken on our path to compliance and towards integrating TCFD recommendations into Amigo's strategy, including an overview of the conducted climate scenario analysis. However, as a consequence of the Board's decision to place the business into wind down, work towards assessing and responding to the risks and opportunities that climate change presents was stopped. This was considered appropriate in view of the short time horizon over which the business will continue to operate and the nature of climate-related events. For this reason, Amigo has not complied in full with the TCFD recommendations and will not continue on its path to TCFD compliance.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

- a Describe the Board's oversight of climate-related risks and opportunities.
- b Describe management's role in assessing and managing climate-related risks and opportunities.

The Board has overall responsibility for Amigo's ESG strategy, in which climate-related matters are included. The Board met on a monthly basis and was presented with ESG matters integrated across Operational, People and Risk reporting. Climate-related matters were championed by Senior Independent Director Maria Darby-Walker, who also formed part of the Audit and Risk Committees. However, on 27 March 2023, Maria resigned from the Board. Given the move to wind down the business, a new Board-level climate champion has not been appointed.

The Responsible Business Council was established in May 2022 with a broad remit to provide guidance and recommendations to the Board in respect of Amigo's ESG strategy, objectives and metrics, including climate-related impact and initiatives. The Responsible Business Council (“RBC”) consisted of eight elected employees and one secretary and met monthly, with its Chair reporting quarterly into the Board. The RBC was employee led, with members and Chair voted into position.

Representatives from the Responsible Business Council, Risk, Finance and Investor Relations made up Amigo's Climate Task Force (“CTF”). The CTF met monthly and was responsible for reviewing climate-related risks and opportunities and implementing mitigation strategies. It reported into both the Chief Risk Officer (“CRO”) and Chief Financial Officer (“CFO”) who were ultimately responsible for establishing a process for a more comprehensive climate-related risk assessment. Amigo sought to integrate climate-related risks into the Company's risk management register, its strategy and to formulate action plans and environmental targets as Amigo progressed on its roadmap to full TCFD adoption.

Both the RBC and CTF were disbanded following the wind down announcement.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

- a Describe the organisation's processes for identifying and assessing climate-related risks.
- b Describe the organisation's processes for managing climate-related risks.
- c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Amigo takes a holistic approach to managing risk, operating a defined risk management framework, which accounts for both financial and non-financial risks. The principal risks impacting Amigo are captured within the Company's risk register. Amigo has six defined Principal Risk categories, and reviews emerging risks every quarter. Climate-related risk is included in the latter.

The climate-related risks are considered based on the following risk subcategories:

- physical climate-related risks; and
- transitional climate-related risks.

During the year, we worked with external consultants to map out our material climate-related risks and opportunities, taking into account three different climate pathways, an overview of the process and risks is provided within the Strategy section.

The Risk function is responsible for developing and maintaining the Risk Register and the Register is reviewed by the CRO, Executive Committee and the Board. The CRO holds responsibility for maintaining and developing the risk taxonomy for Amigo and the Executive Committee and Risk Committee need to be updated regularly as changes are made.

A Risk Report is prepared by the Risk Function on a monthly basis, providing an overview of the material risks, the control environment, risk transformation plans, Key Risk Indicator data, assurance updates and any other notable discussion points. The report is approved by the CRO before being presented to the Executive Committee during the monthly risk meetings.

Our Risk Committee, attended by members of the Board and Executive Committee, meets on a quarterly basis to review our overall risk strategy, risk management policies and procedures. The Committee also reviews principal risks, discusses any emerging risks and their potential impact on Amigo's financial planning and business strategy.

In addition, we regularly review our risk appetite, which is defined as the amount and nature of risk Amigo is willing to take in the pursuit of its strategy and business objectives. The CRO is responsible for developing and maintaining the Risk Appetite Statement Framework. The associated risk appetite statements are reviewed by the Executive Risk Committee and ratified by the Board at least annually, although the CRO can propose more frequent changes if the circumstances call for it.

Risks are continually evolving, and we perform regular horizon scanning to account for any changes in exposure and the emergence of any new risks. The scanning is performed on a six monthly basis with the output shared with our Executive Committee and the Board. Particular attention is paid to both current and emerging risks.

Taskforce on Climate-related Financial Disclosures (“TCFD”) continued

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on Amigo's business, strategy, and financial planning where such information is material.

- a Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- b Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- c Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a greater or less than 2°C scenario.

As a small financial services business, with two offices in one city location, reduced to one office in May 2023, Amigo's direct carbon footprint is relatively small. Furthermore, as our business model is centred around helping customers who would otherwise have difficulties accessing financial services, we lend to individuals and not businesses. Thereby, we do not have lending products that are exposed to sectors particularly impacted by physical or transitional climate-related risks nor do we hold any assets with such exposure. Our climate risk analysis is based on the evaluation of potential risks to our direct business and risks with potential to affect our customer base's credit exposure.

In Autumn 2022, we carried out a climate scenario analysis evaluating the climate-related risks and opportunities Amigo would be exposed to under three different climate pathways: a low-emissions scenario, in which global warming is limited to around 1.5°C (Divergent Net-Zero Scenario, devised by the Network for Greening the Financial System (“NGFS”)), a medium-emissions scenario, in which global warming reaches 2.6°C (Nationally Determined Contributions scenario, devised by NGFS) and a high-emissions scenario, in which global warming reaches approximately 4°C (Representative Concentration Pathway 8.5, devised by the Intergovernmental Panel on Climate Change).

The scenario analysis combined quantitative and qualitative analysis to gain a better understanding of the risks' potential impact on Amigo's financial planning. The time horizons considered were short term (0-3 years), medium term (3-10 years) and long term (10+ years). The material risks and opportunities were identified based on their likelihood of occurrence within the set time horizons, the potential financial impact and cost of response.

Climate-related opportunities

The scenario analysis identified a number of potential climate-related opportunities. Financially material opportunities identified included the potential to further decrease Amigo's Greenhouse Gas (“GHG”) emissions, the development of ‘green’ products such as loans related to energy efficiency projects and the achievement of competitive advantage through the development of an ambitious sustainability strategy.

Climate-related risks

Top material physical and transitional climate-related risks included the increased risk of a pandemic-type event, additional compliance obligations and the risk to reputation should Amigo be unable to achieve its ESG commitments. Additional material climate-related risks identified were physical risks, such as operational disruptions due to extreme weather events and transitional risks, such as decreased access to capital if net-zero commitments are not set and fulfilled due to increased interest in ESG investment.

Resilience

The climate scenario analysis we carried out suggested that our business model and strategy, in place at the time, were resilient to the identified climate-related risks under the three considered climate pathways. If the business had been continuing, we would, in the short and medium term, face low residual financial risks mainly related to increased compliance obligations, volatile energy market and transition to renewable energy sources and the potential for another pandemic-type event. Control measures, either in place or planned, decreased the residual risk level further and our ESG governance structure and risk management system would have ensured continual monitoring and management of the material climate-related risks.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- a Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks.
- c Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Prior to the wind down announcement, in order to align with the Climate Change Act and the UK government's ambition to achieve net-zero by 2050, we had intended to set GHG emissions reduction targets to reduce our business's carbon footprint. While we had progressed well along the Climate Strategy Roadmap outlined in last year's Annual Report, because of the Board's decision to place the business into wind down Amigo will not continue on its path to TCFD compliance. Therefore, while we were in the process of setting targets, informed by the identified climate-related risks, we will withdraw the Roadmap and will not progress further with our target setting.

Mandatory disclosure of Scope 1 and Scope 2 carbon emissions can be found on page 18. Scope 3 calculations have not been included.

Kerry Penfold

Chief Financial Officer

The decision to wind down the Amigo Loans Ltd business ("ALL"), in line with the Court order associated with the Fallback Solution of Amigo's Scheme of Arrangement, was announced on 23 March 2023. As ALL is the only revenue-generating business within the Group, it is envisaged that all businesses within the Group will be liquidated. This process has begun and is likely to be substantially completed by the first quarter of calendar year 2024, following completion of the Scheme redress process. Over the course of the wind down, we will continue to either collect out or dispose of both the remaining legacy loan book and newer RewardRate loans. The wind down is an orderly, solvent process and the business remains in a positive net asset position. However, all net assets, after the cost of collecting the loan book, are committed to Scheme creditors.

Overall performance

In the year to 31 March 2023, the net loan book reduced by 67.1% to £45.4m (FY22: £138.0). Revenue fell by 78.4% year-on-year to £19.3m (FY22: £89.5m), reflecting the loan book reduction with limited new lending over the period. Collections continue to perform well, and ahead

of expectations, despite the wind down announcement and cost of living backdrop. The complaints provision increased from the prior year, primarily due to the expected higher uphold rate as claims are assessed. The associated increase in complaints cost, alongside diminishing revenues and higher operational costs, led to a reported loss before tax of £34.7m (FY22: profit of £167.9m). The significant profit in the prior year reflected the release of a substantial proportion of the complaints provision following the sanctioning of the Scheme in May 2022.

Revenue

Revenue declined 78.4% to £19.3m over the twelve month period, owing primarily to the pause in lending until October 2022 and minimal lending thereafter. All lending was stopped on 23 March 2023, following the wind down announcement. The decline in revenue is reflected in customer numbers which fell 60.3% to 29,000 (FY22: 73,000).

The pause in lending drove a 65.8% reduction in the gross loan book year-on-year to £63.4m (FY22: £185.4m). The net loan book reduced by 67.1% year-on-year to £45.4m (FY22: £138.0m). This reduction is reflective of both the decline in the gross loan book

and impairment coverage which increased to 28.4% (FY22: 25.6%) at the year end.

Revenue yield in the year decreased significantly from the prior year to 15.5% (FY22: 29.4%), primarily due to the non-recognition of estimated interest generated from prospective upheld Scheme complaints. The Group defines revenue yield as annualised revenue over the average of the opening and closing gross loan book for the period.

Impairment

A credit in the period was recognised of £3.4m (Q3 FY22: charge of £37.0m) primarily due to post-charge-off recoveries, which have improved throughout the period, and continued robust standard collections, alongside the gross loan book being increasingly provided for under lifetime loss assumptions.

The impairment provision decreased to £18.0m (FY22: £47.4m), representing 28.4% of the gross loan book (FY22: 25.6%). This reduction reflects the amortisation of the loan book over the period.

Scheme provision

The Scheme provision has increased from the prior year to £195.9m (FY22: £179.8m), owing both to the now known final number of claims received which was higher than originally anticipated and to the increase in the projected uphold rate to just over 80%. Approximately 90% of the claims' population have now been assessed by a third party and we therefore have greater certainty in this figure. Following the passing of the Scheme deadline to submit a claim, the final volume of claims is known to be just under 210k. This includes some duplication where both guarantor and borrower have claimed on the same loan agreement. The provision includes both cash redress and balance adjustments. Scheme creditors are expected to receive cash redress toward the end of this calendar year which we estimate to be in the region of 17p to the pound. With claims still to be reviewed, this remains an estimate and the final outcome is subject to change.

The increase in the provision has resulted in a corresponding charge to the income statement of £19.1m (FY22: credit of £156.6m). There remains a degree of uncertainty in the final complaints outturn. Sensitivity analysis of the key assumptions is set out in note 2.2 to these financial statements.

Cost management

Administrative and other operating costs of £36.2m increased by £11.6m, (47.2%) year-on-year. The main categories of expenditure included in administrative and other operating expenses are employee costs of £17.3m (2022: £13.6m), legal, professional and consultancy fees of £10.9m (2022: £5.1m) and licence fees of £2.5m (2022: £1.9m). The substantial increase year-on-year relates both to higher employee costs and development requirements for the RewardRate platform. Employee costs increased by £3.7m to £17.3m due to the provision of £4.2m for estimated staff exit costs arising from the orderly wind down, in which all employees will exit the business.

RewardRate development spend in the year was composed of both incremental licence spend alongside internal staff and external developer costs. The level of spend was required to facilitate an accelerated lending platform with which to begin lending, as we did in October 2022. A flexible and scalable IT platform was key to demonstrating proof-of-concept for prospective investors in the capital raise process. An onerous contract provision of £1.3m (related expense of £1.8m), has been made in relation to the RewardRate product, which has a number of associated supplier contracts that either cannot be terminated or a termination fee has been negotiated to end the contract early. As at 31 March 2023, £0.5m had been paid and £1.3m remains payable.

Increased expenditure was partially offset by reductions in variable costs, including communications, print, post and stationery, and bank charges with declining volumes aligned to the reducing customer base.

Tax

A tax charge for the year ended 31 March 2023 of £0.1m relates to Amigo's Luxembourg entity.

Profit

Loss before tax was £34.7m for the year (FY22: profit of £167.9m) with loss after tax of £34.8m (FY22: profit of £169.6m) driven primarily by the increase in complaints provision over the financial year. Excluding the complaints charge, restructuring expense and onerous contract provision, adjusted loss after tax was £9.3m (FY22: profit of £13.3m).

Our adjusted basic loss per share for the year was loss of 2.0p (FY22: earnings of 2.8p), and basic loss per share for the year was loss of 7.3p (FY22: earnings of 35.7p).

Funding and liquidity

The Group's remaining £50m of outstanding 7.625% senior secured notes were redeemed, at par, in March 2023, ahead of expiration in January 2024, resulting in a net interest saving. Funding to the Group is now entirely in cash.

The proposed capital raise to fulfil the Scheme condition of a further minimum £15m payment to Scheme creditors and to provide working capital necessary for the continuation of the business was unsuccessful. The

Scheme was switched to the Fallback Solution as a result.

Net unrestricted cash/(debt) (£m)	31 March 2023	31 March 2022
Senior secured notes ¹	—	(49.7)
Cash and cash equivalents	62.4	133.6
Net cash/(debt)	62.4	83.9
Cash and cash equivalents (restricted)	107.2	7.6

¹ Figures presented above are net of unamortised fees

With no remaining debt, net unrestricted cash was £62.4m at 31 March 2023 (FY22: £83.9m), comprising unrestricted cash and cash equivalents, as the back book continued to be collected and originations were limited.

The year-on-year reduction of cash and cash equivalents reflects the payment of the full £97m Scheme contribution into a Scheme fund and the repayment of the senior secured notes, offset by continued strong collections. Restricted cash is £107.2m, which includes the £97m Scheme contribution paid to the Scheme Fund as well as estimated set-off held in escrow for customers with existing complaints who continued to make payments up to the Scheme Effective Date. Since the year end, and in accordance with the Fallback Scheme conditions, Scheme Co has returned funds to ALL to ensure it is well funded for an orderly wind down of operations. Current unrestricted cash is over £121m after repayment of the senior secured notes and withdrawal from Scheme Co and current restricted cash is over £62m.

Summary

It is extremely disappointing to be executing the wind down of the Amigo business. Despite this, collections are performing well and the wind down strategy, whilst early in its execution, is on track to deliver the expected contribution to Scheme creditors. This is a testament to the dedication and hard work of all teams at Amigo of which I am immensely proud.

Kerry Penfold
Chief Financial Officer
27 July 2023

K J Penfold

Summary results and KPIs

The key performance indicators ("KPIs") presented here are helpful in assessing the Group's progress against its strategy and are the KPIs which were closely monitored internally prior to wind down. The KPIs reflect the lack of new lending and run off of the back book. However, they

are not exhaustive as management also takes account of a wide range of other measures in assessing underlying performance. See the Financial Review on pages 24 and 25 for further detail on the Group's financial performance throughout the year.

Number of customers ('000)

2023	29	
2022	73	
2021		136

Description

Number of customers represents accounts with a balance greater than zero, exclusive of charged off accounts at the year end. It is the key non-financial KPI used within the business to review current performance.

Performance

Customer numbers have fallen by 60.3% to 29,000 (2022: 73,000), driven by two factors. Firstly, minimal new lending in the year to 31 March 2023. Secondly continued collections on the back-book.

Revenue (£m)

2023	19.3	
2022	89.5	
2021		170.8

Description

Revenue comprises interest income on amounts receivable from customers. It is primarily derived from a single segment in the UK.

Performance

As a result of decreased customer numbers and limited new lending, revenue has declined by 78.4% to £19.3m from £89.5m.

Net loan book (£m)

2023	45.4	
2022	138.0	
2021		340.9

Description

Net loan book represents the gross loan book less the IFRS 9 impairment provision and modification loss, excluding deferred broker costs.

Performance

Net loan book has reduced by 67.1% to £45.4m (2022: £138.0m); the decline is due to the pause in lending since March 2020, recognition of modification losses and balance adjustments for upheld customer complaints. Impairment provision coverage increased year-on-year to 28.4% (2022: 25.6%) reflecting the amortisation of the loan book over the period.

Impairment: revenue ratio (%)

2023	(17.6)	
2022		41.3
2021		35.5

Description

This ratio represents the Group's impairment charge for the period divided by revenue for the period. This is a key measure for the Group in monitoring risk within the business.

Performance

A credit in the period was recognised, primarily due to post-charge-off recoveries, which have improved throughout the period, and continued robust standard collections, alongside the gross loan book being increasingly provided for under lifetime loss assumptions.

Statutory (loss)/profit before tax (£m)

2023	(34.7)	
2022		167.9
2021	(283.6)	

Description

This KPI represents statutory profit/loss before tax and is one of the measures used to review performance in the year within the business.

Performance

Statutory loss before tax was £34.7m for the period (2022: profit of £167.9m); this is primarily driven by an increase in the complaints expense primarily due to the expected higher uphold rates as claims are assessed. This, alongside diminishing revenue and higher operating costs, led to the loss in the year.

Statutory (loss)/profit after tax (£m)

2023	(34.8)	
2022		169.6
2021	(289.1)	

Description

This KPI represents statutory profit/loss after tax and is reviewed in conjunction with adjusted loss/profit after tax within the business.

Performance

Statutory loss after tax was £34.8m (2022: profit of £169.6m). Due to losses brought forward there is no tax charge on profits for the year. A small tax charge is shown in relation to the Luxembourg entity.

Adjusted (loss)/profit after tax (£m)

2023	(9.3)	
2022		13.3
2021	(279.8)	

Description

Adjusted profit/loss after tax is a non-IFRS measure, adjusting for non-recurring transactions. The Directors believe that adjusting for these items is useful in making year-on-year comparisons.

Performance

Adjusted loss after tax was £9.3m (2022: profit of £13.3m); In the current financial year, it adjusts for the complaints provision and restructuring expenses and onerous contracts in relation to the wind down.

Basic (loss)/earnings per share (pence)

2023	(7.3)	
2022		35.7
2021	(60.8)	

Description

This measure calculates earnings/loss (profit/loss) after tax per share (weighted average number of shares).

Performance

Basic loss per share was 7.3p compared to prior year profit per share of 35.7p, driven by the decrease in statutory profit after tax year-on-year.

Adjusted basic (loss)/earnings per share (pence)

2023	(2.0)	
2022		2.8
2021	(58.9)	

Description

This non-IFRS measure is shown in note 13. Basic earnings/loss per share is adjusted for items consistent with adjusted profit/loss after tax to give a better understanding of the underlying performance of the business.

Performance

Adjusted loss per share was 2.0p compared to a profit of 2.8p in the prior year. This is due to the adjusted profit after tax decrease year-on-year driven by the increase of complaints provision, reduction in revenue and increase in operating costs.

A Group-wide risk management framework

Overview

Risk management has remained a key objective for Amigo throughout 2023. We have continued to operate in a complex environment with ongoing uncertainty. Over the last twelve months, we have further strengthened our risk capability, improved our controls and implemented a robust centralised risk management toolset. The launch of pilot lending in October 2022, reflects the significant amount of work that had been completed and adoption of a "consumer" focused culture to address the previous poor historic lending practices.

Our approach is founded upon a robust risk management framework, articulated risk appetites and supporting policies and procedures which help us manage risks in a resilient manner. Training and awareness are targeted to embed behaviours that support the identification and escalation of risks and issues that threaten the delivery of desired outcomes. The Board is ultimately responsible for our risk management framework and its effectiveness. The Board works alongside senior management to promote a responsible culture of risk management by emphasising the importance of balancing risk

with strategic objectives, whilst also ensuring compliance with regulatory requirements and internal policies. At Amigo, every employee is empowered to make risk-aware, purposeful decisions.

Throughout the wind down process, the governance of the business will remain fundamentally important. We are committed to delivering the highest standards of corporate oversight with diligence and integrity, a robust risk management framework and strong ethical culture.

Emma Stirland
Chief Risk Officer

Three lines of defence

Amigo uses a three lines of defence model to both structure its risk management framework and to give oversight of its effectiveness. This helps us define clear priorities, roles and responsibilities.

- Business units and functions
- Self-assurance teams

First line of defence

This is where day-to-day decisions are made. Business teams identify and track risks, managing and resolving any issues found.

-
- Risk and compliance functions
 - Compliance monitoring team

Second line of defence

Amigo's Chief Risk Officer has dedicated teams that monitor and challenge the first line to ensure risks are identified and managed effectively on an ongoing basis.

-
- Internal Audit function
 - Trusted external subject matter experts

Third line of defence

Trusted third parties undertake regular independent assurance on key risks and controls. This gives confidence over first and second line risk management.

Our risks

Our principal risks

Principal risks are those that can seriously affect performance, future prospects or reputation of the Company. Amigo recognises that taking risk is necessary, but we seek at all times to ensure that the risk we take is well informed, deliberate and that controls are in place to mitigate its impact. Our risk profile is reviewed regularly at all levels in the organisation to keep us risk aware and our decision making aligned to appetite.

Each principal risk has a defined appetite which sets out the baseline level of risk that we are willing to accept. The risk appetite takes into consideration the level of risk exposure and our strategic goals.

Our assessment during the year remained relatively static, with conduct remaining a core focus as we resolved legacy issues and worked to meet regulatory commitments ahead of the pilot lending in October 2022. Following the invocation of wind down, we have adjusted our risk appetite statements to meet the revised strategic goals;

successful delivery of the Scheme of Arrangement and controlled wind down of the business. We remain averse to risks that impact good customer outcomes. While Amigo has ceased lending, it continues to collect loan repayments. We will continue to drive a culture that puts customers first and is focused on achieving positive outcomes for all stakeholders. Amigo has a clear and defined wind down strategy which is tracked regularly by the leadership team. The Company is averse to risks that will impact or delay delivery against the wind down plan.

Operational

This relates to the possibility of business operations failing due to inefficiencies or breakdown in internal processes, people and systems.

Conduct

Inappropriate actions taken by individuals or the Company could lead to customer detriment or negatively impact market stability.

Regulatory

If the regulatory environment changes or we don't meet the requirements, it could detrimentally impact our business through regulatory action, including investigation, fines, or loss of authorisation to operate.

Outcomes

Good outcomes are at the heart of our business objectives. By managing our risks effectively, we support the delivery of good outcomes.

Strategic

The risk that we fail to achieve our objectives, including an orderly wind down, due to poor decisions, a failure to adapt to changes or through adverse external conditions.

Credit

Debtors may fail to meet their debt obligations in full or on time. There may also be exposure to concentrations in credit.

Treasury

A failure to properly manage liquidity, capital or investments, could lead to financial losses which may result in reduced funds available to the scheme or in a more severe case, an inability to complete the forecasted orderly wind down.

Our risks continued

Our principal risks continued

Conduct

Risk appetite

Amigo has an averse appetite for taking action or inaction that leads to customer harm and failure to pay due regard to the particular needs and circumstances of individual customers in our post-sale activities.

Risk drivers and threats

Amigo recognises that the vulnerability of its target market poses higher than average conduct risks.

We are mindful of the impact of high inflation and the cost of living on borrowers which will put additional strain on customer finances and affordability.

Key mitigating actions

Amigo has put significant effort into improving its conduct risk management approach in parallel with resolving its legacy lending issues.

Throughout our pilot lending phase, there was a strong focus on affordability and identification of vulnerability. Amigo continues to provide ongoing support to vulnerable customers, including forbearance and access to specialised debt support.

Operational

Risk appetite

Amigo takes a proportionate approach to operational risks, balancing the need to provide resilient operational performance with the need to remain nimble. We will reduce our operations as we progress through the wind down process in a safe and orderly way. Amigo aims to have the quantity and quality of people necessary to meet its objectives throughout this period.

Risk drivers and threats

While some instability was seen with the new lending platform (RewardRate and Open Banking), these facilities are no longer actively used for customer onboarding. The Amigo infrastructure has remained stable with no significant outage that has impacted customers.

As the organisation reduces and the number of processes operated decreases, Amigo will reduce suppliers and staff numbers, whilst also considering appropriate physical locations and infrastructure.

The risk of cyber attacks continues to be a threat across all industries.

Key mitigating actions

Amigo partners with trusted third-party cyber experts to manage evolving cyber risks. Operational risks continue to be monitored to protect the controlled wind down of the business. Retention of key personnel has an increased focus to this purpose.

Regulatory

Risk appetite

Amigo is in a sector (financial services) and sub-sector (alternative finance) that are inherently subject to significant regulatory risk, but we take all reasonable steps to reduce that risk as it applies to us.

Risk drivers and threats

Amigo maintains a constructive and open relationship with the Financial Conduct Authority and other regulators and agencies. While lending has ceased, Amigo continues to be a regulated entity as it collects payments from the existing loan book and progresses with the scheme and customer redress activity. Regulated permissions will not be removed until all regulated activity, including collections, has stopped. Amigo is still subject to two regulatory interventions including two Asset VREs and S166 but has been removed from the FCA Watchlist.

Key mitigating actions

Amigo continues to work closely with all regulatory stakeholders to effectively execute the Scheme of Arrangement and wind down in a controlled way.

Strategic

Risk appetite

Amigo has a minimalist approach to Strategic Risk now that the organisation is in wind down. Strategic focus has switched to the orderly wind down of the business, collection of funds to contribute to customer redress, processing of scheme claims and the application of redress due.

Risk drivers and threats

The Company needs to maintain the ability to evolve, adapt, and be responsive, in the short term, to changes in the internal and external operating environment.

Key mitigating actions

Business transformation is now focused on simplifying the loan book infrastructure and supporting delivery of the scheme whilst minimising costs.

Treasury

Risk appetite

Amigo operates its treasury function to support the functioning of its lending business. Treasury is not a profit centre and avoids or hedges any material risk.

Risk drivers and threats

Our current focus is to support customer redress, rather than generate proprietary profit as we move through wind down.

Amigo remains exposed through changes to interest rates on the Group's financials.

Key mitigating actions

Maintaining adequate liquidity is a priority as we move into wind down, providing assurance for our remaining suppliers and employees.

The main focus for market risk reduction is to monitor Amigo's potential losses on financial investments caused by adverse price movements.

Credit

Risk appetite

Amigo is a mid-cost lender, and historically, we have taken a degree of credit risk that was consistent with our pricing.

Risk drivers and threats

With Amigo no longer lending, there is no further exposure to credit acquisition risk. We expect to see increased credit operational risk as the level of delinquency on the existing loan book will increase with time. This may be compounded by customers' awareness that the business is in wind down. The organisation is also subject to risks arising from changes in the cost of living which may impact existing loan recovery rates.

Key mitigating actions

Ongoing monitoring of credit risk.

Emerging risks

At Amigo, we constantly monitor our internal and external environment to identify new and evolving risks. Emerging risks are newly developing or evolving risks which are potentially significant but are generally characterised by a high degree of uncertainty and are therefore difficult to quantify. These could be trends, innovations or developments that have the potential to adversely impact the delivery of our strategy.

While some risks emerge slowly, such as changing demography, others may change faster with more severe disruption, for example, the recent Covid-19 experience. To be successful, Amigo understands the importance of

monitoring the evolution of risks and continually scans the horizon to identify future risks that could impact our success or opportunities, enabling us to better prepare for the unexpected. Horizon scanning is performed on a six month basis through a process involving scanning and evaluation (which considers both relevance and speed to materialise). Where we identify new risks, we engage with subject matter experts to ensure all aspects are understood. The outputs of horizon scanning are shared with senior managers and the Board for consideration during strategic planning and decision making.

The following section covers the key emerging risk categories.

Environmental

Economic

**Emerging
risk
categories**

Technological

**Geopolitical/
legal/regulatory**

Societal

Technological

Emerging trend	Description
Cyber threats	While cyber attacks exist and are a recognised risk to Amigo, they are also considered an emerging risk due to their rapid speed of change and nature and potential impact including digital disruption.
Business disruption	The pandemic has been a major driver of awareness around the risks associated with business interruption, including supply chain disruption.

Environmental

Emerging trend	Description
Pandemics	With Amigo's hybrid working policy, the impact of Covid-19 and increased remote working has not had a material impact on the organisation's ability to operate. The potential for further pandemics, a shifting range of pathogens and antimicrobial resistance, however, remains an emerging risk.
Climate change	With growing awareness of the impacts of climate change, increasing investor and regulatory focus has been placed on environmental, social and governance ("ESG"), including climate-related issues.

Economic

Emerging trend	Description
Increasing inflation risk	Increased rate of inflation and cost of living will likely impact loan repayments and increase the proportion of vulnerable customers.

Geopolitical/legal/regulatory

Emerging trend	Description
Speed of regulatory change	2023 continues to bring high levels of regulatory supervision and oversight. Regulatory requirements continue to expand, and regulatory expectations are rapidly increasing.
New political landscape	The potential remains that changes within government policies, business requirements, or other political decisions may have a detrimental impact on business decisions or outcomes.

Societal

Emerging trend	Description
Growing customer indebtedness and wealth gap	With the current economic environment, there is increasing potential for those that are financially vulnerable to become further indebted.
Growing levels of economic abuse	The potential remains for increasing and undetected prevalence of economic abuse within households.

Going concern and viability statement

Basis of preparation

In determining the appropriate basis of preparation for these financial statements, the Board has undertaken an assessment of the Group and Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

The Directors believe there is no general dispensation from the measurement, recognition and disclosure requirements of IFRS despite the Group not continuing as a going concern. Therefore, IFRS will be applied accordingly throughout the financial statements. The relevant accounting standards for each part of the financial statements have been applied on the conditions that existed and decisions that had been taken by the Board as at or prior to 31 March 2023.

Going concern

In undertaking a going concern review, the Directors considered the Group's decision to switch the Scheme from the Preferred to the Fallback Solution, announced on 23 March 2023.

The switch to the Fallback Solution required that the trading subsidiary, Amigo Loans Ltd ("ALL"), stopped lending with immediate effect and be placed into an orderly wind down, with the result that all surplus assets after the wind down will be transferred to the Scheme creditors. A further requirement of the Fallback Solution is that ALL be placed into liquidation within two months of payment of the final Scheme dividend. No value will be attributed to the ordinary shares of the Company in this scenario.

Given the cessation of trading on 23 March 2023, alongside no apparent realistic strategic capital raise or viable alternative solutions, and the requirement dictated by the Scheme to ultimately liquidate Amigo Loans Ltd (the Group's sole cash-generating unit), the Board has determined that the Annual Report and financial statements for FY23 will be prepared on a basis other than going concern.

The Board has prepared a set of financial projections for the solvent wind down following the cessation of new lending in March. Alongside a base scenario which indicates ample liquidity available through the course of wind down, a downside scenario has been collated that stresses the primary cash flow risks to the Group that are considered severe but plausible. Stresses have been applied to:

- the collect out of the legacy Amigo loan book;
- removal of any prospective debt sales;
- increased Scheme liabilities; and
- increased overhead spend.

Despite the stresses applied, the Group maintains sufficient liquidity in the period. It is therefore considered only a marginal risk that the Group is unable to remain solvent during the orderly wind down. The key risks that would prevent this from being achieved can be considered the risks applied in the downside scenario alongside potential regulatory action or intervention.

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board assessed the viability of the Group.

Following the unsuccessful capital raise and cessation of new business, the Board announced on 23 March 2023 that the Group would be placed into an orderly solvent wind down.

Chair's introduction

Jonathan Roe

Chair

The reports following detail how the Board operates from a governance and control perspective to ensure that we comply with the principles and relevant provisions of the UK Corporate Governance Code. As a Board we take corporate governance very seriously, and I will continue to ensure that we maintain high standards throughout my tenure.

In this Governance section we set out:

- our Board of Directors and Executive Committee of senior managers responsible for delivering the desired outcomes for our customers and stakeholders;
- the role of the Board, its operation and an assessment of the Board's effectiveness;
- the Report of the Audit Committee;
- the Report of the Nomination Committee;
- the Report of the Risk Committee;
- the Directors' Remuneration Report; and
- the Directors' Report.

During the 2022/23 financial year the business focus was very much on ensuring continuity and progression of the business in the face of a number of headwinds that challenged the very survival of the business, as well as maintained an effective governance structure that was appropriate for the Company. The focus changed from 23 March 2023, with the business moving into wind down.

At Board level we continued to strive for a well-balanced and effective Board, strong oversight of risk management and open stakeholder relationships.

Earlier in the year, the Board made strenuous efforts to develop and expand Board membership, resulting in Jerry Loy joining the Board, so it had the necessary skills composition to deal with the serious and challenging issues facing the Company and had the necessary depth of skills to relaunch the business, should permission to do so be granted. Since the 27 March 2023, the size of the Board has reduced as two Non-Executive Directors stood down as the business moved to delivering an orderly wind down.

In September 2022 Danny Malone stepped up to the role of CEO, following the resignation of Gary Jennison as CEO, with Kerry Penfold stepping up in turn to CFO, to replace Danny.

I remain delighted with the quality of the Directors who served throughout the year. Every member of the Board had a common belief in the societal purpose that Amigo has and the role it can play in providing finance and hope to its customers. All were deeply upset that the business was not able to find the necessary backing to continue onwards.

By any measures this has been a tumultuous year for the Board as evidenced by the number of meetings for the Board and Committee (see page 40). Everyone has played their part.

I would like to thank my fellow Directors past and present for their support and commitment to Amigo during this difficult time.

Jonathan Roe
Chair of the Board
27 July 2023

Board of Directors and Company Secretary

Jonathan Roe

Chair of the Board
Non-Executive Director

A   Ri

Age: 67 **Tenure:** 3 years

Profile

Jonathan joined the Board on 1 August 2020 as a Non-Executive Director and became Non-Executive Chair of the Board following approval by the FCA under the Senior Managers Regime on 13 October 2020.

Background and external appointments

Jonathan has extensive experience of advising listed and regulated companies and is a qualified Chartered Accountant. His experience includes 25 years' advising public companies on major corporate transactions, principally with Dresdner Kleinwort as a senior member of its Equity Capital Markets team, where his clients included Norwich Union, Orange, Rosneft, HBOS and M&A, and related fundraising activity for BAE Systems, 3i Group, Provident Financial and Avis Europe. Jonathan was Non-Executive Chairman of Vanquis Bank for three and a half years to mid 2019, having been a Non-Executive Director for four years prior to his appointment as Non-Executive Chairman.

Brings to the Board

Jonathan has experience of chairing the Vanquis Bank board, and at times, the Remuneration, Audit, Nomination and Risk Committees of Vanquis Bank. Jonathan was a Non-Executive Director for Automobile Association Insurance Services Limited for six years where he chaired its Audit, Risk & Compliance Committee and Remuneration Committee.

Danny Malone

Chief Executive Officer

Age: 59 **Tenure:** 1 year

Profile

Danny joined the Board on 6 June 2022 as Chief Financial Officer ("CFO") and was appointed as Chief Executive Officer ("CEO") on 23 September 2022.

Background and external appointments

Danny is a qualified chartered accountant and has extensive business and regulatory experience gained across multiple financial services companies and banks at Board level, mostly operating in the non-standard consumer finance sector. He co-founded Everyday Loans in 2006 and was Finance Director until 2013, when, following its acquisition by Secure Trust Bank, he became CEO through to 2018. Previously he was European CFO of CitiFinancial Europe PLC, part of Citigroup. Danny is also a Non-Executive Chairman of Floan Limited, a start-up fintech business operating in the Buy Now Pay Later sector and a Non-Executive Director of The Personal Finance Centre Limited, a secured loan broker.

Brings to the Board

Danny is an experienced CEO, CFO and senior manager with direct hands-on experience with the non-standard finance and consumer credit sector. Danny has a record for delivering solutions in a fast moving FCA regulated environment.

Kerry Penfold

Chief Financial Officer

Age: 46 **Tenure:** Less than 1 year

Profile

Kerry joined the Board on 23 September 2022 as Chief Financial Officer ("CFO").

Background and external appointments

Kerry has 20 years' financial services gained in banking and consumer credit companies and has held a number of senior roles. Prior to joining Amigo, Kerry held positions as Head of Motor Finance at United Trust Bank and a range of roles at Lenlyn Group including Operations Director at Raphaels Bank and Head of Group Financial Control. Kerry is a Chartered Accountant and holds a diploma from the Chartered Bankers Institute.

Brings to the Board

Kerry is an experienced CFO and senior manager with direct hands-on experience with the non-standard finance and consumer credit sector.

Michael Bartholomeusz
Independent
Non-Executive Director

(A) N R (Ri)

Age: 65 **Tenure:** 2 years

Profile

Michael joined the Board as a Non-Executive Director on 19 November 2020 and became Chair of the Risk Committee on 19 July 2021. He currently is also the Chair of the Audit Committee.

Background and external appointments

Michael is a qualified Chartered Accountant and has held senior management and board level positions with GE Capital Europe, AIG UK, Prudential UK and Flood Re as well as at Abbey National and Santander UK, and acting as a senior consultant for KPMG and Promontory. He was Chief Risk Officer at AIG UK and Flood Re and the Regulatory and Conduct Risk Director at Prudential UK. He is also currently a Non-Executive Director of SICSI Advisory Ltd a London based boutique consultancy, focusing on financial services risk and regulation. Michael became Chair of the Risk Committee at Amigo on 19 July 2021 and the Audit Committee on 16 September 2022, following approval by the Financial Conduct Authority. Michael is a Certified Member of the Institute of Risk Management.

Brings to the Board

Michael brings to the Board a wealth of risk management and regulatory advisory expertise with over 35 years of experience at executive and non-executive director level, in a variety of financial services companies.

Roger Bennett
Company Secretary

Age: 60 **Tenure:** 4 years

Profile

Roger joined Amigo in June 2018, in preparation for the Company joining the London Stock Exchange, acting as Head of Company Secretariat. Roger became Company Secretary on 12 July 2019.

Background and external appointments

Prior to joining the Group, Roger was Group Company Secretary and Head of Governance at Miton Group plc since 2007. Roger has performed board level roles, including that of Finance Director and Company Secretary at various investment management, wealth management, stockbroking and Lloyds of London underwriting agencies. Roger is a qualified Chartered Accountant and has a BA (Hons) in Accountancy Studies from Exeter University.

Brings to the Board

Roger has extensive experience acting as Company Secretary of listed and unlisted regulated financial sector companies.

Committee key:

- A Audit
- N Nomination
- R Remuneration
- Ri Risk
- () Committee Chair

Other Directors holding office in the year

Gary Jennison was a Director of the Company during the year until he resigned on 23 September 2022.

Maria Darby-Walker was a Director of the Company during the year until she resigned on 27 March 2023.

Jerry Loy was a Director of the Company from 3 October 2022 until he resigned on 27 March 2023.

Executive Committee (“ExCo”) members

In addition to Danny Malone and Kerry Penfold, whose biographies are shown on page 36, the following senior managers sit on the Executive Committee:

Lucie Baraclough
Chief People Officer

Profile

Lucie joined Amigo in July 2022 as our Chartered Institute of Personnel Directors (“CIPD”) qualified Director of HR. Lucie leads the HR function with extensive global experience in performance management, talent and succession strategies alongside engagement. Before joining Amigo, Lucie worked as the Senior HR business partner at Barclays and was responsible for delivering key strategic projects including succession regulatory work for the Bank of England. Lucie’s passions are empowering leaders to create an inclusive working environment and culture.

Nicholas Beal
Chief Restructuring Officer

Profile

Nick held the position of Director of Legal and Compliance for Amigo from February 2016 until March 2019, and was Company Secretary for the Group between November 2013 and June 2019 and Chief Regulatory and Public Affairs Officer from April 2019 to October 2020. He has served as Director of Legal and Compliance for various Group companies since September 2011. Nick became Chief Restructuring Officer in October 2020. Prior to joining the Group, Nick 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. Nick is admitted as a Solicitor of England and Wales and holds an LLB from Nottingham Law School.

Paul Dyer
Chief Operating Officer

Profile

Paul Dyer originally joined Amigo as Chief Risk Officer in November 2020, he then became Chief. Operations Officer in November 2022. Paul has a wealth of risk and regulatory experience, including being a member of the FCA’s senior leadership team for two years and in heading up Regulatory Risk and Assurance at Huntswood Compliance Consulting. Paul has held a number of leadership positions in regulated financial services firms, previously ran his own consultancy and was the CEO of the Association of Professional Compliance Consultants. Paul is a member of the Institute of Risk Management and an advisor to the Bar Standards Board. Paul holds a Master’s degree with distinction in Innovation, Creativity, Leadership from CASS university.

Emma Stirland
Chief Risk Officer

Profile

Emma joined Amigo in September 2021 as Head of Risk before taking up the role of interim Chief Risk Officer in November 2022. Emma has over 20 years of experience working in Risk and within financial services. Prior to joining Amigo, Emma was Risk Director for Barclays and has held international roles with teams across the UK, Africa and Europe, working in Technology, Payments and Financial Crime disciplines. Emma is a member of the Institute of Risk Management. She graduated with a science degree from the University of Exeter and later completed a PhD at Leicester University.

Other senior managers holding office during the year

Jake Ranson, who was Chief Customer Officer and a member of the Executive Committee, left the business on 14 April 2023.

Murray Bailey, who was Chief Credit Risk Officer and a member of the Executive Committee, left the business on 28 April 2023.

Candice Openshaw, who was Head of Human Resources and a member of the Executive Committee, left the business on 26 June 2022.

Andy Smith, who was Chief Technology Officer (Interim) and a member of the Executive Committee, left the business on 30 September 2022.

James Tattersall, who was Operations Director and a member of the Executive Committee, left the business on 5 May 2023.

Corporate governance statement

Statement of compliance with the 2018 UK Corporate Governance Code

Amigo is subject to the 2018 UK Corporate Governance Code (the "UK Corporate Governance Code") which was issued in July 2018 by the Financial Reporting Council and which is available at www.frc.org.uk. The UK Corporate Governance Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. Companies listed in the UK are required to disclose how they have applied the main principles and whether they have complied with its provisions throughout the financial year. Where the provisions have not been complied with, companies must provide an explanation. Throughout the year to 31 March 2023, the Company has complied with the provisions set out in the UK Corporate Governance Code, except for the following matters:

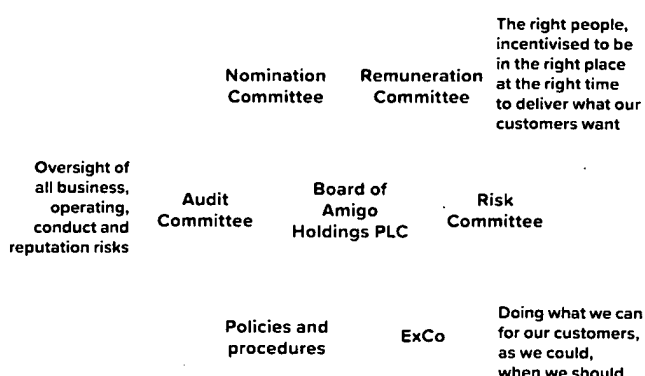
Per provision 11, at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent. For the period 1 April 2022 to 3 October 2022, the Board of five Directors had a majority of Independent Non-Executive Directors, one of whom was the Chair, Jonathan Roe. From 3 October 2022, when Jerry Loy joined the Board, the Board of six Directors had a majority of four Independent Non-Executive Directors, of which one was the Chair. Following the resignation of Maria Darby-Walker and Jerry Loy, both Independent Non-Executive Directors, the Board has consisted of only four Directors, two of which, including the Chair, are classified as Independent Non-Executive Directors. Whilst the Board is aware that this is not in compliance with the Code, it is of the belief that due to the commencement of the wind down of the Group that the composition of the Board is appropriate.

Per provision 12, the Board should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the Chair and serve as an intermediary for the other Directors and shareholders. The Company appointed Maria Darby-Walker as the Senior Independent Director on 6 June 2022. Since Maria resigned as a Director on 27 March 2023 the Company has not had a Senior Independent Director. Whilst the Board is aware that this is not in compliance with the Code, it is of the belief that due to the commencement of the wind down of the Group, and the small size of the Board, that the appointment of a new Senior Independent Director is not required.

Per provision 24, the Board should establish an Audit Committee of Independent Non-Executive Directors, with a minimum membership of three, or in the case of smaller companies, two. The Chair of the Board should not be a member. Throughout the year, the Committee had three Non-Executive Directors. Jonathan Roe was a member of the Committee and also was the Chair of the Board, from 1 April 2022 until 3 October 2022, when Jerry Loy was appointed to the Committee. Following the resignation of Maria Darby-Walker and Jerry Loy on 27 March 2023, Jonathan Roe was co-opted onto the Committee, despite being the Chair of the Board, to ensure the Committee had at least two Non-Executive Director members. Whilst the Board is aware that this is not in compliance with the Code, it is of the belief that due to the commencement of the wind down of the Group that the composition of the Committee is appropriate.

Per provision 32, the Board should establish a Remuneration Committee of Independent Non-Executive Directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the Chair of the Board can only be a member if they were independent on appointment and cannot chair the Committee. Throughout the year, until her resignation as a Director on 27 March 2023, the Committee was chaired by Maria Darby-Walker. Following the resignation of Maria, Jonathan Roe, the Chair of the Board, assumed the role of Chair of the Committee. Whilst the Board is aware that this is not in compliance with the Code, it is of the belief that due to the commencement of the wind down of the Group that the composition of the Committee is appropriate.

Leadership and effectiveness Governance structure



Governance report

Leadership and effectiveness

Role of the Board

Table detailing number of meetings attended (note composition of membership of Committees changed in the period; full detail of attendance shown in the individual Committee's report)

Meeting type	Total meetings in year	Jonathan Roe ¹	Michael Bartholomeusz ²	Maria Darby-Walker ³	Jerry Loy ⁴	Gary Jennison ⁵	Danny Malone ⁶	Kerry Penfold ⁷
Board – scheduled	11	11	11	10	4	5	9	6
Board – ad hoc	45	45	45	45	31	12	39	35
Audit	5	3	5	5	2	n/a	n/a	n/a
Risk	4	4	4	2	2	n/a	n/a	n/a
Remuneration	8	8	8	7	n/a	n/a	n/a	n/a
Nomination	7	7	6	6	1	n/a	n/a	n/a

1 Jonathan Roe was a Director throughout the year.

2 Michael Bartholomeusz was a Director throughout the year.

3 Maria Darby-Walker was a Director until she stood down as a Director on 27 March 2023.

4 Jerry Loy was appointed as a Director on 3 October 2022 and stood down as a Director on 27 March 2023.

5 Gary Jennison was a Director until he stood down as a Director on 23 September 2022.

6 Danny Malone was appointed as a Director on 6 June 2022 and announced his resignation subject to working his six months' notice period and leaves on 15 November 2023.

7 Kerry Penfold was appointed as a Director on 23 September 2022.

The Board has collective responsibility for the long-term success of Amigo and for its leadership, strategy, control and management. The purpose of the Company and its subsidiaries is to offer affordable credit to individuals who are not able to readily access credit through the mainstream banking and financial sector. Often our customers have had problems with credit in the past. The offices of Chair and Chief Executive Officer ("CEO") are separate and distinct and the division of responsibilities between them has been clearly established, set out in writing and agreed by the Board. The Chair is responsible for the leadership and effectiveness of the Board and for ensuring that each Non-Executive Director is able to make an effective contribution to the Board through debate and discussion with the Executive Directors. The Chair is also responsible for setting the style and tone of Board discussions. The CEO's role is to develop Amigo's strategic direction (subject to the Articles of Association and to approval of the shareholders in general meetings as may be required from time to time) and to lead senior management in executing Amigo's strategy and managing the conduct risk and operational requirements of the business.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are carefully examined and fully discussed, that the performance of the Group is monitored and challenged against the Company's risk appetite and formal objectives and that the financial and management information provided is comprehensive and accurate. They are also responsible for ensuring, through the Remuneration Committee, that appropriate remuneration arrangements are in place for the Executive Directors.

Operation of the Board

The Board has a formal schedule of matters which are reserved for its consideration, including approval of the

long-term objectives and strategy, approval of budgets and financial statements, including the production of the Annual Report and Accounts, acquisitions and disposals, changes to the structure of the Group, setting and monitoring the firm's culture, and overall conduct and corporate governance issues. It reviews trading performance and considers major capital expenditure and the funding arrangements of the Group.

The Board has delegated certain responsibilities to formally constituted Committees, details of which are set out on pages 44 and 45. By delegating key responsibilities to these Committees, the Board is able to ensure that adequate time is devoted by Board members to the oversight of key areas within their responsibility.

Day-to-day management and control of the business is undertaken by the Executive Directors together with other senior managers, who sit on the Executive Committee ("ExCo"). The ExCo normally meets formally on a monthly basis together with other senior managers as appropriate.

Board meetings are scheduled to be held ten times a year, with main meetings frequently linked to key events in the Group's financial calendar, with the annual results being approved at the Annual General Meeting ("AGM"). The Board meets to approve reports for the financial reporting periods for the half year ending in September and the full year ending in March.

Regular agenda items include an overview of the market and current trading, a detailed review of financial performance against agreed targets and detailed compliance reports and risk data, including information on complaints. The Board, along with key senior managers from the business, considered future strategy throughout the year. A key feature over the year has been the ongoing solvency and conduct issues facing the business. When considering the business of the Group, the Board is aware of the need

to have regard to the matters set out in section 172 of the Companies Act 2006 (see pages 10 to 15) as well as the significance of environmental, social and governance ("ESG") matters.

Budgets are prepared for the next financial year, which are reviewed and approved by the Board in March. The relevant functional head may be asked to attend such meetings to present relevant reports and deal with questions for Board members.

Key focus areas for the Board during the year included: the implementation of a Scheme of Arrangement to address historic liabilities arising from the Group's prior lending activities; the return to lending; the intensive search for new funding; meeting the challenges of the ongoing regulatory scrutiny together with concluding the enforcement action; and the impact of a deteriorating economic back drop on the remaining customer base.

Between scheduled meetings the Board is in frequent contact to progress Amigo's business and, if necessary, ad hoc Board meetings are held at short notice. It is expected that all Directors attend Board and relevant Committee meetings, unless they are prevented from doing so by prior notified commitments.

Generally, it is Company policy to hold meetings in person but due to the need to hold many of the meetings at short notice, given the pressing issues facing the Company, many of the meetings in the year have been held virtually. For those Directors who are unable to attend meetings in person or virtually, they are given the opportunity to be consulted and comment in advance of the meeting.

Papers are generally circulated in the week prior to each Board or Committee meeting to ensure that Directors have sufficient time to review them before the meeting. Documentation includes detailed management accounts, reports on current trading, reports from the main functional areas including regulation, corporate governance and matters where the Board is required to give its approval. The Chair holds regular, informal meetings with the Non-Executive Directors without the Executive Directors being present.

Board effectiveness

Board performance and evaluation

The UK Corporate Governance Code requires the Board to conduct an annual evaluation of its own performance and that of its Committees and Directors. The Company completed a review this year, using The Chartered Governance Institute of UK and Ireland, which required Board members and senior managers to take part in interviews and to rate their own performance, together with the performance of the Board and wider management team together, through the completion of questionnaires. The Board considered the report in November 2022 and agreed to work with the recommendations put forward.

Areas covered by the review included the composition and processes to be followed at the Board and Committee meetings, topics discussed, behaviours of Board members, diversity and challenge by members and effectiveness

of the Board in stress situations. In addition to the annual evaluation exercise there remains an ongoing dialogue within the Board to ensure that it operates effectively and that any matters raised are addressed in a timely manner.

The performance of the Executive Directors and senior managers is considered annually, or at appointment, by the Remuneration Committee.

Training and support

The training needs of the Board and its Committees are reviewed and each Director is responsible for ensuring their skills and knowledge of the Group remains up to date. Particular emphasis is placed on ensuring that Directors are aware of proposed legislative and regulatory changes in areas such as corporate governance, financial reporting and consumer finance specific issues through the issue of briefing papers at Board meetings and through direct training undertaken by our corporate advisors. All Directors visit Amigo's main office on a regular basis and are encouraged to familiarise themselves on aspects of the day-to-day business.

Newly appointed Directors would be provided with induction materials on joining the Board to acquaint them with the Group. This normally includes meetings with other Board members and senior management, and general information on the Group, its policies and procedures, financial and operational information. There is an agreed written procedure for Directors, in furtherance of their duties, to take independent professional advice at the Group's expense, if required. Directors also have access to the services of the Company Secretary. The Group maintained Directors' and Officers' liability insurance throughout the year and is maintained at the signing date of these Report and Accounts.

During the year all Board members, in line with all employees, were required to complete the online e-learning modules that have been prepared specifically for the Group. The e-learning modules cover a wide spectrum of activities, including compliance, conduct, Consumer Duty, culture, anti-money laundering, anti-bribery and corruption, employment-related matters, health and safety, data protection and cybersecurity. In addition, the Board received specific refresher training on the Market Abuse Regulation responsibilities.

Accountability

The Board has responsibility for determining, with the assistance of the Audit and Risk Committees, whether the Annual Report, taken as a whole, is fair, balanced and understandable to enable shareholders to assess the Group's performance, business model and strategy. In coming to its view, the Board took into account the views of the Audit and Risk Committees, as well as its own knowledge of the Group, its strategy and performance in the year, the guidance given by all contributors to the Annual Report and a detailed review by senior management of the overall content.

Governance report continued

Board composition, structure and diversity

As at the year end the Board comprised the Independent Non-Executive Chair, two Executive Directors and one Independent Non-Executive Director. The Chair was Jonathan Roe and the CEO was Danny Malone. The Directors' biographies are on pages 36 and 37. During the year, Gary Jennison, stepped down as an Executive Director and CEO on 23 September 2022. He was replaced as CEO by Amigo's then CFO, Danny Malone, who in turn was replaced as CFO by Kerry Penfold, previously the Head of Finance at Amigo. During the year, Jerry Loy joined the Board as a Non-Executive Director, which temporarily allowed Committee composition to be brought fully into line with the UK Corporate Governance Code. Following the announcement of the move into wind down, both Maria Darby-Walker and Jerry Loy resigned as Directors on 27 March 2023.

Amigo's policy and approach to diversity at Board level is described in the Nomination Committee Report on page 50, while Amigo's commitment to diversity and inclusion within the workforce, and how it has been implemented, can be found on page 16.

The change in Directors in the year and the move into wind down has meant that the measurement of Board's diversity and inclusivity has been more challenging than if it had a stable Board throughout the period. During the year the Company did achieve the target for at least 40% of the Board of Directors to be women (as defined by themselves) but as at the year end, the female representation on the Board had dropped to 25%. Given the Amigo business has moved into wind down, the Board does not believe it is practicable to try to attain the target for female Board representation of 40%. During the year the positions of Senior Independent Director and CFO were held by separate women. Throughout the year at least one member of the Board was from a minority ethnic background (as defined by themselves).

The Board believes the information disclosed in the tables below are a fair way to disclose information about the Company's effort to comply with the FCA's guidance on Diversity, Equity and Inclusion, as at 31 March 2023.

Reporting on sex/gender representation at Board and Executive Management level

Gender	Number of Board members	% of the Board	Number of senior positions on the Board	Number in executive management (excluding Executive Directors)	% of Executive Committee
Men	3	75%	2	4	66.7%
Women	1	25%	1	2	33.3%

Reporting on ethnicity categories at Board and Executive Management level

ONS ethnicity category	Number of Board members	% of the Board	Number of senior positions on the Board	Number in executive management (excluding Executive Directors)	% of Executive Committee
White British or White other	3	75%	2	6	100.0%
Mixed Ethnic	1	25%	0	0	0.0%

Independence

After careful consideration the Board is confident that all of the Non-Executive Directors during the year satisfied the independence criteria of the UK Corporate Governance Code on their appointment and continued to satisfy those criteria.

Jonathan Roe was independent on appointment, having never been employed by the Group and having diverse business interests beyond the Group, and in the opinion of the Board has remained independent during his time as Chair. Maria Darby-Walker was Senior Independent Director until her resignation as a Director on 27 March 2023. As well as supporting the Chair and acting as a sounding board for the Chair and an intermediary for other Directors, a key responsibility for the Senior Independent Director is to be available for direct contact from shareholders should they wish to do so.

Prior to his appointment as a Non-Executive Director, Michael Bartholomeusz engaged in a one-off short-term consultation exercise to identify possible improvements to the risk

function of the Company. The Board is satisfied that Michael Bartholomeusz has remained independent throughout the period of his appointment as a Director. Jerry Loy joined the Board during the year and was adjudged to be independent on appointment, and throughout the period until his resignation on 27 March 2023.

Commitment and conflicts of interest

All significant commitments which the Directors have outside Amigo are disclosed prior to appointment and on an ongoing basis when there are any changes. The Board is satisfied that each of the Non-Executive Directors commits sufficient time to their duties and fulfils their obligations to Amigo. The Board has the right, under the Articles of Association, to approve potential situational conflicts of interest. During the year, a small number of such potential conflicts relating to Directors' own remuneration arrangements were considered, in each case with the relevant Director not taking part in any decision relating to their own position.

Directors are also aware that the disclosure and authorisation of any potential conflict situation does not detract from their requirement to notify the Board separately of an actual or potential conflict in relation to a proposed transaction by the Group.

Board independence and Committee membership – Directors as at 31 March 2023

Name	Independent	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee
Jonathan Roe	Yes	☐	☐	☐	☐
Michael Bartholomeusz	Yes	☐	☐	☐	☐
Danny Malone	No				
Kerry Penfold	No				

Key: ☐ Member ☐ Chair

Internal controls and risk management framework

The Board follows an internal control and risk management framework, which includes the following key elements:

- a clear schedule of matters which require approval at Board level;
- a policy in relation to delegation of authority and the limitations which apply;
- comprehensive costs budget prepared for the Group, and individual business units;
- ongoing monitoring of the performance of the Group, and individual business units, against budgets with reports given to the Board on a regular basis;
- internal audit assessments, both with respect to financial matters and business matters, discussed with management and the Audit Committee together with corrective actions agreed and monitored;
- a centralised financial reporting system and process, with controls and reconciliation procedures designed to facilitate the production of the consolidated accounts;
- assessment of accounting standard changes with both the external auditor and the Audit Committee;
- documented policies made widely available to employees in relation to anti-bribery and corruption, anti-money laundering, data export controls and whistleblowing;
- an ongoing review of the principal risks which face the Group, in addition to the assessment undertaken by the Audit Committee in preparing the viability statement; and
- regular reports in relation to finance, tax and treasury given to the Audit Committee.

Relations with shareholders

The Board is keen to ensure that our shareholders have a good understanding of the business and its performance, and that the Directors are aware of any issues or concerns which shareholders may have. Communication with shareholders takes a variety of forms. The Company has a dedicated Investor Relations Director who regularly corresponds with all shareholders. In reality the share register is dominated by retail shareholders, the majority of whom invest into the Company through well known shareholding aggregators: such as Hargreaves Lansdown, Interactive Investor and Halifax Share Dealing to name the three largest on our share register at the year end.

For institutional shareholders and analysts

During the year there was dialogue with shareholders, holders of the Senior Secured Notes and analysts including dial-in and individual meetings after the announcement of the year-end, half year and quarterly results. The investor presentations prepared for the periodic results are placed on the Company's website for all investors to see.

The Board receives reports and feedback on the meetings held between the Executive Directors and shareholders, and internally circulates copies of analysts' reports on the Group. The Chair of the Board and the Senior Independent Director are available to shareholders if they have concerns about governance issues which the normal channels of contact fail to resolve.

For retail shareholders

The Board is aware that as at the signing date the Company's shares are nearly all owned by retail investors. As a consequence of this transition from institutional to retail investor ownership the Board has spent time and resources liaising with shareholder groups representing retail investors and made efforts to ensure the investor presentations prepared for the periodic results are understandable and accessible by retail investors.

Governance report continued

Annual General Meeting (“AGM”)

Amigo will hold its fifth AGM on 27 September 2023. The notice of the AGM will be sent to shareholders at least 14 days before the meeting. All substantive items of business at shareholders' meetings are dealt with under separate resolutions, including a resolution to receive the Annual Report and Accounts. Shareholders will be able to submit individual questions as part of the AGM process.

Website

The Group maintains a website (www.amigopl.com) with a dedicated investor relations section. All Company announcements are available on this site, as are copies of slides used for presentations to investment analysts. Queries from investors should be sent by email to investors@amigo.me.

Board Committees

The Board has delegated certain responsibilities to standing Committees, details of which are set out below. By delegating key responsibilities to these Committees, the Board is able to ensure that adequate time is devoted by Board members to the oversight of key areas within their responsibility.

Committee	Key function, responsibility and area of expertise
Audit	• Oversees the remit of, appoints, decides remuneration of, monitors and reviews the effectiveness of the Company's Internal Audit provider in the context of the Company's overall risk management system. Ensures findings are investigated and actioned appropriately. • Oversees the remit of, appoints, decides remuneration of, monitors and reviews the effectiveness of the Company's external audit provider. • Assists the Board in monitoring the Group's financial reporting process and the integrity of the Group's periodic financial statements, including reporting of financial performance to the market. • Advises the Board whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy. • In conjunction with the Risk Committee, reviews the effectiveness of the Group's system of internal controls and ensures adequate whistleblowing procedures are in place.
Nomination	• Regularly reviews the structure, size, composition and skill set of both the Executive and Non-Executive Directors. Considers succession planning, Director resignation and re-election at AGMs, including identification of appropriate candidates to fill vacant or new roles. • Develops, regularly reviews and makes recommendations on the Company's approach to governance practices including monitoring any conflicts of interest. • Considers ongoing educational and training needs of the Board in relation to changing requirements in the market.

Committee	Key function, responsibility and area of expertise
Risk	• Advises the Board on the Company's overall risk appetite, tolerance and strategy taking into account the factors influencing the approach to risk. Considers the risk policies in place and ensures they form part of a robust assessment of the risks including those affecting our business model, future performance, solvency, liquidity, operational resilience, business continuity and business disaster recovery. • Regularly reviews and approves the parameters used in measuring risk and the methodology used to assess such risks. Considers procedures and in conjunction with the Audit Committee sets standards for accurate and timely reporting of large exposures and risks adjudged to be of critical importance. • Considers fraud matters and ensures procedures are in place to deal with applicable legal and regulatory requirements including consideration of anti-money laundering practices and customer and conduct risk. Reviews systems and controls for determining correct ethical behaviour and the prevention of bribery, corruption and modern slavery. • On an ad hoc basis, considers matters on behalf of the Board including acquisitions, disposals and new products. • Reviews the activities of the Chief Risk Officer including considering the appointment and removal of said officer. • In conjunction with the Audit Committee, reviews the effectiveness of the Group's system of internal controls and ensures the adequacy of the Group's Compliance function.
Remuneration	• Determines the terms and conditions of employment of each of the Board, Executive Directors, senior management and Company Secretary. Determines the remuneration policy, which includes termination and compensation payments, pension arrangements and expenses, taking into account relevant laws and regulations. • Determines all aspects of share incentive arrangements in consultation with shareholders. Sets and designs appropriate performance targets and criteria including determining when payments should be withheld or clawed back from an Executive Director. • Liaises with the Nomination Committee to ensure remuneration for newly appointed Executive Directors fits within the remuneration policy. • Oversees workforce policies and practices to make recommendations to the Board to promote the long-term success of the Group and align with strategies and values. • Responds to matters raised during the AGM by shareholders in relation to the remuneration policy.

Formal terms of reference for the Audit Committee, Nomination Committee, Risk Committee and Remuneration Committee have been approved by the Board and are available on request or to download from the Group's website.

The Group also has a Disclosure Committee, which is responsible for managing the disclosure of information by the Group in compliance with its obligations under the Market Abuse Regulation, the Financial Conduct Authority's Listing Rules, and the Disclosure Guidance and Transparency Rules. The Disclosure Committee is comprised of the members of the Board and other senior managers, if appropriate, but due to the time pressures associated with considering such disclosure matters, may at times not include all Directors. Given the small size of the Board, most matters covered by the Disclosure Committee were dealt with by ad hoc Board meetings. Where it was not possible to hold a Board meeting, an ad hoc Disclosure Committee meeting was held. During the year to 31 March 2023 the Disclosure Committee held two meetings.

Disclosure Guidance and Transparency Rules disclosure

The information required by DTR 7.2 is set out in this report, the Nomination Committee Report, the Risk Committee Report and the Audit Committee Report, except for information required under DTR 7.2.6, which is set out in the Directors' Report.

Audit Committee report

Michael Bartholomeusz

Chair of the Audit Committee

Committee members

Members at the year end	Meetings	Attendance
Michael Bartholomeusz ¹	5	5
Jonathan Roe ²	3	3
Members during the year		
Maria Darby-Walker ³	5	5
Jerry Loy ⁴	2	2

1 Michael Bartholomeusz was a member throughout the year.

2 Jonathan Roes was a member until he stood down on 7 October 2022. He was re-appointed on 27 March 2023.

3 Maria Darby-Walker was a member until she stood down on 27 March 2023.

4 Jerry Loy was appointed on 3 October 2022 and stood down as a member on 27 March 2023.

Focus areas for 2023

- Considering the impact of the commencement of wind down.
- Considering the impact of the worsening economic environment on the loan book.
- Continuation of assurance reporting.
- Ensuring the internal whistleblowing safeguards are visibly aligned with the requirements of the business.
- Merging the activities of the Audit and Risk Committees going forward now that wind down has commenced.

Overview

I am pleased to present the Audit Committee Report. The Committee's key responsibilities include monitoring the integrity of the Group's financial reporting and internal controls and overseeing the internal and external audit processes and a range of other corporate governance activities.

During the year, the Committee devoted particular attention to significant financial reporting areas including: the Group's published financial statements, being the Quarterly, Interim and Annual Reports and Accounts; provisioning for complaints, loan impairment, going concern and viability statements issues.

The Committee has devoted much time to consideration of the provisioning methodology to be used when considering the evaluation of potential redress for complaints. The Committee also continued with the evaluation of IFRS 9 issues and the implications for our continuing impairment rate calculations. This work has been undertaken in conjunction with the Risk Committee.

Over the year the Committee considered implications of the complaints situation and the impact of a Scheme of Arrangement on the long-term financial viability of the business. The Committee had to consider the implications of both the success and failure of the proposed Schemes of Arrangement to be sanctioned by the Courts, on financial reporting and in terms of whether the going concern basis was the correct basis on which to prepare this report. The Committee will continue to monitor the financial performance and position of Amigo, ensuring reporting remains fair, balanced and understandable as well as reflective of the underlying evolving economic environment in which Amigo operates.

The Committee has followed and considered the continuing long-term impacts of Covid-19, the worsening underlying economic situation including the substantial rise in inflation and, in conjunction with the Risk Committee, devoted time to the potential impact on impairment rates.

Another key role of the Committee has been the management of the Internal Audit function provided by Pricewaterhouse Coopers LLP ("PwC"). Work undertaken has included the approval of the overall Internal Audit plan, consideration of individual areas of work and the review of findings from the reports undertaken, including work undertaken on agreed management actions.

I would like to thank the members of the Committee for their hard work and commitment over the last year.

Michael Bartholomeusz

Chair of the Audit Committee

27 July 2023

Committee composition

The members of the Committee during the year were Michael Bartholomeusz, who acted as Chair, Jonathan Roe, and Maria Darby-Walker and Jerry Low. The year saw considerable changes to the Committee membership. The changes initially resulted from the Board's desire to address the requirements of the UK Corporate Governance Code and increase the differentiation between the Audit and Risk Committee by ensuring each Committee had a separate Chair. The Board actively sought a suitable replacement seeking to recruit a replacement Chair of the Committee and Jerry Loy was recruited to the Committee on 3 October 2022, with the intention that Jerry would be appointed as Chair of the Committee following approval from the FCA. Following Jerry Loy's appointment, Jonathan Roe stepped down from the Committee. Following the announcement that Amigo had moved into wind down, both Jerry Loy and Maria Darby-Walker resigned from the Board and the Audit Committee. The Committee currently consists of Michael Bartholomeusz and Jonathan Roe, who was co-opted to the Committee upon the resignation of Jerry and Maria.

The Board considers all members of the Committee to be independent.

Roles and responsibilities

The principal duties of the Audit Committee were:

Financial reporting

- Monitor the integrity of the Annual, Interim and Quarterly Reports and Accounts.
- Review and report to the Board on significant financial reporting issues, estimates and judgements, particularly in relation to accounting for complaints and IFRS 9.
- Review the assessment of viability following the unsuccessful capital raise and the cessation of new business and on whether the basis for preparing Amigo's financial statements is not on a going concern basis.
- Review the reporting implications on the financial statements based on the status of the two separate Scheme of Arrangement applications, and consider any implications arising from the sanctioning of the Scheme of Arrangement in May 2022.
- Review of reporting on ESG and Task Force on Climate-related Financial Disclosure ("TCFD") related matters within the Annual Report.

Internal controls

- Keep Amigo's internal financial controls under review.
- Consider the effectiveness of internal control systems.
- Direct and review the activities of the Internal Audit function provided by PwC.

Whistleblowing

- Review the adequacy and security of Amigo's whistleblowing arrangements, ensuring appropriate arrangements are in place for employees to raise concerns confidentially and to have those concerns adequately investigated without repercussion to them, and to ensure there is a mechanism in place to deal proportionately with outcomes from those investigations.

External audit

- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting ("AGM"), in relation to the appointment or re-appointment of Amigo's external auditor. During the year, KPMG resigned as auditor, and was replaced by MHA.
- Oversee the relationship with the external auditor, approve the remuneration for audit services and develop the policy governing the use of the external auditor to provide non-audit services.
- Approve the external auditor's terms of engagement.
- Assess annually the external auditor's independence and objectivity.
- Discuss with the external auditor the factors that could affect the audit quality and review and approve the annual audit plan.
- Review the findings of the external audit engagement.
- Provide the opportunity for the external auditor to meet with the Committee without the executive management present in order to raise any concerns or discuss matters relating to the audit work.

The Committee receives regular updates on regulatory, accounting and reporting developments and their application to Amigo.

Meetings and attendance

The Committee held five meetings during the year. Attendance at these meetings by the Committee members is shown in the table on page 40. On each occasion the CEO, CFO other senior members of the executive team attended, including the Chief Risk Officer. The external auditor attended meetings when matters relating to the financial reporting cycle were discussed. Attendance by representatives of the internal auditor occurred on an ad hoc basis when Internal Audit output was reviewed.

Audit Committee report continued

Meetings and attendance continued

There is an opportunity at each meeting for the Committee to discuss matters privately with the internal and external auditors without management present. Outside of scheduled meeting times, the Chair of the Committee maintains regular contact with both the internal and external audit partners, to discuss matters relevant to Amigo. The Committee's terms of reference are available on Amigo's website and these are reviewed annually and updated where necessary to reflect changes in the responsibilities of the Committee. In addition, the Committee will conduct a review of its own performance on an annual basis and considers steps for future improvement taking input from the members of the Committee, the internal and external auditors and senior members of the executive team.

Key priorities for the coming year are the: continuation of the wind down of the business, the oversight of any external assurance reporting and the firm's own assurance reporting, especially in relation to ensuring customer interests and conduct risk is considered; oversight of the impact of the worsening economic environment on the wind down of the loan book; and ensuring the internal whistleblowing safeguards are visibly maintained. Given the aforementioned financial issues, the Committee will continue to monitor whether the Group continues to operate on a solvent basis and continue to consider the implications of the commencement of wind down on the preparation of the financial statements.

Key activities of the Audit Committee in 2022/23

The Committee met five times during the year and the following activities were undertaken:

- reviewed and considered significant issues relevant to the Annual Report and Accounts for the year ended 31 March 2022 including confirmation of the application of Amigo's accounting policies and any material changes to financial reporting requirements;
- reviewed and considered significant issues relevant to the unaudited Quarterly Report and Accounts to 30 June 2022;
- reviewed and considered significant issues relevant to the unaudited Interim Report and Accounts to 30 September 2022;
- reviewed and considered significant issues relevant to the unaudited Quarterly Report and Accounts to 31 December 2022;
- reviewed and approved Amigo's method for the assessment of adequate provisions to cover the ongoing costs of complaints. Work included challenge of assumptions used by management in preparing the complaints' provisions and on the implementation of the appropriate methodology for calculating the provision given the change in approach to the calculation of the provision for complaints at the year end after commencement of wind down;
- reviewed and approved Amigo's method for the assessment of impairment provisions in accordance with IFRS 9. Work included challenge of management assumptions used when preparing IFRS 9 provisions, and its relationship to the remaining Covid-19 forbearance provisioning undertaken;
- reviewed, considered and agreed the need for an impairment in the carrying value of subsidiaries within the Group;
- reviewed the external auditor's audit planning report for the year ended 31 March 2023. Work included discussion with the audit team about the ongoing audit and level of scrutiny required during the audit process;
- reviewed and approved the audit fee for the interim and final audit work resulting from the agreed external auditor's strategy and plan;
- in conjunction with the Risk Committee, reviewed the effectiveness of the Group's system of internal control (including financial and operational);
- reviewed the going concern and viability statements, focusing on key judgements, assumptions and estimates underlying the Group's plans. Work included challenge of management assumptions used in determining going concern and viability and took into consideration the likely possible outcomes, including whether the FCA would approve the return of Amigo to lending and support a new Scheme of Arrangement. The work included considering if the Company had reasonable prospects of continuing as a viable business or as an orderly wind down or could be required to enter into an insolvency arrangement;
- reviewed and considered significant issues relevant to the Annual Report and Accounts for the year ended 31 March 2023 including confirmation of the application of Amigo's accounting policies and any material changes to financial reporting requirements, especially given the move into wind down from March 2023;
- reviewed and approved the Internal Audit plan from PwC and reviewed various reports throughout the year;
- reviewed and maintained the whistleblowing policy and ensured any reports made under the policy were appropriately investigated and followed through to conclusion; and
- assessed the effectiveness of the Internal Audit function by reference to the quality, experience and expertise of the team provided by PwC, and by reviewing periodic and individual reports on specific areas of interest. During the year, Internal Audit focused on:
 - fraud and anti-money laundering;
 - underwriting, affordability and creditworthiness;
 - financial promotions, including product governance;
 - IT general controls and cyber governance; and
 - pre and post-assurance reports on strategy, target operating model, compliance, risk assessment, arrears management, TCF and dealing with vulnerable customers.

Auditor effectiveness and independence

The Committee considered MHA's effectiveness by reference to the audit plan, including the key risks identified and the materiality adopted, its performance against that plan and its relevant experience of both the non-standard finance sector and Amigo's business and operations. MHA's current internal quality control measures were also evaluated. Further details of the audit engagement partner, engagement date and length of tenure are provided in the Independent Auditor's Report on pages 81 to 87.

The Committee has also considered the objectivity and independence of the external audit, noting both the statement of independence provided by MHA and the absence of any known conflict of interest between Amigo and MHA. The Committee's policy is that MHA will only be engaged to perform non-audit services in exceptional circumstances and, even then, only with the prior approval of the Committee. In the year ended 31 March 2023 MHA were asked to undertake work on the Financial Position and Prospects Procedures ('FPPP'), as part of the work required to support the fund raise, which was abandoned when Amigo went into wind down. The total cost of this work was £38,000. Details of audit fees paid to MHA are provided in note 7 to the consolidated financial statements.

There was a tender of audit services in Summer 2022 when MHA was appointed as auditor to the Group.

Financial reporting

The Committee reviewed and provided input into the audit scope and audit plan provided by MHA. In evaluating key issues and areas of judgement relevant to the consolidated financial statements, the Committee reviewed MHA's audit findings and observations and considered the following significant issues:

Issue	How the Committee addressed the issues
IFRS 9	• Determination of a "significant increase" in credit risk. • Consideration of expected credit loss profiles and rationale provided by management. • Consideration of the impact of present value discounting on Expected Credit Loss ("ECL") reporting.
Conduct risk (including complaints)	• Consideration of impact of regulatory scrutiny on activities of the business. • Consideration of regulatory redress payable from complaints, taking into account the impact of the Scheme of Arrangement. • Consideration of changes required to meet changes in regulatory requirements and environment over the period, including output from the increased third-party assurance work undertaken. • Considered uncertainties surrounding the outcomes associated with the provision.
Going concern	• Consideration of a risk to going concern resulting from the financial commitments due to redress payable on upheld complaints. • Consideration of the impact of not being a going concern on the basis of preparation of the Annual Report and Accounts. • Consideration of short, medium and long-term funding requirements considering complaints and impact of the deteriorating economic situation on impairment levels.
Recoverability of parent company investment in subsidiaries	• Annual review of carrying value of investment in subsidiaries against forward-looking economic valuation of subsidiaries. • Consideration of likely movements and changes in valuation resulting from future originations and future debt recoverability. • Consideration of the cash-generating unit associated with subsidiary undertakings.

Nomination Committee report

Jonathan Roe

Chair of the Nomination Committee

Committee members

Members at the year end	Meetings	Attendance
Jonathan Roe ¹	7	7
Michael Bartholomeusz ²	6	6
Members during the year		
Maria Darby-Walker ³	6	6
Jerry Loy ⁴	1	1

- 1 Jonathan Roe was a member throughout the year.
- 2 Michael Bartholomeusz stepped down as a member of the Committee on 3 October 2022 but was re-appointed on 27 March 2023.
- 3 Maria Darby-Walker was a member throughout the year until she stood down on 27 March 2023.
- 4 Jerry Loy was appointed as a member on 3 October 2022 and stood down as a Director on 27 March 2023.

Focus areas for 2023

- Maintenance of the Board with the appropriate skill set to manage the orderly wind down of the Amigo businesses.
- Replacement of the CEO, when Danny Malone completes serving out the notice period on his contract.

Overview

I am pleased to introduce our Nomination Committee Report for 2022/23, which explains the Committee's focus and activities during the year, which by anyone's standard has been a challenging period for Directors and management. The focus of the Committee has continued to be on seeking to ensure that the size, composition and structure of the Board are appropriate for the delivery of the Group's strategic objectives and dealing with the many challenges it is facing. A task not made any easier by the fluctuating progress with obtaining an approved Scheme of Arrangement over the period and the commencement of wind down from March 2023.

Committee composition

I have been Chair of the Nomination Committee throughout the review period. The members of the Committee during the year were Jonathan Roe, who acted as Chair, Michael Bartholomeusz, Maria Darby-Walker and Jerry Loy. The year saw considerable change to the Committee membership. The changes initially resulted from the Board's desire to increase the differentiation between the various Committee memberships. Following Jerry Loy's appointment, Michael Bartholomeusz stepped down from the Committee. Following the announcement that Amigo had moved into wind down, both Jerry Loy and Maria Darby-Walker resigned from the Board and the Nomination Committee. The Committee currently consists of Jonathan Roe and Michael Bartholomeusz, who was co-opted to the Committee upon the resignation of Jerry and Maria. All the current Committee members are considered by the Board to be independent.

Roles and responsibilities

The key responsibilities of the Nomination Committee are to identify, evaluate and nominate candidates for appointment to the Board, to review regularly the structure, size and composition (including skills, knowledge and experience) of the Board and to make recommendations to the Board with regard to any adjustments that are deemed necessary. The Committee is also responsible for considering the Company's succession plans for Board members and senior management, taking into account the challenges and opportunities facing the Company and the skills and expertise that are needed on the Board in the future. The Committee is responsible for reviewing membership of the Board's Committees to ensure sufficient resource is available for the Board Committees to operate effectively.

Key activities of the Nomination Committee in the year

The Committee held seven meetings during the year. Attendance at these meetings by the Committee members is shown in the table on this page.

This year has not been without its challenges for the Committee. Key activities during the year included:

- reviewing the composition of the various Board Committees;
- supporting the appointment of Danny Malone as CEO, and Kerry Penfold, as CFO; and
- reviewing the skill set of the Board and senior management and initiating a training programme to meet identified training requirements, particularly in relation to the maintenance of the Senior Managers and Certification Regime, treatment of preferential creditors and Schemes of Arrangement.

The issues of succession planning and Board structure will remain the ongoing focus of the Committee during the course of the forthcoming year with the commencement of wind down.

The Committee had been actively seeking to build the Board and identify skills shortages and had made significant headway in attaining the targets on Board gender and ethnicity but was hampered in its ability to meet the continuing requirements following the start of wind down. Maintaining the skills composition will be a key consideration as we develop over the next year.

The Group has asked all Directors to stand for re-election at this year's AGM. This is in accordance with best practice identified in the UK Corporate Governance Code. On 15 May 2023, Danny Malone resigned as Director and CEO. Danny is currently working out his six months' period of notice.

The Committee completed an external evaluation of the Board this year, using the Corporate Governance Institute of UK and Ireland. The Committee considered the outcomes of the review in November 2022.

Diversity

The Company's policy is not to discriminate against any individual on any basis. The Board members are aware from their own experiences that a wider, diverse pool of talent is more likely to result in the Company making better informed decisions. The Board has actively sought to meet the objective of trying to recruit more women and individuals from diverse backgrounds for both senior management and Director roles and had made significant headway in attaining the listed company targets for Board gender and ethnic diversity. Unfortunately, the commencement of wind down resulted in resignations to the Board and given the size of the remaining Board, the Committee will find it difficult to prepare plans to bring the Company back into line with the diversity targets for listed companies for the Board and senior management team.

The Board currently consists of only four people. The Board believes that Amigo would be best served by maintaining a diverse Board with a suitable range of skills, experience and knowledge across all the Board members but given the wind down is underway, the Board does not believe it is practicable or appropriate to actively expand the Board at this time.

Jonathan Roe
Chair of the Nomination Committee
 27 July 2023

Risk Committee report

Michael Bartholomeusz
Chair of the Risk Committee

Committee members

Member	Meetings	Attendance
Michael Bartholomeusz ¹	4	4
Jonathan Roe ²	4	4
Members in the period		
Maria Darby-Walker ³	2	2
Jerry Loy ⁴	2	2

- 1 Michael Bartholomeusz was Chair and a member throughout the period.
- 2 Jonathan Roe was a member throughout the period.
- 3 Maria Darby-Walker was appointed on 12 October 2020 and stepped down from the Committee on 7 October 2022.
- 4 Jerry Loy was appointed to the Committee on 3 October 2022 and stood down from the Committee on 27 March 2023.

Focus areas for 2023

- Review of emerging risks.
- Enhancement of the policies and standard framework
- Management of risk management and reporting system and the wind down of CAMMS system.
- That risks associated with the wind down and cessation of lending are properly considered and overseen.
- That appropriate actions are taken to mitigate risks to customers and the firms arising from a worsening economic environment.

Overview

I am pleased to present the Risk Committee Report. The Committee's key role is to provide oversight of and advice to the Board on the management of risk across the organisation, balancing the agenda between risk exposure and the future risk strategy of the Group.

The Committee had a full agenda in the year which involved oversight of ongoing risks associated with lending to Amigo's customers, managing the impact of a deteriorating economic backdrop, residual Covid-19 issues and Covid-19 forbearance on the business, and dealing with the consequences of historic complaints activity against Amigo, including the possible impact and subsequent fallout arising from the move into the fallback Scheme of Arrangement, together with resolving and settling the investigations by the FCA.

A key part of the Committee's work was to oversee the: continued development of an enhanced risk management framework, building on a detailed root cause analysis exercise performed to identify the reasons for past failings; and the assessment of impairment across the various loan cohorts. We also had a full regulatory agenda.

Specifically, as a Committee we have taken a closer look at areas such as responsible lending (including affordability) and the treatment of vulnerable individuals. In relation to lending to customers we have taken into account the regulatory landscape when developing a strategy for the responsible return to lending, albeit, that return proved short lived.

The Committee has also extensively monitored the Group's liquidity position during the year, to ensure that the Group maintained adequate access to funds and a strong cash position. At the end of the year, the Group had net unrestricted cash of £62.4m.

The Committee has continued to enhance and embed an appropriate risk culture as the Group evolves. Areas of focus have included building a robust platform for the return to lending, business continuity planning, consideration of operational resilience and data and cyber risk.

The Committee reviewed and updated the Company's risk appetite statement for formal approval by the Board. The Committee oversaw regular reviews of the risk report and quarterly credit loss forecasts.

One of the areas of uncertainty facing the business was the deteriorating underlying economic conditions, the return of significant inflationary pressures and the continuing fallout from Covid-19 and Brexit. This deterioration has had a significant adverse effect on many of our stakeholders, especially our customers and employees. In this regard, we have considered the appropriate scenarios and stress tests that should be applied and the potential impact on the business.

Increasingly over the year the Committee, in tandem with the Audit Committee, considered the implications of the complaints situation. The Committee had to also consider the implications of the move into the fallback Scheme following the failure to meet the conditions precedent of the Scheme of Arrangement approved by the Court in May 2022. This presented real challenges for the Committee and the Board to consider, with the implications on solvency and viability.

Moving forward, the Committee will continue to monitor and assess the risks facing the Group and provide valuable insight into what is looking to be a challenging operating environment as it completes the wind down. I would like to thank my colleagues and members of the Committee for their hard work and commitment over the last twelve months.

Risk Committee

The principal purpose of the Committee is to assist the Board in its oversight of risk within Amigo, with particular focus on risk appetite, risk profile and the effectiveness of Amigo's internal controls and risk management systems from both the Company's and customers' perspective.

Membership and attendance

The Committee is drawn from the Non-Executive Directors. The CEO, CFO, Chief Risk Officer, Chief Restructuring Officer and Company Secretary normally attend all Risk Committee meetings. Other interested parties are also invited to attend Committee meetings, as appropriate. The Committee met 4 times during the year. Attendance at Risk Committee meetings is set out on page 40.

Cross-membership between each of the Board's Committees ensures that all material risks and related issues are appropriately identified, communicated and taken into account in the decisions taken by each Committee and the Board.

Role and responsibilities

The Board has delegated the oversight of risk management to the Committee, although the Board retains overall accountability for Amigo's risk profile.

The Committee's primary functions include:

- considering the risks to consumers (conduct) as well as risks to the business (prudential);
- advising the Board on the Group's overall risk appetite, tolerance and strategy taking into account the factors influencing the approach to risk;
- considering the risk policies in place and ensuring they form part of a robust assessment of the risks including those affecting our business model, future performance, solvency, liquidity, operational continuity, business continuity and business disaster recovery;
- regularly reviewing and approving the parameters used in measuring risk and the methodology used to assess such risks;
- considering fraud matters and ensuring procedures are in place to deal with applicable legal and regulatory requirements including consideration of anti-money laundering practices and customer and conduct risk; and
- reviewing the activities of the Chief Risk Officer including considering appointment and removal.

Key activities of the Risk Committee during 2022/23

During the year, the Committee reviewed all material, financial, operational and compliance controls, identified key risks affecting the Company and reassessed and confirmed the Group's risk appetite statement and target residual ratings for each of the principal risks. The principal risks are set out on pages 29 to 33.

The Committee has focused on ensuring that appropriate risk management strategies were implemented, monitored and reported effectively within the overarching Group-wide risk management framework. The Committee continued to develop an effective enterprise risk management framework, improving the detailed analysis of the principal risks faced by the business. During the period the Committee focused on the following matters:

- in consideration of the changed regulatory environment, the need for improved risk maturity and culture assessments development and review of the risk management framework and risk appetite as part of a risk transformation exercise, including improved KRI identification and management;
- the ongoing review and identification of action plans put in place to mitigate risks, resulting in strengthened three lines of defence, including the development and implementation of a new Group wide risk management systems (called CAMMS);
- considering the assurance plan, including the management of overdue audit and assurance issues;
- considering the conduct risks, identified through a Root Cause Analysis, impacting the return to lending by Amigo, with enhanced monitoring of vulnerability, affordability, responsible lending and arrears management issues;
- considering the impacts of inflation, worsening economic situation and legacy issues from Covid-19 and the application of Covid-19 forbearance measures;
- considering the impacts and implications arising out of any non-lending related complaints activity;
- a regular review of the loan loss forecast data for input into provisioning under IFRS 9 for the impairment rate;
- considering financial crime and fraud related risks; and
- review of Operational Resilience Report and monitoring people attrition rates.

Areas of focus in 2023/24

The Committee will continue to monitor the Company's risk management framework during 2023/24. Key tasks include: monitoring the risks associated with wind down; review emerging risks that may impact on the orderly wind down of the business; the maintenance of the policies and standard risk framework; the continued management and reporting through the CAMMS system; and that appropriate actions are taken to mitigate risks to customers and the firm arising from a worsening economic environment. Ensuring the merged Risk and Audit Committees address and maintain appropriate reporting lines.

Michael Bartholomeusz
Chair of the Risk Committee
27 July 2023

Directors' remuneration report

Jonathan Roe

Interim Chair of the Remuneration Committee

Committee members

Member	Meetings	Attendance
Jonathan Roe ¹	8	8
Michael Bartholomeusz ²	8	8
Maria Darby-Walker ³	7	7

- 1 Jonathan Roe was a member throughout the year.
- 2 Michael Bartholomeusz was a member throughout the year.
- 3 Maria Darby-Walker was a member and Chair of the Committee throughout the year until she stood down on 27 March 2023.

Focus areas for 2023

- Maintaining appropriate remuneration levels for the senior executives during an orderly wind down of the business.
- Implementation of appropriate recommendations resulting from the benchmarking exercise.

Report from the Chair of the Remuneration Committee

I am pleased to present the Remuneration Committee Report for the year ended 31 March 2023. The Committee has a number of accountabilities including responsibility for assessing and administering the Directors' Remuneration Policy ("Policy"), reviewing and, where appropriate, endorsing senior management remuneration and oversight of the Group Remuneration Policy.

In addition to this letter and a "Remuneration at a glance" section, this report consists of two key sections as required by the reporting regulations:

- Section 1 – Annual Report on Remuneration: this section details the remuneration receivable by our Executive and Non-Executive Directors in respect of 2022/23; and
- Section 2 – Summarises how we intend to implement the Remuneration Policy in 2023/24.

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). This report meets the requirements of the UK Listing Rules and the Disclosure Guidance and Transparency Rules. The information set out below represents auditable disclosures referred to in the Auditor's Report on pages 81 to 87, as specified by the UK Listing Authority and the Regulations.

Business context for 2022/23

The fifth year of Amigo as a public company has continued to be a period of significant change and major challenge for the business. At a headline level many of the financial measures were improved substantially by the sanctioning of the New Business Scheme in May 2022. As noted in the Financial Review on pages 24 and 25, the move into the Fallback Scheme facilitated a fundamental change to the business, as it moved into an orderly wind down. This change in approach continued the trend that had seen the business reduce in size in the year to 31 March 2023: the net loan book reduced by 67.1% to £45.4m (FY22: £138.0) and Revenues fell by 78.4% year-on-year to £19.3m (FY22: £89.5m), reflecting the loan book reduction with limited new lending over the period, which terminated in March 2023.

Director changes in the period

As announced on 6 June 2022, Danny Malone was appointed as a Director and CFO. Gary Jennison stepped down as a Director and as CEO of the Company on 23 September 2022. On the same date, following the resignation of Gary Jennison, Danny Malone was appointed as CEO and Kerry Penfold was appointed as a Director and as CFO, both subject to FCA approval.

Details regarding the terms of Gary Jennison's departure and the new remuneration terms for Danny Malone and Kerry Penfold are set out in this report. All of these terms were agreed within the scope of the Company's current Directors' Remuneration Policy.

Remuneration decisions and outcomes for 2022/23

The Committee's activities focused on the application of the Policy in the year including adjustments to base pay with effect from 1 April 2022 and the formal details of any bonus plan, the outcomes of which are described below, as well as awards under the LTIP.

As noted above, the change in CEO and CFO required the Committee to consider the appropriateness of the existing remuneration arrangements for the departing CEO, the terms offered as part of the departure process, and the terms for Danny Malone and Kerry Penfold. The Committee was also asked to consider the terms for Jerry Loy, who was appointed as a Non-Executive Director on 3 October 2022. There was no compensation paid to Maria Darby-Walker and Jerry Loy when they stepped down as Directors in March 2023.

When making Board level remuneration decisions the Committee must keep in mind the need to have a sufficient numbers of Directors who satisfy the regulatory requirements for relevant skill and experience, together with a history of acceptable conduct. The pool of suitable candidates is therefore small, and further limited to only those prepared to take on the legal and regulatory responsibilities of a company in Amigo's circumstances, with the associated personal financial and reputational risks.

Throughout the year the Committee was actively involved in reviewing remuneration for senior management appointments below Board level. The Committee had to balance the financial position of the business generally with the need to recruit and retain the wider team. All against a backdrop of a deteriorating economic situation, and at the end of the year, the disruption caused by Amigo entering into wind down. The Committee agreed a 5% cost of living rise to all staff below the Executive Director level.

There were no new awards of LTIP during the year to Executive Directors.

Under the current Policy, the CEO and CFO are technically eligible for consideration of a bonus award up to 150% of base salary. Given the Company is in wind down the Committee and Board have agreed that no bonus will be payable to current Executive Directors.

Gary Jennison was eligible for a bonus for his work, as CEO, to deliver a Scheme of Arrangement. As detailed elsewhere in the report, he was awarded a bonus of £150,000. The payment of the bonus was made subsequent to the year end.

Directors Remuneration Policy at the 2023 AGM

At the 2023 AGM, shareholders will be asked to approve the Directors' Remuneration Report.

The Directors' Remuneration for the year will have been based on the Directors' Remuneration Policy that was approved at the 2022 AGM.

The resolutions to approve the Directors' Remuneration Report and the Directors' Remuneration Policy were approved at the 2022 AGM held on 28 September 2022, but not without a significant percentage of the votes cast being cast against the two resolutions.

The Committee accepted, following representation from shareholders, that the significant reasons for the negative votes against Directors' remuneration and the new policy were the ongoing general poor performance of the business, particularly reflected in the share price, and the level of remuneration paid and payable to the previous CEO.

Gary Jennison joined at a critical time in September 2020. He inherited the remuneration package agreed with the previous CEO elect. The commercial backdrop when Gary came out of retirement to lead the business, was deeply unappealing: an overwhelming number of complaints pushed through to Amigo by aggressive claims management companies, with the increasing interest by the regulator in past conduct and a changing environment for future lending to customers serviced by Amigo. Gary was instrumental in pushing all parties towards delivering a Scheme of Arrangement that was palatable to our customers, our regulators, and the High Court.

Agreement on the terms of the Scheme allowed the management team to focus on developing RewardRate, the product that it was hoped would lead Amigo's re-emergence as a viable, valued and respected component of the consumer credit market servicing those customers, frequently overlooked by the prime credit providers.

When Gary stepped down, the Board and its advisers believed it important that Amigo presented a long term management team for investors to back and that the managed handover to the new CEO was orderly, in order to maximise the chances of success for RewardRate and the required fund raise. The three month handover period and £30,000 compensation for loss of office were all made in this context. The £150,000 bonus was awarded for getting the revised Scheme approved by the High Court and setting the business up for the next stage in its growth.

Given that Amigo entered into the fallback solution on 23 March 2023, the Committee and Board determined that it was not an appropriate use of time and creditors resources to engage further with third-party remuneration consultants to update the Directors' Remuneration Policy. The Committee agreed it would be appropriate to not increase Danny Malone's remuneration when he changed role from the CFO to CEO. Furthermore, the notice period for the CEO was reduced to 6 months from 12 months. The basic remuneration for Kerry Penfold increased to £220,000 when she was appointed CFO, which is approximately 61% of the previous incumbent's remuneration. This had the effect of reducing the combined remuneration of the current CEO and CFO to c.60% of those previously carrying out the roles.

Since 1 April 2023, my own basic annual remuneration as Chair of the Board has reduced to £90,000, from £175,000, and that of the remaining NED has been reduced to £60,000, from £94,500. Furthermore, the number of NEDs has been reduced from four to two directors. These changes, made in conjunction with the decision to not award any bonuses to Executive Directors whilst Amigo remains in wind down, has reduced the base cost of the Directors by c.47% going forward. The Committee believes this better matches the ongoing costs to the wind down of the business.

We are happy to receive feedback from shareholders at any time in relation to our remuneration policies and hope to receive your support for the resolutions referred to above at our forthcoming AGM. I will be available at the AGM to answer any questions you may have.

I hope that you find the report informative and that it provides a clear rationale for the decisions that the Committee has taken.

Jonathan Roe
Chair of the Remuneration Committee
27 July 2023

Directors' remuneration report continued

Remuneration at a glance

This brief section summarises our remuneration principles which form the foundation for our Policy.

Remuneration principles

The Committee seeks to support the delivery of the Group's strategy through establishing appropriate remuneration arrangements. Up until 23 March 2023 the goal was to build a strong long-term sustainable business by delivering sales growth and sustainable shareholder returns through the delivery of transparent products to our customers by colleagues exhibiting the best practice and service excellence. Since the announcement that Amigo would be wound down, the focus of the Committee is ensuring the orderly wind down of the business.

Consequently, the overall Remuneration Policy of the Committee, and of the Board, is to provide remuneration packages for Executive Directors and other senior managers within Amigo which:

- **Retain** – enable Amigo to retain management of a high calibre with the necessary customer service focus, and financial and regulatory credentials required to deliver the orderly wind down of the business. Remuneration arrangements are set at levels appropriate to achieving this goal without paying more than is considered necessary. The Committee considers market data at appropriate intervals to inform the positioning of executives' pay, without seeking to "match the median", to identify and mitigate the risk of losing strong performers.
- **Link variable pay to performance** – provide management with the opportunity to earn competitive remuneration through arrangements that are designed to support delivery against key strategic objectives. Performance measures are aligned with strategic goals so that remuneration arrangements are transparent to executives, shareholders and other stakeholders.
- **Align executives with stakeholders** – ensure management's interests are aligned with those of the stakeholders.
- **Drive sustainable ethical performance** – remuneration arrangements are designed to support the sustainable delivery of ethical performance and to deliver without excessive risk taking.

Section 1 – Annual Report on Remuneration

1.1 Committee composition during the year

During the year, the Committee comprised:

- Jonathan Roe, Michael Bartholomeusz and Maria Darby-Walker. Maria was Chair of the Committee throughout the year until 27 March 2023. Jonathan took over the role of Chair from that date.

There were eight Committee meetings held during the year; details of attendance are shown in the table on page 40.

All members serving on the Committee in the year are considered to be independent for the purposes of the UK Corporate Governance Code. The Company Secretary generally acts as secretary to the Committee unless a personal conflict of interest is apparent.

1.2 Activities during the year

During the year, the Committee has:

- reviewed and approved the Directors' Remuneration Report in the Annual Report and Accounts for the years ended 31 March 2022 and 2023;
- discussed and approved remuneration for Danny Malone as CFO and then CEO and Kerry Penfold as CFO;
- considered the exit terms for Gary Jennison as CEO; and
- approved terms of appointment for senior management joining the business.

1.3 Advisors and other attendees

During the year, the Committee has been supported by the Chief People Officer and the Company Secretary. The CEO and CFO also attend Committee meetings on occasion, at the request of the Committee; but they are never present when their own remuneration is discussed. In carrying out its responsibilities, the Committee is authorised to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination. During the year the Committee continued to use FIT Remuneration Consultants LLP to provide advice, to consider the appropriate response to the large negative vote on Remuneration related resolutions at the 2022 AGM, and to start work on a benchmarking exercise for Directors' remuneration.

The Committee considers FIT Remuneration Consultants LLP advice to be independent and impartial, and is also satisfied that the team does not have connections with the Company that might impair its independence. The Committee considered the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Implementation of the Remuneration Policy in 2022/23

1.4 Single total figure of remuneration for Executive Directors (audited)

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for 2022/23 with prior year comparatives.

	Danny Malone ⁴	Kerry Penfold ⁵	Gary Jennison		Mike Corcoran ⁶
	2022/23	2022/23	2022/23	2021/22	2021/22
Base salary ¹	306,863	115,587	1,072,500 ⁶	630,000	452,692
Bonus/ex-gratia settlement	—	—	180,000 ⁷	—	—
Benefits ²	28,085	145	13,021	53,246	36,523
Pension ³	—	5,779	—	—	22,635
Total	334,948	121,511	1,265,521	683,246	511,850
Total fixed remuneration	334,948	121,511	1,085,521	683,246	511,850
Total variable remuneration	—	—	180,000	—	—

1 This represents cash paid or receivable in respect of the period and includes payment in lieu of notice where applicable.

2 This represents the value, grossed up for tax, of all benefits paid or receivable in respect of the period including: accommodation costs, use of hotels, etc.

3 This represents pension contributions paid by the Group on behalf of the individual, not inclusive of payments in lieu of pension. Salary in lieu of pension, included in the base salary line, was paid for the following individuals: Gary Jennison (£22,500; 2022 was £30,000) and Danny Malone (£14,613).

4 Danny Malone was appointed as a Director of the Company on 6 June 2022 and announced his resignation on 15 May 2023, subject to serving out his notice period of 6 months.

5 Kerry Penfold was appointed as a Director of the Company on 23 September 2022.

6 Gary Jennison resigned as a Director and CEO on 23 September 2022. The amounts above includes £600,000 of accrued payments in lieu of notice, of which all was paid in the period to 31 March 2023.

7 The bonus for Gary Jennison has been paid subsequent to the year end as the payment was subject to the approval of the FCA under the terms of the Asset Voluntary Requirement. The total bonus payable amounted to £150,000 as bonus and £30,000 as compensation for loss of office.

8 Mike Corcoran was appointed as a Director of the Company on 11 November 2020. He ceased to be a Director of the Company on 19 February 2022. The amounts above includes £167,918 of accrued payments in lieu of notice, of which £38,370 was paid in the period to 31 March 2022.

1.5 Changes to Executive Directors

Gary Jennison resigned as a Director and CEO on 23 September 2022.

Danny Malone was appointed as a Director and CFO on 6 June 2022. He became CEO on 23 September 2022, on an annual basic salary of £355,000. This was considered to be reasonable in light of his experience in the sector and with companies going through significant change. Danny is entitled to receive a pension contribution of 5% of basic salary and standard benefits, in line with the Policy. Danny's contracted maximum annual bonus opportunity is 60% of salary in accordance with the Policy but in light of the challenging financial situation and the move into fallback, the Board agreed that no bonus would be payable. Danny has been eligible for reimbursement of costs incurred by him for a period of two years or until he relocates to Bournemouth.

On 15 May 2023, Danny resigned his role as CEO and Director, subject to completion of his contractual period of notice. As at the date of this report, he is serving out the remainder of his contract, receiving his monthly salary and associated benefits, including pension, in line with his contractual entitlements, which will run until 15 November 2023.

Kerry Penfold was appointed as CFO, subject to FCA approval, on an annual basic salary of £220,000. This was considered to be reasonable in light of her experience in the sector and with companies going through significant change. Kerry is entitled to receive a pension contribution of 5% of basic salary and standard benefits, in line with the Policy. Kerry's maximum annual bonus opportunity is 60% of salary in accordance with the Policy but in light of the challenging financial situation and the move into fallback, the Board agreed that no bonus would be payable.

1.6 Benefits (audited)

Benefits include payments made in relation to life assurance.

1.7 Pension (audited)

Pension payments represent contributions made either to defined contribution pension schemes or as a cash allowance. The CEO and CFO are entitled to receive a contribution of 5% of base salary in alignment with the wider UK employee population, and/or cash in lieu in the event of contributions in excess of agreed HMRC contribution rates or lifetime allowance. The amounts actually received by the CEO and CFO during the year are set out in section 1.4 above. No Director is entitled to a guaranteed pension in the event of severance or early retirement.

Directors' remuneration report continued

Section 1 – Annual Report on Remuneration continued

1.8 Bonus (audited)

No bonus was considered for Danny Malone or Kerry Penfold for the period of their employment. Further details of the bonus scheme are set out on page 64.

Measure	Weighting %
Our strategic priorities	10%
Our customers and conduct	15%
Our people and culture	15%
Our financial performance	50%
Individual	10%
Total	100%

All financial performance targets for the year were withdrawn in the previous year and not re-instated given the changes in personnel and the cessation of lending activity over the review period. The Company operated, until June 2023, from a dual office location based in Bournemouth and the Board does not consider the activities of Amigo to be highly carbon intensive, given its largely e-comms driven communication strategy and in-house environmentally sensitive approach. The Committee therefore does not believe it is beneficial to include a benchmark for environmental impact as a remuneration metric.

Measure	Weighting %	Performance ¹ %
Our strategic priorities	10%	n/a
Our customers and conduct	15%	n/a
Our people and culture	15%	n/a
Our financial performance	50%	n/a
Individual	10%	n/a
Total	100%	n/a

¹ All performance targets were withdrawn for the year due to the financial situation of the Company throughout the period.

Director	Maximum bonus (% of salary)	Actual bonus (% of salary)	Actual bonus £	Bonus deferred into shares %
Danny Malone	0% ¹	0%	—	0%
Kerry Penfold	0% ¹	0%	—	0%
Gary Jennison	60%	25%	£150,000 ²	0%

¹ Although the maximum bonus % per contractual terms is 60% of base salary, the Executive Directors waived any right to bonus in the period.

² Bonus payable for delivering a viable Scheme of Arrangement for the Amigo business.

1.9 Long-term incentives – Awards made in 2022/23 (audited)

No awards of LTIP were made in the year to Executive Directors.

1.10 Other share awards (audited)

Save As You Earn ("SAYE") and Share Incentive Plan ("SIP")

No Director participated in either of the SAYE or SIP during the year.

Shareholding guidelines

The Committee believes that it is important that Executive Directors' interests are aligned with those of our shareholders. Executive Directors are encouraged to build up and retain shares with a value equal to 200% of their annual base salary. This requirement was not enforced in the year given the financial position of the Company.

These figures include those of their spouse or civil partner and infant children, or stepchildren, as required by section 822 of the Companies Act 2006. The shareholdings guideline is 200% of base salary for the CEO and CFO. Under the Remuneration Policy each Director has five years in which to meet the shareholding guideline threshold.

1.11 Outside appointments

Amigo recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such Non-Executive duties can broaden experience and knowledge which can benefit Amigo. Subject to approval by the Board, Executive Directors are allowed to accept Non-Executive appointments and retain the fees received, provided that these appointments are not likely to lead to conflicts of interest.

1.12 Payments to former Directors

Gary Jennison resigned as CEO and as a Director on 23 September 2022. He continued to be paid in line with his service contract, receiving his monthly salary and associated benefits, including pension, until 31 December 2022. At termination on 31 December 2022, he was paid £600,000 as settlement of the twelve month notice period on his contract. Subsequent to the year end a bonus of £150,000, together with an ex-gratia payment of £30,000, was paid to Gary Jennison.

Danny Malone resigned as CEO and as a Director on 15 May 2023. As at the date of approval of the Annual Report and Accounts he is serving out the remainder of his service contract, receiving his monthly salary and associated benefits, including pension, in line with his contractual entitlements, which will run until 15 November 2023.

No other payments were made to former Directors during the year in respect of their employment by the Company.

1.13 Payments for loss of office

Gary Jennison resigned as CEO and Director on 23 September 2022, but remained employed until 31st December 2022 to provide transition support to the new CEO, during which time he was entitled to receive salary and pension payments amounting to £171,818. Under the terms of his service contract he also received £600,000 payment in lieu of notice. As at 31st March £30,000 was accrued as compensation for loss of office; this was subsequently paid post year end following the receipt of approval from the FCA required under the Asset Voluntary Requirements. Amigo made no other payments within the scope of the disclosure requirement to any past Director of Amigo during the financial year; we have no de minimis threshold for such disclosures.

1.14 Executive Director service contracts

Contracts for Directors are designed to clearly lay out the responsibilities of the Directors to the Company, specific areas of expertise required to be demonstrated and the terms of their contractual entitlement. The contracts will include details of specific performance or objectives if appropriate at the time of appointment.

Due to the specific challenges facing the Company when the contracts for the current CEO and CFO were put in place, the Committee did not deem it appropriate to include specific corporate performance objectives within the service contracts other than to work to further the long-term interests of stakeholders.

Notice periods are set at a period appropriate to the function and the need to maintain consistency for top level leadership across the Group. The Committee will not likely issue a service contract for more than twelve months.

The service contract for Danny Malone, CEO, provided for a notice period of six months, by the Company or the individual.

The service contract for Kerry Penfold, CFO, provides for a notice period of six months, from the Company or the individual.

Executive Directors' service contracts allow for termination with contractual notice from the Company or termination by payment in lieu of notice. Payment in lieu of notice is limited to base salary for the notice period. There is no contractual entitlement to bonus or LTIP awards in respect of the notice period. Copies of service contracts are available for inspection at the registered office.

1.15 Non-Executive Director letters of employment

Non-Executive Director appointments are for three years subject to annual review and notice. All Directors are required to seek annual re-election by shareholders at the Company's AGM.

Non-Executive Directors are not entitled to compensation in relation to leaving the Board of Directors. Copies of service contracts are available for inspection at the registered office.

Directors' remuneration report continued

Section 1 – Annual Report on Remuneration continued

1.16 Unexpired term of service contract for Directors at AGM re-election

Director	Term of service
Jonathan Roe	3 months
Michael Bartholomeusz	3 months
Danny Malone (notice period being served with termination date on 15 November 2023)	< 4 months
Kerry Penfold	6 months

The unexpired term of service contracts is based on all Director contracts being on a rolling basis unless notice has been given.

1.17 Statement of consideration of employment conditions elsewhere in the Company

When making decisions in relation to executive pay the Committee takes into consideration pay and conditions across the wider workforce.

The Group operates different bonus plans with different performance measures and targets across the business for the wider workforce. Bonus payments are made quarterly, half yearly or annually, depending on the job role.

1.18 Statement of consideration of shareholder views

The Committee is interested in the views of all of its shareholders and intends to retain an open dialogue with shareholders on remuneration issues. The Committee welcomes any feedback from our shareholders on remuneration matters.

1.19 Single total figure of remuneration for Non-Executive Directors

Non-Executive Director single figure comparison (audited)

From 1 April 2023 the remuneration for the two remaining Non-Executive Directors was changed to reflect that the Company had moved into wind down. The basic remuneration for Jonathan Roe reduced from £175,000 per annum to £90,000. Jonathan will be paid up to £1,500 per day for each day worked in excess of 22.5 days per quarter, up to a total maximum total Director fee of £175,000 p.a. The basic remuneration for Michael Bartholomeusz reduced from £94,500 p.a. (being £70,000 basic remuneration, £12,500 for Chairing the Risk Committee and £12,000 for acting as interim Chair of the Audit Committee) to £60,000 per annum. Michael will also be paid up to £1,500 per day for each worked in excess of 10 days per quarter, up to a maximum total Director fee of £94,500 p.a.

2022/23	Jonathan Roe	Maria Darby-Walker	Michael Bartholomeusz	Jerry Loy
Fees ¹	175,000	86,721	94,500	37,654
Bonus	—	—	—	—
Benefits	4,624	2,167	2,206	709
Pension	—	—	—	—
Total	179,624	88,888	96,706	38,363
Total fixed remuneration	179,624	88,888	96,706	38,363
Total variable remuneration	—	—	—	—

2021/22	Jonathan Roe ³	Maria Darby-Walker ⁴	Michael Bartholomeusz ²
Fees ¹	175,000	82,500	91,500
Bonus	—	—	—
Benefits	8,655	4,836	6,178
Pension	—	—	—
Total	183,655	87,336	97,678
Total fixed remuneration	183,655	87,336	97,678
Total variable remuneration	—	—	—

1 This represents cash paid or receivable in respect of the period.

2 Since 1 July 2021, Michael Bartholomeusz receives an additional £1,000 per month for acting as Interim Chair of the Audit Committee. Michael Bartholomeusz has been a Director throughout the period.

3 Jonathan Roe has been a Director throughout the period.

4 Maria Darby-Walker had been a Director throughout the period until she stood down as a Director on 27 March 2023.

5 Jerry Loy had been a Director from 3 October 2022 until he stood down as a Director on 27 March 2023.

1.20 Waiver of emoluments

No Director waived their emoluments in the review period.

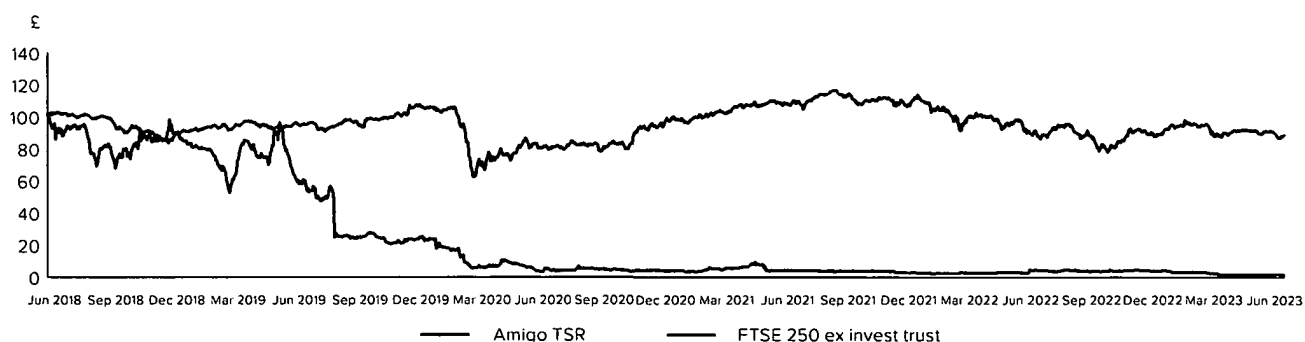
1.21 Non-Executive Director shareholding as at 31 March 2023

	Class of share	2023	2022
Jonathan Roe	Ordinary shares of 0.25p each	180,000	180,000
Michael Bartholomeusz	Ordinary shares of 0.25p each	107,569	107,569

These figures include those of their spouses, civil partners and infant children, or stepchildren, as required by section 822 of the Companies Act 2006. There was no change in these beneficial interests between 31 March 2023 and 26 July 2023. Non-Executive Directors do not have a shareholding guideline but they are encouraged to hold shares in the Company.

1.22 Performance graph and table

The chart below tracks the hypothetical return on a £100 investment in Amigo Holdings PLC made on listing in July 2018 and measured as of 31 March 2023. TSR has been measured against the FTSE 250 excluding Investment Trusts.



Directors' remuneration report continued

Section 1 – Annual Report on Remuneration continued

1.23 Remuneration of the CEO (audited)

The table below sets out the CEO's total remuneration figure over the review periods, valued using the methodology applied to the single total figure of remuneration.

Year	CEO	Total single figure of remuneration £	Annual bonus outturn as a % of maximum	LTIP outturn as a % of maximum
2021/22	Gary Jennison	659,285	0%	n/a
2022/23	Gary Jennison	1,078,825	42%	n/a
2022/23	Danny Malone	321,981	0%	n/a

1.24 Change in CEO remuneration compared to employees (audited)

The table below sets out the percentage change in base salary, bonus and taxable benefits for the CEO compared with the average percentage change for employees. The figures for the CEO compare the 2022/23 CEO remuneration for Gary Jennison (from 1 April 2022 to 22 September 2022) and Danny Malone (from 23 September 2022 to 31 March 2023) to the CEO remuneration for Gary Jennison (whole of 2021/22).

	Annual percentage change from 2021/22		
	Salary	Bonus ²	Taxable benefits
CEO	-21%	n/a%	-23%
All colleagues	21% ¹	-64%	41% ³

1 Calculated based on wages and salaries expense per average number of employees for the period.

2 Calculated based on average bonus expense, including retention payments, per employee for the period. N/a for the CEO as no bonus paid in the prior period.

3 Calculated based on average taxable benefits expense per employee for the period.

The comparison for the other Executive Director (CFO) has not been provided as it is not considered meaningful; the previous CFO stepped down in February 2021 and was not replaced on the Board until June 2022 and therefore there is no comparator figure.

1.25 CEO pay ratio (audited)

Table and explanatory notes

The below table sets out the ratio of pay for the role of the CEO in 2022/23 to the median, 25th and 75th percentile full-time equivalent remuneration of the Group's UK employees. In line with the reporting requirements, the figure for the role of the CEO in 2022/23 includes the pay for Gary Jennison and Danny Malone in the year (the figure for 2020/21 includes the pro-rate pay for Gary Jennison, Hamish Paton and Glen Crawford).

Year	Method	25th percentile pay ratio	Median percentile pay ratio	75th percentile pay ratio
2022/23	Option A (total 2022 pay for role of CEO)	51:1	42:1	30:1
2021/22	Option A (total 2021 pay for role of CEO)	25:1	20:1	15:1
2020/21	Option A (total 2020 pay for role of CEO)	24:1	21:1	17:1

Without the exceptional effect of the termination payments of the previous CEO in the year, using the current CEO's annualised payments, the figures as presented in this note would be: 25th percentile 13:1; 50th percentile 11:1; 75th percentile 8:1.

Option A under the reporting requirements provides the most accurate method of CEO/colleague pay comparison as it replicates the single figure table calculation for all colleagues, and has therefore been chosen to identify the reference colleagues at the median, 25th and 75th percentiles. The reference colleagues' total pay and benefits have been calculated from their salary, bonus, benefits and pension eligibility (annualised and pro-rated to full time, respectively) over the year, and the business is satisfied that these reference colleagues are representative of the relevant percentiles across the organisation. The reference date for extracting the data was the last day of the financial year, 31 March 2023.

In line with the Regulations, the following table sets out the total pay and benefits for the colleagues undertaking the role of the CEO, and colleagues at each percentile.

	Salary £	Total pay and benefits £
Combined CEO single figure	1,379,363	1,600,469
25th percentile	27,825	31,134
50th percentile	34,608	38,225
75th percentile	50,000	52,881

The ratio reflects the goal of attracting, retaining and motivating staff in a competitive, but not excessive, way under Amigo's Remuneration Policy.

1.26 Relative importance of spend on pay (audited)

The table below sets out the total spend on remuneration in the 2021/22 and 2022/23 financial years compared with distributions to shareholders.

These measures are consistent with the disclosure in last year's Annual Report and Accounts, and the Remuneration Committee considers these measures to be relevant and informative indicators of the business' costs.

	2022/23	2021/22
Total spend on employee remuneration	£17.6m	£13.6m
Profit distributed by way of dividends/share buyback	£nil	£nil
(Loss)/profit before tax	(£39.8m)	£167.9m
Average headcount	211	260
Average (loss)/profit before tax per employee	(£188,626)	£651,296

1.27 Application of the Remuneration Policy in 2022/23

Throughout the year, Amigo has been faced with considerable challenges which has made the task of the Committee more difficult and these challenges also impacted on shareholders responses when approving the revised Remuneration Policy at the 2022 AGM. The Remuneration Policy agreed in September 2022 reflected the belief that it would be the right course of action to plan remuneration policy on the basis that solutions would be found to the funding issues impacting the business and furthermore, that all the remaining conditions precedent of the Scheme of Arrangement would be met, including approval of the RewardRate product and settlement of the FCA's enforcement actions against the business. In setting the possible maxima for different types of remuneration, the Committee accepted that failure to achieve all or some of the relevant targets would result in remuneration being held at levels considerably below that of the maximum amounts laid out in the revised remuneration policy. The Committee believes that there is greater transparency on remuneration matters.

The Committee considered the need to balance retention, performance and risk when considering remuneration levels, particularly when considering making awards under the LTIP during the year. The Committee took the view that there should be no awards of LTIP made in the year. In part this was pragmatic and reflected the fact that the anticipated recapitalisation of the business would likely result in a substantial issue of new shares. The Committee took the view that it would be better to align the attitudes and culture of the awardees with those of shareholders, customers and other stakeholders based on the recapitalised position. It was also recognised by the Committee that it was entirely possible new investors would have their own expectations on what would be the appropriate targets over future performance periods. The introduction of non-financial measures in the previous year had been a welcome step to ensure the right attitudes and culture permeated across the wider business. The Committee believes that the use of non-financial performance measures will help to deliver a more rounded performance target when matching incentives to the deliverance of performance and management of the associated risks.

The year has been extremely challenging for all Directors and employees with factors outlined elsewhere in the Annual Report impacting substantially on the performance of the business generally. A significant factor and challenge throughout the review period has been the need to retain key staff. This challenge remains a major focus of the entire management team.

Directors' remuneration report continued

Section 1 – Annual Report on Remuneration continued

1.27 Application of the Remuneration Policy in 2022/23 continued

The Committee undertook a review of its Executive and Non-Executive Director remuneration arrangements during the year, using FIT Remuneration Consultants LLP to help with this exercise. The Remuneration Committee is satisfied that the Remuneration Policy contained the flexibility to offer appropriately incentivising remuneration to Directors whilst the business was the process of trying to find solutions to the funding issues facing the business but also to be able to meet the requirements of wind down. Accordingly the Committee believes there is no benefit to be had from revisiting the Remuneration Policy unless the circumstances facing the business change substantially.

Clarity, simplicity and other considerations related to the UK Corporate Governance Code

The Remuneration Committee considers that the scorecard-based approach to setting targets and measuring outcomes provides great clarity in our ability to engage transparently with shareholders and the wider workforce on remuneration arrangements and that this is complemented by retaining the key elements of the simple structure of our 2022 policy, market-aligned fixed pay with annual cash, three year performance share incentives and, where appropriate, post-vesting holding periods.

Risks are managed through a combination of careful setting of performance measures and targets, the ability of the Remuneration Committee to exercise overarching discretion in assessing outcomes, and the robust malus and clawback measures reserved in this Policy.

The Remuneration Committee has sought to introduce some degree of predictability and proportionality by setting complementary performance targets that work alongside the ethos and ambitions of Amigo.

1.28 Statement of implementation of Remuneration Policy in 2023/24

The table below sets out the detail of how we propose to implement the Executive Directors' Remuneration Policy in 2023/24.

Unless otherwise stated, the implementation of each element will be in line with the Policy.

Element	Summary of Policy implementation in 2023/24
Base salary	CEO: £355,000 CFO: £220,000
Annual bonus	Maximum: • CEO: 60% of salary but agreed as 0% whilst Amigo is in wind down • CFO: 60% of salary but agreed as 0% whilst Amigo is in wind down Performance measures and weightings: • 50% Group financial • 15% Group customer and conduct • 15% people and culture • 10% Group strategic • 10% individual Bonus pay-outs will be subject to satisfactory Company and regulatory performance over the period. Targets will be disclosed retrospectively.
Long-term incentive	Maximum (in line with Policy): The Committee has yet to determine the targets for 2023/24 as no awards of LTIP are anticipated whilst the Company remains in wind down.
Pension	5% defined contribution pension and/or cash in lieu.
Benefits	Private medical insurance (individual and family), life insurance (death in service) of 4x basic salary and income protection, in event of incapacity, up to 66% of base salary, after 13 weeks, for the lesser of five years or state statutory pension age. The cost of temporary accommodation for the role of CEO was £22,754.

Other key Policy features: shareholding guidelines and post-exit shareholding requirements will operate in 2023/24 as per the Remuneration Policy.

The table below sets out the detail of how we propose to remunerate the Non-Executive Directors in 2023/24:

	NED fees
Non-Executive Chair	£90,000
Other Non-Executive Directors	£60,000
Senior Independent Directors	£0
Risk and Audit Committee Chair	£0
Remuneration Committee Chair	£0

1.29 Statement of voting at the 2022 AGM on the remuneration report

Resolution	Number of votes for	% for	Number of votes against	% against	Total shares voted	Number of votes withheld
Approve the Directors' Remuneration Report	15,985,744	54.83%	13,167,163	47.15%	29,152,907	17,636
Approve the Directors' Remuneration Policy	15,946,841	54.77%	13,167,163	45.23%	29,114,004	56,539

As noted in the table above, there were significant votes against each of the resolutions to approve the Directors' Remuneration Report and the new Directors' Remuneration Policy at the AGM, held on 28 September 2022. As explained elsewhere in this report, the Committee acknowledges the issues raised by shareholders; namely the high level of CEO remuneration and the ongoing costs of the other Directors, given the difficulties facing the business. The Committee has overseen a reduction in the amount paid to the CEO and CFO, when compared to their respective predecessors, and the Chair and the remaining Non-Executive Director have agreed reduced emoluments for 2023/4. As mentioned in the Chair of the Committee's overview, the Committee are of the view that it would not be a useful exercise to devote time to changing the Directors' Remuneration Policy, whilst the Company remains in wind down.

Section 2 – Remuneration Policy

The following table summarises Amigo Holdings PLC's policies in respect of the key elements of our Directors' remuneration as agreed by shareholders at our 2022 AGM, held on 28 September 2022.

2.1 Policy table for Executive Directors

Element	Summary of remuneration policy
Section A	Executive Director remuneration
A1: Salary	A1.1: Salary operation A1.1.1: Base salaries are set taking into account: • A1.1.1.1: the individual's skills, experience and current remuneration package; • A1.1.1.2: the size and scope of the role; • A1.1.1.3: salary and total remuneration levels at similar sized companies; and • A1.1.1.4: remuneration of other executives and Group employees. A1.1.2: Salary increases will generally be effective from 1 April or the Group's financial year if it changes. A1.2: Salary opportunity A1.2.1: There is no set maximum salary; however, increases will generally be in line with or below the average salary increase awarded to employees. A1.2.2: Increases may be made above this level in exceptional circumstances, such as where: • A1.2.2.1: an individual is brought in on a lower salary with the intention of increasing the salary level gradually dependent on performance in the role; • A1.2.2.2: there is a material increase in the size and scope of the role; and • A1.2.2.3: market practice has evolved to mean that the salary is no longer considered to be competitive. A1.3: Salary performance assessment A1.3.1: Personal performance will be taken into account when considering base salary increases.

Directors' remuneration report continued

Section 2 – Remuneration Policy continued

2.1 Policy table for Executive Directors continued

Element	Summary of remuneration policy
Section A	Executive Director remuneration continued
A2: Bonus	A2: Annual bonus operation A2.1: Bonus performance is assessed over one year. - A2.1.1: Performance will be assessed over one year. Each year the Committee will determine the appropriate proportion of bonus to be paid in cash and/or to be deferred, reflecting any regulatory obligations and market practice. Any deferral of bonus will be a deferral in shares for three years, and normally subject to ongoing employment. A2.2: Bonus opportunity A2.2.1: Maximum bonus: - A2.2.1.1: the ongoing maximum annual bonus policy will be limited to 150% of base salary for the CEO and the CFO. Whilst Amigo remains in wind down the bonus rate will be 0%; and - A2.2.2: on-target bonus will pay out at 50% of maximum. The Threshold Bonus Performance Level will pay out at up to 25% of the maximum. Whilst Amigo remains in wind down the bonus rate will be 0%. A2.3: Bonus performance assessment A2.3.1: Performance measures, weightings and targets will be set annually. At least 50% of the bonus will be based on financial performance measures. A2.3.2: The Committee retains discretion to reduce pay-outs (including to nil) based on an assessment of regulatory conduct and general Company performance over the performance period. A2.3.3: Clawback and malus conditions apply. A3: Long-term incentive A3: Long-term incentive A3.1: LTIP operation A3.1.1: Annual awards of awards of shares under the LTIP or other replacement plan approved by shareholders, up to the maximum possible award opportunity. A3.1.2: Performance period of three years with a two year post-vesting holding period. Whilst Amigo remains in wind down there will be no awards of LTIP. A3.2: LTIP opportunity A3.2.1: Maximum ongoing award: - A3.2.1.1: 200% of salary. A3.2.2: The exceptional award limit is 250% of salary. This may be used in one-off exceptional circumstances such as the year in which a new executive is recruited, if the Committee considers it necessary. Awards will vest at up to 25% of the maximum at the threshold performance level. A3.3: LTIP performance assessment A3.3.1: Performance Conditions, weightings, performance hurdles and targets are set annually and which are determined by the Committee to best support the Company's objectives in the medium to long term. A3.3.2: The Committee retains discretion to reduce vesting (including to nil) based on an assessment of regulatory conduct and general Company performance over the performance period. A3.3.3: Awards made under the LTIP will vest on a straight-line basis based on performance against the relevant Performance conditions. A3.3.4: Clawback and malus conditions apply.

Element	Summary of remuneration policy
Section A	Executive Director remuneration continued
A4: All-employee share plans	A4.1: All employee share plans A4.1.1: To the extent that an all-employee share plan is operated during the life of the policy, Executive Directors would be eligible to participate on the same terms as other employees.
A5: Pension	A5.1: Pension operation A5.1.1: Defined contribution scheme or cash award at the Committee's discretion. A5.2: Pension opportunity A5.2.1: Pension contributions, aligned to majority of wider UK workforce, at 5% of base salary. Pension contribution, in part or all, can be paid through salary in lieu of pension ("SILOP"), in the event the ongoing pension contribution exceed agreed HMRC contribution rates or lifetime allowance limits.
A6: Benefits	A6.1: Operation A6.1.1: Benefits are determined by taking into account the circumstances of the individual and benefits provided to the rest of the executive team and the wider Group. A6.1.2: The Committee retains the discretion to add or remove benefits from the current benefits in operation as it considers appropriate (e.g. to include relocation payments). A6.2: Benefits opportunity A6.2.1: There is no limit to the value of benefits provided. The value is dependent on the cost to the Company of providing the benefit.
A7: Shareholder guidelines	A7: Shareholding guidelines A7.1: Executive Directors will be expected to retain an appropriate proportion of shares that vest following the exercise of equity incentives until an amount equal to 200% of salary has been achieved. The Committee has the ability to waive this requirement if the circumstances are such that the requirement to meet this level of shareholding would act as a disincentive.
A8: Post-exit shareholding requirement	A8: Post-exit shareholding requirement A8.1: Two year post-cessation shareholding requirement of up to 200% of salary for all Executive Directors. If lower than that level of shareholding at the time of leaving the Company will apply that level.

Directors' remuneration report continued

Section 2 – Remuneration Policy continued

2.1 Policy table for Executive Directors continued

Element	Summary of remuneration policy
Section A	Executive Director remuneration continued
A9: Notes to the policy table	A9.1: Each year the Committee gives careful consideration to the performance metrics that should apply to incentives. A9.2: For the annual bonus, the Committee considers that a combination of Group financial; customer, people and culture; Group strategic; and individual measures is most appropriate for assessing performance over the short to medium term. The Committee will take into account poor behaviours inadvertently caused by performance metrics in relation to ESG and TCFD activities. A9.3: Performance measures for the LTIP are selected in order to provide a robust and transparent basis on which to measure the Group's performance, to demonstrably link remuneration outcomes to delivery of the business strategy over the longer term, and to provide strong alignment between senior management and shareholders. When setting performance targets for the annual bonus and LTIP, the Committee will take into account a number of different reference points, which may include the Group's business plans and strategy, external forecasts and the wider economic environment. The Committee retains discretion to amend the bonus pay-out and to reduce the LTIP vesting level if any formulaic outcome is not reflective of the Committee's assessment of overall business performance over the relevant performance period. A9.4: Flexibility, discretion and judgement The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include: • who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments; • determining the extent of vesting; • treatment of awards and/or payments on a change of control or restructuring of the Group; • whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s); • how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends); • what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year; • the Committee also retains the ability, within the Remuneration Policy, if events occur that cause it to determine that the performance conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders; and • the ability to override formulaic outcomes in line with the Remuneration Policy. All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the annual remuneration report.

Element	Summary of remuneration policy
Section A	Executive Director remuneration continued
A9: Notes to the policy table continued	Malus and clawback Both the annual bonus plan and the LTIP include provisions which enable the Committee to recover or withhold value from these incentive plans in the event of certain defined circumstances (i.e. a material misstatement of the Company's financial results, an error of calculation (including on account of inaccurate or misleading information) or in the event of serious misconduct, serious reputational damage or corporate failure). Legacy arrangements For the avoidance of doubt, in approving this Remuneration Policy, authority is given to the Company to honour any previous commitments entered into with current or former Directors (such as the payment of a pension or the unwinding of legacy share schemes or historic share awards granted before the approval of this policy) that remain outstanding. A9.5: The Remuneration Policy is effective until the earlier of a change in Directors Remuneration Policy at a General Meeting of shareholders or the expected AGM in 2025.
Section B	Executive Director recruitment policy
B1: Salary	B1.1: Base salary will be set in line with the remuneration policy.
B2: Annual bonus	B2.1: Annual bonus quantum and performance measures will generally be line with the ongoing remuneration policy as implemented for other Executives during the year. However, the Committee reserves the right to vary the performance measures and targets for the year of recruitment if it considers appropriate (e.g. where a large portion of the year has already elapsed). B2.2: The annual bonus maximum will generally reflect the ongoing policy for current Executives. The annual bonus maximum for a new Executive shall not exceed 150% of base salary.
B3: Long-term incentive	B3.1: LTIP award quantum, performance measures and targets will be line with the ongoing remuneration policy as implemented for other Executives during the year. B3.2: The LTIP award maximum for new Executives will generally reflect the ongoing policy for current Executives. The Committee may award an exceptional LTIP of up to 250% of base salary on recruitment if it considers this is necessary.
B4: Incentive maxima	B4.1: The total incentive maxima for the year of recruitment is 400% of base salary. This limit excludes buy-out awards.
B5: Buy-out awards	B5.1: The Committee retains discretion to buy out awards forfeited by Executives on departure from their previous role. B5.2: Buy-out awards will be made on a similar basis to those forfeited, taking into account performance likely to be achieved, the proportion of the performance period remaining and the form of award. B5.3: Where possible buy-out awards will be made using existing incentive plans; however, the Committee may use the Listing Rules exemption 9.4.2 in order to make a buy-out award on recruitment.
B6: Pension	B6.1: Pension will be in line with the remuneration policy.
B7: Benefits	B7.2: Benefits will be in line with the remuneration policy. B7.3: Additional benefits may be offered for new Executives, such as relocation benefits. Where relocation costs, including an amount to cover the taxable benefit arising on the relocation costs, are offered they will be for a maximum period of two years.

Directors' remuneration report continued

Section 2 – Remuneration Policy continued

2.1 Policy table for Executive Directors continued

Element	Summary of remuneration policy
Section C	Executive Director leaver policy
C1: Salary	C1.1: The Company may terminate employment by providing payment in lieu of notice of base salary as per contractual terms. C1.2: Any new Executive Director contracts shall stipulate that payments in lieu of notice be subject to mitigation.
C2: Annual bonus	C2.1: Bonus for year of cessation C2.1.1: Executives may at the discretion of the Committee be eligible for a bonus for the year of cessation. Any bonus would be pro-rated for time and subject to performance assessment. C2.1.2: Good leavers through death, ill health or disability (as determined by the Committee), sale of the employing company and any other reason at the discretion of the Committee including redundancy. C2.2: Deferred bonus awards C2.2.1: Unvested deferred awards will lapse unless the Executive is a good leaver. For good leavers (see definitions above), awards will generally continue and vest at the normal time. The Committee has the discretion to allow earlier vesting where it considers this is appropriate, for example in cases of death, ill health, disability and redundancy. C2.2.2: On a takeover, change of control or other corporate reorganisation awards will generally vest early or be exchanged for new awards.
C3: Long-term incentive	C3.1: Unvested LTIP awards will lapse unless the Executive is a good leaver. C3.2: Good leavers: death, ill health or disability (as determined by the Committee), sale of the employing company and any other reason at the discretion of the Committee including redundancy. C3.3: For good leavers, awards will continue and vest at the normal time subject to an assessment of performance to the end of the performance period and time prorated for the proportion of the performance period that has elapsed at the termination date. The Committee has discretion, in exceptional circumstances, to vary the period of prorating based on time served. C3.4: The Committee may allow awards to vest earlier in cases of death, ill health, retirement or disability. Where vesting is before the end of the performance period, an assessment of performance to the date of testing will be taken by the Committee. C3.5: On a takeover, change of control or other corporate reorganisation awards will generally vest early subject to pro-rating for the time elapsed and be assessed for performance. C3.6: For vested awards that are subject to a holding period, the awards will continue and be released at the normal time. The Committee has the discretion to allow earlier release in cases of death, ill health, retirement, redundancy or disability. Awards would generally be released early in the event of a takeover, change of control or other corporate reorganisation.
C4: Pension	C4: Not included in payment in lieu of notice.
C5: Benefits	C5: Not included in payment in lieu of notice.
C6: Other payments	C6: Leavers: The Group may pay outplacement and professional legal fees incurred by Executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Element	Summary of remuneration policy
Section D	Summary of remuneration policy for Non-Executive Directors
D1: Fees for NEDs	D1: Operation of NED fees D1.1: Non-Executive Directors receive a basic fee for their Board services. D1.2: Additional fees are paid in relation to additional responsibilities including: • D1.2.1: the role of Senior Independent Director; and • D1.2.2: chairing the Audit, Remuneration, Nomination and Risk Committees. D1.3: The Chair of the Board receives a separate fee for this role (inclusive). D1.4: The fee for the Chair is set by the Remuneration Committee; the Chair is not present when his or her own remuneration is discussed. Fees for Non-Executive Directors are set by the CEO and Chair. D1.5: Fees are reviewed annually. D1.6: Expenses incurred in the course of duties may be reimbursed by the Company. This includes the settlement of any related tax liabilities for travel expenses or hospitality. D2: Opportunity for NED fees D2.1: Current fee levels are set out in the Annual Report on Remuneration. D2.2: Non-Executive Director fees are set taking into account market practice levels. D2.3: The fee of the Chair of the Board is set taking into account the individual's circumstances, skills and experience. D2.4: The aggregate fees of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £1m per annum in aggregate). D3: Performance assessment D3.1: n/a

Directors' remuneration report continued

Section 2 – Remuneration Policy continued

2.1 Policy table for Executive Directors continued

Element	Summary of remuneration policy
Section E	Illustration of application of the Remuneration Policy
E1.1 Fixed pay	E1: Chief Executive Officer Salary: £355,000 Benefits: 4 x Life cover, Private Medical Pension: 5% of salary
E1.2: Annual bonus	Minimum: n/a Target: 0% of maximum Maximum: 0% of salary Whilst Company remains in wind down no bonus will be awarded
E1.3: Long-term incentive	Minimum: n/a Target: 0% of maximum Maximum: 0% of salary Whilst Company remains in wind down no long-term incentive will be awarded
E2.1 Fixed pay	E1: Chief Financial Officer Salary: £220,000 Benefits: 4 x Life cover Pension: 5% of salary
E2.2: Annual bonus	Minimum: n/a Target: 0% of maximum Maximum: 0% of salary Whilst Company remains in wind down no bonus will be awarded
E2.3: Long-term incentive	Minimum: n/a Target: 0% of maximum Maximum: 0% of salary Whilst Company remains in wind down no long term incentive will be awarded

Directors' report

The Directors present their report and audited accounts for the year ended 31 March 2023.

Additional disclosures

The Strategic Report is a requirement of the UK Companies Act 2006 and can be found on pages 1 to 34 of this Annual Report.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include details of the following matter in its Strategic Report that would otherwise be disclosed in this Directors' Report:

Detail	Page
Likely future developments in the business	9
Stakeholder engagement	10 – 15
Employment of disabled persons	16
Greenhouse gas emissions	18

The Company is required to disclose certain information under Listing Rule 9.8.4R in the Directors' Report, or advise where such relevant information is contained. Information required to be disclosed by the Listing Rules, and which is not included in this Directors' Report, can be located as follows:

Listing rule	Detail	Page
LR 9.8.4R	Employee engagement	11 and 16
LR 9.8.4R (1)	Capitalised interest	105
LR 9.8.4R (4)	Long-term incentive schemes	115 – 116
LR 9.8.4R (5)	Emoluments	57 – 65
LR 9.8.4R (10) and (11)	Related party contracts	116
LR 9.8.6R	Task Force on Climate-related Financial Disclosures	20 – 23

Other information that is relevant to this report, and which is also incorporated by reference, can be located as follows:

Detail	Page
Governance	35 – 79
Credit, market and liquidity risks	28 – 33
Companies Act 2006 s.656 (1)	78

Corporate details

The Company was incorporated and registered in England and Wales on 24 February 2016 as a private company limited by shares under the Companies Act 2006 with the name Amigo Holdings Limited and with the registered number 10024479.

On 8 June 2018, the Company re-registered as a public company under the name Amigo Holdings PLC. The Company has a Premium Listing on the London Stock Exchange Main Market for listed securities (LON: AMGO). The principal activity of the Company is to act as a holding company for the Amigo Loans Group of companies.

The Company has no branches outside the UK at the balance sheet date. Amigo Loans International Limited and Amigo Loans Ireland Limited, companies based in Dublin, were disposed of on 28 February 2023.

Amigo Luxembourg S.A., a wholly owned subsidiary of Amigo Loans Holdings Ltd, incorporated as a public limited liability company under the laws of the Grand Duchy of Luxembourg was established, on 18 October 2016, for the principal purpose of issuing the Senior Secured Notes due 2024. The Senior Secured Notes were redeemed at par in full on 17 March 2023.

Disclaimer

The purpose of this Annual Report is to provide information to the members of the Company and it has been prepared for, and only for, the members of the Company as a body and no other persons. The Company, its Directors and employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

A cautionary statement in respect of forward-looking statements contained in this Annual Report is set out on page 100.

Directors' report continued

Results and dividends

The results for the year are set out in the financial statements on pages 90 to 93. The Company did not pay a half year dividend in the period (2022: nil). In light of the continued solvency issues facing the Company given the announcement on 23 March 2023 that the Company is in wind down, the Board decided that it is appropriate to not recommend the payment of a final dividend.

Dividend policy

Under the terms of a Voluntary Requirement agreed between the regulated companies within the Amigo Group and the FCA, Amigo has agreed not to pay a dividend to shareholders unless permission has been obtained. In addition, given the announcement on 23 March 2023 that the Company is in wind down, the Directors are of the view that no dividend can be paid.

Events since the balance sheet date

In April 2023 £50.7m of Scheme restricted cash was transferred to unrestricted cash as permitted under the Fallback Solution to support the orderly wind down of the business.

On 15 May 2023 Danny Malone resigned from his role as CEO and Director, subject to serving out his six month notice period to ensure the continuation of the solvent and orderly wind down of the business.

On 9 June 2023 the Board announced that the Company had been approached by Michael Fleming, a financier and shareholder, to request an exclusivity arrangement in relation to the business, which Amigo agreed to. This is to allow Mr Fleming to explore finding and completing an investment in the Company or its subsidiaries. The period of exclusivity expires on 6 September 2023. The Agreement will not stop the Company or its subsidiaries progressing with the disposal of assets under its wind down plan or acting on any transaction governed by the Takeover Code. There remain significant impediments to any new capital being made available to the business. In addition, establishing a new business and potentially creating value for shareholders in the longer term, has significant execution risks and will require regulatory approval.

Directors

The names and biographical details of the current Directors and the Board Committees of which they are members are set out on pages 36 to 37.

Current Directors

Name	Role	Appointment date
Jonathan Roe ¹	Independent Non-Executive Chair	1 August 2020
Michael Bartholomeusz	Independent Non-Executive Director	19 November 2020
Danny Malone ³	CEO	6 June 2022
Kerry Penfold	CFO	23 September 2022

Directors resigned in the year

Gary Jennison ^{2,4}	CEO	17 August 2020
Maria Darby-Walker ⁵	Independent Non-Executive Director	21 October 2020
Jerry Loy ⁵	Independent Non-Executive Director	3 October 2022

¹ Jonathan Roe was originally appointed as a Non-Executive Director on 1 August 2020 and was authorised by the FCA as Chair on 13 October 2020.

² Gary Jennison was originally appointed as a Non-Executive Director on 17 August 2020 and was authorised by the FCA as CEO on 7 December 2020.

³ Danny Malone tendered his resignation as a Director on 15 May 2023 but will remain a Director until completion of his six month notice period on 5 November 2023.

⁴ Gary Jennison resigned as a Director on 23 September 2022.

⁵ Maria Darby-Walker and Jerry Loy resigned as Directors on 27 March 2023.

The service agreements of the current Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Appointment and removal of Directors

The appointment and replacement of Directors is governed by the Company's Articles of Association, relevant UK legislation, the UK Corporate Governance Code. There is no maximum number of Directors who can serve on the Board, but the number of Directors cannot be less than two.

The Board may appoint a Director either to fill a casual vacancy or as an addition to the Board. An appointed Director must retire and seek election to office at the next AGM of the Company. In addition to any powers of removal conferred by the UK Companies Act 2006, the Company may by ordinary resolution remove any Director before the expiry of his or her period of office and may, subject to the constitutional documents, by ordinary resolution appoint another person who is willing to act as a Director in their place.

Articles of Association

The Articles of Association of the Company were adopted by special resolution on 28 June 2018, as amended on 29 September 2021. Any amendment to the Articles of Association may be made in accordance with the provisions of the Companies Act 2006, by way of special resolution.

Powers of Directors

The powers of the Directors are described in the formal schedule of matters reserved for the Board which is available on request from the Company Secretary and is summarised in the Corporate Governance Report on pages 40 to 45.

The Board manages the business of the Company under the powers set out in the Articles of Association. These powers include the Directors' ability to issue or buy back shares. Shareholders' authority to empower the Directors to purchase the Company's own ordinary shares is sought at the AGM each year.

Directors' interests

Save as disclosed in the Directors' Remuneration Report, none of the Directors, nor any person connected with them, has any interest in the share or loan capital of the Company or any of its subsidiaries.

At no time during the year ended 31 March 2023 did any Director hold a material interest, directly or indirectly, in any contract of significance with the Company or any subsidiary undertaking other than the Executive Directors in relation to their service agreements. Danny Malone was engaged on a contractual basis, from 7 February 2022 for four months, as Interim CFO. On 6 June 2022, he was appointed CFO, subject to approval by the FCA, and on 23 September 2022 was appointed CEO.

Directors' indemnities and insurance

The Directors have the benefit of a qualifying third-party indemnity from the Company as permitted by the Company's Articles of Association (the terms of which are in accordance with the Companies Act 2006). At the year ended 31 March 2023, the Company had in place Directors' and Officers' liability insurance.

Share capital

The Company has share capital which is divided into ordinary shares of nominal value of 0.25p each, all ranking pari passu and 41,000 issued and fully paid up deferred shares to £0.24 each. At 31 March 2023, there were 475,333,760 ordinary shares in issue, all fully paid, and 41,000 deferred shares in issue, all fully paid. The Company intends to cancel all the 41,000 deferred shares of £0.24 each, which are currently held in treasury. Please see note 21 for further details.

Shareholder voting rights, the restrictions on voting rights and the restrictions on the transfer of shares

All of the issued and outstanding ordinary shares of the Company have equal voting rights with one vote per share. The deferred ordinary shares have no voting rights.

The Directors are not aware of any other agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Directors' report continued

Substantial shareholders

As at 31 March 2023, the Company has been made aware of or was notified under the Disclosure and Transparency Rules (DTR 5) of the following holdings of voting rights in its issued share capital:

Shareholders holding 3% or more of the Company's issued share capital

Shareholder name	Investment style	Number of ordinary shares	Percentage of total voting rights attaching to issued share capital
Hargreaves Lansdown Asset Management	Private client broker	175,040,645	36.82%
Interactive Investor	Private client broker	38,822,435	8.17%
Halifax Share Dealing	Private client broker	38,615,777	8.12%
Barclays Wealth	Private client broker	32,433,520	6.82%
I G Markets	Private client broker	19,251,206	4.05%
Mr Wolfgang Grabher	Private individual	15,749,610	3.31%

The Company has not been notified by any of the private client brokers, holding shares as at 31 March 2023, that any one individual or organisation holding shares through them, had a reportable shareholding in excess of 3% of the Company's issued share capital. During the period between 31 March 2023 and 25 July 2023 (the last practicable date of notification), the Company was not notified under DTR 5 of any other changes to holdings of its issued share capital.

Shareholders with significant influence

The Company seeks to engender a culture where it is responsive to views of its shareholders. During the year, the Chair and other senior executives sought engagement with the largest shareholders and groups representing shareholders to understand its views on various matters relating to ongoing performance and future strategy.

The Chairs of each of the Board Committees would also expect to engage with shareholders on significant matters related to their areas of responsibility, if appropriate.

Restriction on the transfer of shares

Save as outlined above, there are no specific restrictions on the transfer of the Company's shares, although pursuant to the Articles of Association the Board may refuse to register any transfer of shares which is not a fully paid share provided that such discretion may not be exercised in a way which the Financial Conduct Authority or the London Stock Exchange regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Board may also refuse to register a transfer where the instrument of transfer is: (i) in favour of more than four persons jointly; (ii) not left at the registered office of the Company, or at such other place as the Board may from time to time determine, accompanied by the certificate(s) of the shares to which the instrument relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and (iii) the instrument of transfer is in respect of more than one class of share. In addition, pursuant to the Listing Rules, the Directors of the Company and persons discharging managerial responsibility are required to obtain prior approval from the Company to deal in the Company's securities, and are prohibited from dealing during close periods.

Voting rights

On a poll, votes may be given personally or by proxy. Subject to any rights or restrictions attached to any class or classes of shares and to any other provisions of the Articles of Association: if a vote is taken on a show of hands, every member or proxy present in person shall have one vote; and if a vote is taken on a poll, every member present in person or by proxy shall have one vote for each share held by him. All resolutions put to the members at electronic general meetings will be voted on by a poll. All resolutions put to the members at a physical general meeting will be voted on a show of hands unless a poll is demanded: by the Chair of the meeting; or by at least five members present in person or by proxy and having the right to vote on the resolution; or by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or by a member or members present in person or by proxy holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right. During the year the Company held an Annual General Meeting.

Authority to purchase its own shares

The Company is permitted pursuant to the terms of its Articles of Association to purchase its own shares subject to shareholder approval. At the AGM on 28 September 2022, the Company was authorised by shareholders to make market purchases of up to 10% of its ordinary shares. This authority will expire at the end of the 2023 AGM. The Company did not repurchase any of its shares during the financial year 2022/23.

Authority to issue shares

The Company is permitted pursuant to the terms of its Articles of Association to allot, grant options over, offer or otherwise deal with or dispose of shares in the Company to such persons at such times and generally on such terms and conditions as they may determine. At the AGM on 28 September 2022, the Company was given authority to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to an aggregate nominal amount of £396,072 (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 UK Companies Act 2006) up to an aggregate nominal amount of £792,215 (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.

This authority will expire at the end of the 2023 AGM.

Employee participation in share schemes

In autumn 2019 the Company implemented a Company-wide Share Incentive Plan ("SIP") and a Save As You Earn scheme ("SAYE"). The Company also has a Long Term Incentive Plan ("LTIP") and Deferred Bonus Plan ("DBP") for certain employees. Further details of the LTIP and DBP can be found in the Directors' Remuneration Report on pages 54 to 72.

Share Incentive Plan: This is an HMRC approved all employee share incentive scheme. Under the SIP, a trustee holds Amigo shares on bare trust for the participants. These Amigo shares are categorised for the purposes of the SIP as either: (i) partnership shares; (ii) matching shares; or (iii) dividend shares. The matching shares are subject to a holding period but participants can instruct the trustee to agree to certain transactions.

Save As You Earn 2019: This is an HMRC approved all employee share incentive scheme. Employees can make a monthly subscription to a savings account with, at the end of three years, an option to subscribe for shares at £0.6368 per share, using the funds in the savings account. During the year the SAYE 2019 was closed with no employee exercising the option to acquire shares in the Company at £0.6368.

Save As You Earn 2020: This is an HMRC approved all employee share incentive scheme. Employees can make a monthly subscription to a savings account with, at the end of three years, an option to subscribe for shares at £0.097 per share, using the funds in the savings account. On 31 March 2023 the SAYE 2020 was closed to all new subscriptions and all participants were advised that the SAYE 2020 would be closed.

Long Term Incentive Plan: This is a long-term share incentive plan which seeks to incentivise senior managers to deliver the strategic plans of the wider business in accordance with the requirements of the business. Grant awards are made over shares at nil cost and are subject to performance conditions, which are detailed in the Directors' Remuneration Report on pages 54 to 72. On 31 March 2023 the LTIP was closed and all participants were advised that their respective LTIP awards had lapsed.

Deferred Bonus Plan: Net proceeds of any annual bonus awards for the Executive Directors are used to purchase Amigo shares, which are held in an employee benefit trust for release over a three year period. There are malus and clawback provisions for the share awards.

Going concern

As described on page 34.

Financial risk management

Details of financial risk management and financial instruments are disclosed in note 15 of the Group financial statements.

Significant agreements and change of control

There are a number of agreements that take effect, alter or terminate upon change of control of the Company following a takeover. Except as disclosed below, none of these are considered significant.

Pursuant to the terms of the 7.625% senior secured notes due 2024, issued by Amigo Luxembourg S.A. (the "Issuer"), a wholly owned subsidiary of the Company, the Issuer was obliged to make an offer to repurchase the senior secured notes at a price of 101%, subject to a one-time exception if the consolidated net leverage ratio of the Group would be less than 3.3:1.0 after giving effect to the change of control. On 17 March 2023 the Company redeemed at par the remaining issued Senior Secured Loan Notes.

As at the signing date, the largest notified shareholding position, was 3.31% of the issued share capital of the Company.

As part of the orderly wind down of the business, the business has agreed an enhanced redundancy programme for all employees, including the Executive Directors.

Directors' report continued

Political donations

The Group did not make any political donations or incur any political expenditure (each as defined by the Companies Act 2006) in the EU or elsewhere in the year ended 31 March 2023.

Equal opportunities

The Company has an equal opportunities policy which is followed by all Directors, ExCo members and employees, and which ensures the Company employs a diverse workforce with regard to aspects such as age, gender and educational and professional backgrounds. The objectives of the policy include ensuring that: recruitment criteria and procedures are designed to ensure that individuals are selected solely based on their merits and abilities; employment practices are regularly reviewed in order to avoid unlawful discrimination; and training is provided to ensure compliance with the policy.

Companies Act 2006 s.656(1) Disclosure

On 8 March 2023 the Company held a General Meeting to consider whether any, and if so what, steps should be taken to address the net assets of the Company being half or less of its called-up share capital, pursuant to section 656(1) of the Companies Act 2006. The Company has been attempting to raise additional capital, which if raised, could have led to the Company resolving the issue. On 23 March 2023 the Company announced that it had ceased to pursue the fund raise and the Amigo business would be put into an orderly wind down. The Board are of the view that there is no reasonable likelihood of the Company being able to resolve this issue at this time.

Disclosure of information to the auditor

The Directors in office at the date of this report have each confirmed that:

- so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the management report can be found in the Strategic Report and these regulatory disclosures including the sections of the Annual Report and Accounts incorporated by reference.

The Directors' Report was approved by the Board on 27 July 2023.

By Order of the Board

Roger Bennett
Company Secretary
Amigo Holdings PLC

Directors' responsibilities statement

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted in the UK.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable; and
- state whether they have been prepared in accordance with international accounting standards.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report includes a fair review of the development or performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Danny Malone
Director
27 July 2023

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Independent auditor's report to the members of Amigo Holdings PLC

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Amigo Holdings PLC. For the purposes of the table on pages 82 to 83 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Amigo Holdings PLC and its subsidiaries (the "Group"). The "Parent Company" is defined as Amigo Holdings PLC, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Amigo Holdings PLC for the year ended 31 March 2023.

The financial statements that we have audited comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the consolidated statement of changes in equity;
- the Consolidated Statement of Cash Flows;
- Notes 1 to 29 to the consolidated financial statements, including significant accounting policies;
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Statement of Cash Flows; and
- notes 1a to 8a to the Company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company's financial statements is applicable law and International Financial Reporting Standards as adopted by the UK ("IFRS").

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the UK ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern.

We draw attention to note 1 to the financial statements which explains that the Directors have taken the decision to wind down the operations and subsequently liquidate the Group and Parent Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.

Our opinion is not modified in respect of this matter.

Overview of our audit approach

Group audit scope	Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. We identified significant components based on their significance to the Group balance sheet and operations. We performed full scope audit work on the Parent Company and significant components. The components not covered by our audit scope were subject to analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information.	
First year transition	This is the first year we have been appointed as auditors to the Group and the Parent Company. We undertook the following transitional procedures: • Held meetings with senior management to gain an understanding of the Group and Company's operations and strategic objectives. • We held meetings with the predecessor auditors, including reviewing their audit working papers for the prior financial period to gain an understanding of the Group and Company's processes, their audit risk assessment, and the design of their audit approach for the year ended 31 March 2022. The results of these procedures were considered in our audit planning and risk assessment for our audit for the year ended 31 March 2023.	
Materiality	Group	Parent company
	£200,000	£18,000
	2.6% of net assets	2% of total assets
Key audit matters	• Customer complaints provision. • Expected credit losses on customer loans and receivables.	

Independent auditor's report to the members of Amigo Holdings PLC continued

Key audit matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Customer complaints provision

Key audit matter description	The Group has been subject to historic complaints relating to unaffordable lending. A provision is carried in the financial statements in respect of compensation payments related to these complaints. The Group agreed a court approved Scheme of Arrangement (the "Scheme"), which limits in part the amount the Group would pay in compensation on these claims. As at the year end the complaints provision held is £195.9m (2021: £179.8m) of which £97.1m (2021: £97.0m) is accrued for redress due to customers. The cash is held in a restricted bank account. The provision is made in line with the terms of the Scheme. The element of the provision that is subject to significant estimation and judgement relates to balance adjustments in respect of upheld complaints where the customer holds a live loan at the Scheme's effective date. The key areas of estimation and judgement are: • Uphold rates. • Average balance adjustments.
How the scope of our audit responded to the key audit matter	<i>We performed the following procedures:</i> We obtained and reviewed the calculation of the provision. We challenged management on the various elements that make up the provision to assess the appropriateness of its inclusion in the provision. We obtained and reviewed the management judgement paper setting out the key judgements made in determining the provision. We reviewed key legal documents relating to the provision, including the court approved Scheme of Arrangement. We performed loan and complaints data testing to test the validity of data used in calculating the provision. <i>Uphold rates:</i> • Obtained an understanding of the method used to determine uphold rates and sources of data of key inputs. • Challenged management on the basis which they determined the uphold rate, including whether management had considered factors that would either have an increasing or decreasing effect on the uphold rate. • Selected a sample of processed claims to validate against supporting documents the claim status as either rejected or upheld or unprocessed. • Benchmarked the uphold rate of complaints, to other market participants who had faced similar conduct issues. • Performed sensitivity analysis of the provision to changes in the uphold rate. <i>Average balance adjustments:</i> • Obtained an understanding of the method used to determine average balance adjustment and sources of data of key inputs. • On a sample basis tested key data inputs such as arrears status, loan write off and loan balance to supporting information. • Recalculated the average balance adjustment.
Key observations communicated to the Audit Committee	The requirements for IAS 37 for recognition of a provision have been applied appropriately in recognition of the customer complaints provision.

Key audit matters continued

2. Expected credit losses on customer loans and receivables

Key audit matter description	There is significant management judgement and estimation in determining the key assumptions used the estimation of expected credit losses ("ECL") on customer loans and receivables. The Group had two loan books. The Amigo Legacy loan book and the Amigo Reward Rate loan book. The Amigo Reward Rate loan book has been classified as held for sale therefore ECL is not calculated on the loan book. The ECL model of the Group works on collective assessment level assigning Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") based on key terms of the loan receivables such as: term of loan, vintage, arrears status, COVID flag, current balance, and forbearance indicator flags. The key assumptions and judgements include: • Staging – Allocation of loan receivables to stage 1, 2, or 3 on a timely basis in accordance with IFRS 9. • Model estimations – Accounting interpretations, modelling assumptions and data used to build and run the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") models that calculate the ECL. • Economic scenarios – Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios including any changes to scenarios required. • Judgements exercised by management in determining whether a significant increase in credit risk ("SICR") should be recognised. • Determining the appropriateness of any model overlays is at the discretion of management.
How the scope of our audit responded to the key audit matter	<i>We performed the following procedures:</i> Controls testing – We evaluated the design and implementation of key controls across the processes relevant to ECL, including the judgments and estimates noted. As there was no material new lending in the period, we did not test controls over underwriting of new loans. We tested controls in the areas of: • Identification of loan arrears and system flagging of these, and non-performing loans. • Allocation of loan repayments to loan accounts. • Accuracy of recording of loan data in the loan system. • Reconciliation of loan data to the general ledger • Governance and approval and key areas of judgments and estimate, including in-model adjustments ("IMA"), post-model adjustments ("PMA") and application macro-economic scenarios. We engaged the support of our credit modelling experts to assess the performance of the ECL models and the appropriateness of management's key judgements and assumptions in the context of the current economic environment and our wider industry experience. Staging – We evaluated the criteria used to allocate loans to stage 1, 2 or 3 in accordance with IFRS 9. For sample exposures, we tested the appropriateness of the staging of the exposure by testing the correct application of SICR criteria. Our work in this regard included validating the payment history of the exposure to ensure that the exposure has been correctly classified as either stage 1, 2 or 3. Model estimations – We evaluated and challenged the impairment methodologies for compliance with IFRS 9. Using modelling experts we tested the application of the key assumptions, inputs and formulae used. This included a combination of assessing model design and formulae, alternative modelling techniques, recalculating the PD, LGD and EAD, and model implementation. Economic scenarios – Using a credit and modelling expert, we evaluated and challenged the application of the economic scenarios to the determination of the ECL. This included evaluating probability weights and considering contrary evidence by comparing these to other scenarios from a variety of external sources and assessing whether the forecasted macroeconomic variables were complete and appropriate. We assessed the appropriateness of the SICR criteria determined by management in relation to loans and advances to customers. Tested post model adjustments and overlays. This included assessing the completeness and appropriateness of these adjustments. Overall assessment – We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable by considering the overall credit quality of the loan portfolio and the risk profile.
Key observations communicated to the Audit Committee	We are satisfied that provision for the impairment of loans and advances to customers were reasonable and recognised in accordance with IFRS 9 requirements.

Independent auditor's report to the members of Amigo Holdings PLC continued

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at £200,000 which was determined on the basis of 2.6% of the Group's net assets. Materiality in respect of the Parent Company was set at £18,000, determined on the basis of 2.0% of the Parent Company's total assets. Net assets and total assets were deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements because this reflects the net equity interest in the Group and Parent Company respectively. We considered this to be a key metric in view of the financial statements being prepared on a basis other than going concern. In our opinion this is therefore the benchmark with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at £120,000 and at £30,540 for the Parent Company which represents 60% of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £10,000 and £2,500 in respect of the Group and Parent Company respectively to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation/distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the eight reporting components of the Group, we identified six components which represent the principal business units within the Group. We performed full scope audits of these six components. The remain two reporting components were deemed immaterial to the Group financial statements and analytical procedures were performed on these components. No component auditors were involved in this audit.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment.

Climate-related risks

In planning our audit and gaining an understanding of the Group and Parent Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks. We have agreed with managements' assessment that climate-related risks are not material to these financial statements and reviewed the relevant disclosures as required by the Listing Rules.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Directors' remuneration report

Those aspects of the Directors' remuneration report which are required to be audited have been prepared in accordance with applicable legal requirements.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the basis of preparing the financial statements on a basis other than going concern set out on page 77;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 74;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 74;
- Directors' statement on fair, balanced and understandable set out on page 79;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 28; and
- Section describing the work of the audit committee set out on page 46.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received by branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Amigo Holdings PLC continued

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the Directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group including the regulatory and supervisory requirements of the Financial Conduct Authority (FCA).
- We enquired of the Directors and management including the in-house legal counsel, compliance, risk and internal audit, audit committee concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions, and management bias in accounting estimates particularly in determining expected credit losses and customer complaints provision.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board and audit committee meetings, inspection of the complaints registers, inspection of legal and regulatory correspondence and correspondences from the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims;
 - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses and customer complaints provision as reported in the key audit matter section of our report; and
 - obtaining confirmations from third parties to confirm existence of a sample of balances.
- the Group and the Parent Company operate in a regulated industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Directors on 2 September 2022. The period of total uninterrupted engagement period of the firm is one year.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Group or the Parent Company, and we remain independent of the Group and the Parent Company in conducting our audit.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.14R, these financial statements form part of the European Single Electronic Format ("ESEF") prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Rakesh Shaunak, FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
 27 July 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Financial statements

Consolidated statement of comprehensive income for the year ended 31 March 2023

	Notes	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Revenue	4	19.3	89.5
Interest payable and funding facility fees	5	(3.6)	(16.7)
Interest receivable		1.5	0.1
Impairment of amounts receivable from customers		3.4	(37.0)
Administrative and other operating expenses	7	(36.2)	(24.6)
Complaints provision (expense)/release	19	(19.1)	156.6
Total operating (expense)/income		(55.3)	132.0
(Loss)/profit before tax		(34.7)	167.9
Tax (charge)/credit on (loss)/profit	10	(0.1)	1.7
(Loss)/profit and total comprehensive (loss)/profit attributable to equity shareholders of the Group ¹		(34.8)	169.6
The (loss)/profit is derived from continuing activities.			
(Loss)/earnings per share			
Basic (loss)/earnings per share (pence)	12	(7.3)	35.7
Diluted (loss)/earnings per share (pence)	12	(7.3)	35.7

The accompanying notes form part of these financial statements.

¹ There was less than £0.1m of other comprehensive income during the relevant periods, and hence no consolidated statement of other comprehensive income is presented.

Consolidated statement of financial position as at 31 March 2023

	Notes	31 Mar 2023 £m	31 Mar 2022 £m
Non-current assets			
Customer loans and receivables	13	—	25.4
Property, plant and equipment		—	0.5
Right-of-use lease assets	20	—	0.8
		—	26.7
Current assets			
Customer loans and receivables	13	45.7	114.8
Property, plant and equipment		0.3	—
Right-of-use lease assets	20	0.1	—
Other receivables	16	1.5	1.6
Current tax asset		0.8	0.7
Cash and cash equivalents (restricted) ¹		107.2	7.6
Cash and cash equivalents		62.4	133.6
		218.0	258.3
Held for sale assets	14	1.1	—
Total assets		219.1	285.0
Current liabilities			
Trade and other payables	17	(6.0)	(6.7)
Lease liabilities	20	(0.1)	(0.3)
Complaints provision	19	(195.9)	(82.8)
Restructuring provision	19	(4.5)	—
		(206.5)	(89.8)
Non-current liabilities			
Borrowings	18	—	(49.7)
Lease liabilities	20	—	(0.6)
Complaints provision	19	—	(97.0)
		—	(147.3)
Total liabilities		(206.5)	(237.1)
Net assets		12.6	47.9
Equity			
Share capital	21	1.2	1.2
Share premium		207.9	207.9
Translation reserve		—	0.1
Merger reserve		(295.2)	(295.2)
Retained earnings		98.7	133.9
Shareholder equity		12.6	47.9

The accompanying notes form part of these financial statements.

¹ Cash and cash equivalents (restricted) of £ 107.2m (2022: £7.6m) materially relates to cash held for the benefit of customers in relation to payments arising out of the Scheme of Arrangement.

The financial statements of Amigo Holdings PLC were approved and authorised for issue by the Board and were signed on its behalf by:

Kerry Penfold
Director
27 July 2023

K J Penfold

Company no. 10024479

Financial statements

Consolidated statement of changes in equity for the year ended 31 March 2023

	Share capital £m	Share premium £m	Translation reserve ¹ £m	Merger reserve ² £m	Retained earnings £m	Total equity £m
At 1 April 2021	1.2	207.9	—	(295.2)	(35.3)	(121.4)
Total comprehensive profit	—	—	—	—	169.6	169.6
Translation reserve	—	—	0.1	—	—	0.1
Share-based payments	—	—	—	—	(0.4)	(0.4)
At 31 March 2022	1.2	207.9	0.1	(295.2)	133.9	47.9
Total comprehensive loss	—	—	—	—	(34.8)	(34.8)
Translation reserve	—	—	(0.1)	—	—	(0.1)
Share-based payments	—	—	—	—	(0.4)	(0.4)
At 31 March 2023	1.2	207.9	—	(295.2)	98.7	12.6

The accompanying notes form part of these financial statements.

1 The translation reserve is due to the effect of foreign exchange rate changes on translation of financial statements of the Irish entities.

2 The merger reserve was created as a result of a Group reorganisation in 2017 to create an appropriate holding company structure. The restructure was within a wholly owned group, constituting a common control transaction.

Consolidated statement of cash flows

for the year ended 31 March 2023

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
(Loss)/profit for the period	(34.8)	169.6
Adjustments for:		
Impairment movement	(3.4)	37.0
Complaints provision	28.8	(156.6)
Restructuring provision	4.5	—
Tax charge/(credit)	0.1	(1.7)
Interest expense	3.6	16.7
Interest receivable	(1.5)	(0.1)
Interest recognised on loan book	(30.8)	(97.0)
Share-based payment	(0.4)	(0.4)
Depreciation of property, plant and equipment	0.5	0.5
Operating cash flows before movements in working capital	(33.4)	(32.0)
Decrease in receivables	—	0.1
Increase/(decrease) in payables	0.6	(6.3)
Complaints cash expense	(12.7)	(8.1)
Tax (paid)/refunds	(0.2)	0.2
Interest paid	(3.4)	(18.5)
Net cash (used in) operating activities before loans issued and collections on loans	(49.1)	(64.6)
Loans issued	(2.5)	—
Collections	130.6	263.0
Other loan book movements	(2.1)	(0.4)
Decrease in deferred brokers' costs	1.9	7.5
Net cash from operating activities	78.8	205.5
Investing activities		
Proceeds from sale of property, plant and equipment	—	0.3
Net cash from investing activities	—	0.3
Financing activities		
Lease principal payments	(0.3)	(0.3)
Repayment of external funding	(50.0)	(248.5)
Net cash (used in) financing activities	(50.3)	(248.8)
Net increase/(decrease) in cash and cash equivalents	28.5	(43.0)
Effects of movement in foreign exchange	(0.1)	—
Cash and cash equivalents at beginning of period	141.2	184.2
Cash and cash equivalents at end of period¹	169.6	141.2

The accompanying notes form part of these financial statements.

¹ Total cash is inclusive of cash and cash equivalents (restricted) of £107.2m (2022: £7.6m). This restricted cash materially relates to cash held for the benefit of customers in relation to payments arising out of the Scheme of Arrangement.

Notes to the consolidated financial statements

for the year ended 31 March 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

Amigo Holdings PLC is a public company limited by shares (following IPO on 4 July 2018), listed on the London Stock Exchange (LSE: AMGO). The Company is incorporated and domiciled in England and Wales. With effect from 15 June 2023 the Company's registered office is Unit 11a, The Avenue Centre, Bournemouth, Dorset, United Kingdom BH2 5RP.

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 loans to individuals. Previously, its principal activity was to provide individuals with guarantor loans from £2,000 to £10,000 over one to five years. No new advances on these products have been made since November 2020. Following FCA approval to return to lending, in October 2022, Amigo launched, on a pilot basis, a new guarantor loan as well as an unsecured loan product which featured dynamic pricing to reward on-time payment with lower rates and penalty-free annual payment holidays. The new products were released under the RewardRate brand. With the Fallback Solution being implemented, leading to a cessation of trade and implementation of a wind down plan, new lending has been stopped in the current year.

These consolidated Group and Company financial statements have been prepared on a basis other than going concern, and approved by the Directors in conformity with the requirements of the Companies Act 2006 and these Group and Company financial statements were also in accordance with International Financial Reporting Standards ("IFRS") as adopted by the UK. There has been no departure from the required IFRS standards.

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments measured at amortised cost or fair value.

The presentational currency of the Group is GBP, the functional currency of the Company is GBP, and these financial statements are presented in GBP. All values are stated in £ million (£m) except where otherwise stated.

In preparing the financial statements, the Directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the Group and Company's accounting policies. See note 2 for further details.

Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has undertaken an assessment of the Group and Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

The Directors believe there is no general dispensation from the measurement, recognition and disclosure requirements of IFRS despite the Group not continuing as a going concern. Therefore, IFRS is applied accordingly throughout the financial statements. The relevant accounting standards for each part of the financial statements have been applied on the conditions that existed and decisions that had been taken by the Board as at or prior to 31 March 2023.

In undertaking a going concern review, the Directors considered the Group's decision to switch the Scheme from the Preferred to the Fallback Solution, announced on 23 March 2023.

The switch to the Fallback Solution required that the trading subsidiary, Amigo Loans Ltd ("ALL"), stopped lending with immediate effect and be placed into an orderly wind down, with the result that all surplus assets after the wind down will be transferred to the Scheme creditors. A further requirement of the Fallback Solution is that ALL be placed into liquidation within two months of payment of the final Scheme dividend. No value will be attributed to the ordinary shares of the Company in this scenario.

Given the cessation of trading on 23 March 2023, alongside no apparent realistic strategic capital raise or viable alternative solutions, and the requirement dictated by the Scheme to ultimately liquidate Amigo Loans Ltd (the Group's sole cash-generating unit), the Board have determined that the Annual Report and financial statements for FY23 will be prepared on a basis other than going concern.

The Board has prepared a set of financial projections for the solvent wind down following the cessation of new lending in March. Alongside a base scenario which indicates ample liquidity available through the course of wind down, a downside scenario has been collated that stresses the primary cash flow risks to the Group that are considered severe but plausible. Stresses have been applied to:

- the collect out of the legacy Amigo loan book;
- removal of any prospective debt sales;
- increased Scheme liabilities; and
- increased overhead spend.

Despite the stresses applied, the Group maintains sufficient liquidity in the period. It is therefore considered only a marginal risk that the Group is unable to remain solvent during the orderly wind down. The key risks that would prevent this from being achieved can be considered the risks applied in the downside scenario alongside potential regulatory action or intervention.

Basis of consolidation

The consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and notes to the financial statements include the financial statements of the Company and all of its subsidiary undertakings inclusive of structured entities ("SEs"); see note 28 for a full list of subsidiaries and SEs. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns through its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The vehicle ALL Scheme Ltd was incorporated on 6 January 2021 and is a wholly owned and controlled subsidiary of the Group included in the consolidated financial statements for the years ended 31 March 2023 and 31 March 2022. The Group reviews complaint claims through this vehicle and, where appropriate, will pay cash redress to customers that have been affected by historical issues in the UK business. There was no activity through this vehicle in the prior financial year.

1. Accounting policies continued

1.1 Basis of preparation of financial statements continued

Basis of consolidation continued

The Group's securitisation facility was established in November 2018. The Company fully repaid the facility in September 2021, and the securitisation structure was subsequently closed in November 2022 (see note 18 for further details). The structured entity AMGO Funding (No. 1) Ltd was set up in this process. The Group had both power and control over that structured entity, as well as exposure to variable returns from the special purpose vehicle ("SPV"); hence, this is included in the consolidated financial statements. SEs are fully consolidated based on the power of the Group to direct relevant activities, and its exposure to the variable returns of the SE. In assessing whether the Group controls an SE, judgement is exercised to determine the following: whether the activities of the SE are being conducted on behalf of the Group to obtain benefits from the SE's operation; whether the Group has the decision-making powers to control or to obtain control of the SE or its assets; whether the Group is exposed to the variable returns from the SE's activities; and whether the Group is able to use its power to affect the amount of returns. The Group's involvement with SEs is detailed in note 25.

All intercompany balances and transactions are eliminated fully on consolidation. The financial statements of the Group's subsidiaries (including SEs that the Group consolidates) are prepared for the same reporting period as the Group and Company, using consistent accounting policies.

1.2 Amounts receivable from customers

i) Classification

IFRS 9 requires a classification and measurement approach for financial assets which reflects 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"). Note, the Group does not hold any financial assets that are equity investments; hence, the below considerations of classification and measurement only apply to financial assets that are debt instruments. 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.

Business model assessment

In the assessment of the objective of a business model, the information considered includes:

- the stated policies and objectives for the loan book and the operation of those policies in practice, in particular whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the loan book is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of debt sales in prior periods, the reasons for such sales and the Group's expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group's business comprises primarily loans to customers that are held for collecting contractual cash flows. Debt sales of charged off assets are not indicative of the overall business model of the Group. The business model's main objective is to hold assets to collect contractual cash flows.

In light of the decision to enter into the Fallback Solution and the trigger for an orderly wind down of the business the Board re-evaluated this business model assessment, noting also that any reclassification of financial assets identified as requiring reclassification is the first day of the next accounting period. The assessment was no longer considered appropriate for the RewardRate portfolio for which a decision has been made to sell as a result of the wind down strategy and has been classified as Held for Sale as at 31 March 2023 (see note 14). The RewardRate portfolio has been reclassified under fair value through other comprehensive income with effect from 1 April 2023.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group has deemed that the contractual cash flows are SPPI and hence, loans to customers are measured at amortised cost under IFRS 9.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

1. Accounting policies continued

1.2 Amounts receivable from customers continued

ii) Impairment

IFRS 9 includes a forward-looking expected credit loss ("ECL") model with regards to impairment. IFRS 9 requires an impairment provision to be recognised on origination of a financial asset. Under IFRS 9, a provision is made against all stage 1 (defined below) financial assets to reflect the expected credit losses from default events within the next twelve months. The application of lifetime expected credit losses to assets which have experienced a significant increase in credit risk results in an uplift to the impairment provision.

iii) 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; and

Stage 3 – financial assets which are in default or otherwise credit impaired.

Loss allowances for stage 1 financial assets are based on twelve month ECLs; that is the portion of ECLs that result from default events that are estimated within twelve months of the reporting date and are recognised from the date of asset origination. Loss allowances for stage 2 and 3 financial assets are based on lifetime ECLs, which are the ECLs that result from all default events over the expected life of a financial instrument.

At the reporting date, the Group held both guarantor and personal loans on balance sheet. In relation to the guarantor loans, in substance the borrower and the guarantor of each financial asset have equivalent responsibilities. Hence, for each loan there are two obligors to which the entity has equal recourse. This dual borrower nature of the product is a key consideration in determining the staging and the recoverability of an asset. The new guarantor and unsecured loan products under the RewardRate brand have been disclosed as held for sale assets at 31 March 2023 and therefore does not attract ECL impairment.

The Group has assessed that ECLs on customer loans and receivables is a key sensitivity, refer to note 2.1.1 for further detail of the judgements and estimates used in the measurement of ECLs and note 2.1.3 for detail on impact of forward-looking information on the measurement of ECLs.

iv) Assessment of significant increase in credit risk ("SICR")

In determining whether the credit risk (i.e. risk of default) of 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 used in this assessment is payment status flags, which occur in specific circumstances such as a short-term payment plan, breathing space or other indicators of a change in a customer's circumstances. See note 2.1.2 for details of how payment status flags are linked to staging, and judgements on what signifies a significant increase in credit risk.

v) Derecognition

Receivable from customers are derecognised when the entity's contractual rights to the financial asset's cash flows have expired.

vi) Definition of default

The Group considers an account to be in default if it is more than three contractual payments past due, i.e. greater than 61 days, which is a more prudent approach than the rebuttable presumption in IFRS 9 of 90 days and has been adopted to align with internal operational procedures. 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 immediately cured and transitions back from stage 3 within the Group's impairment model.

vii) Forbearance

Where the borrower indicates to the Group that they are unable to bring the account up to date, informal, temporary forbearance measures may be offered. There are no changes to the customer's contract at any stage. Depending on the forbearance measure offered, an operational flag will be added to the customer's account, which may indicate significant increase in credit risk and trigger movement of this balance from stage 1 to stage 2 in impairment calculation. See note 2.1.2 for further details.

1.3 Revenue

Revenue comprises interest income on amounts receivable from customers. Loans are initially measured at fair value (which is equal to cost at inception) plus directly attributable transaction costs 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. Revenue is also presented net of modification adjustments recognised in the period, where no historical event suggesting a significant increase in credit risk has occurred on that asset (see notes 1.12.1.d for further details).

The effective interest rate ("EIR") is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or a shorter period where appropriate) to the net carrying value of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any incremental costs that are directly attributable to the instrument, but not future credit losses.

1.4 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 costs), 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. Accounting policies continued

1.5 Interest payable and funding facilities

Interest expense and income, excluding bond premium, is recognised as it accrues in the consolidated statement of comprehensive income using the EIR 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 instruments and recognised over the behavioural life of the liability. The bond premium is amortised over the life of the bond. Amortised facility fees are charged to the consolidated statement of comprehensive income over the term of the facility using the effective interest rate method. Non-utilisation fees are charged to the consolidated statement of comprehensive income as incurred.

Where an existing debt instrument 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. All capitalised fees relating to the prior debt instrument are written off to the consolidated statement of comprehensive income at the date of derecognition.

Senior secured note premiums and discounts are part of the instrument's carrying amount and therefore are amortised over the expected life of the notes. Where senior secured notes are repurchased in the open market resulting in debt extinguishment, the difference between the carrying amount of the liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income.

1.6 Dividends

Equity dividends payable are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised on the earlier of their approval or payment date.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1.7.1 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 consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years. Taxable profit/loss differs from profit/loss before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

1.7.2 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. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Should circumstances arise where the Group concludes it is no longer considered probable that future taxable profits will be available against which temporary differences can be utilised, deferred tax assets will be written off and charged to the consolidated statement of comprehensive income.

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 are unlikely to 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 consolidated statement of financial position date.

1.8 Property, plant and equipment ("PPE")

PPE is 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 consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation is charged to the consolidated statement of comprehensive income 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:

- Leasehold improvements 10% straight line
- Fixtures and fittings 25% straight line
- Computer equipment 50% straight line
- Office equipment 50% straight line
- Motor vehicles 25% straight line

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date.

1.9 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 consolidated statement of comprehensive income.

Acquired software costs incurred are capitalised and amortised on a straight-line basis over the anticipated useful life, which is normally four years.

Amortisation methods, useful lives and residual values are reviewed at each consolidated statement of financial position date.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

1. Accounting policies continued

1.10 Held for sale assets

A non-current asset or disposal group is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction. This is the case when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. On initial classification as held-for-sale non-current assets are measured at the lower of their carrying amount and the fair value less costs to sell.

1.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. For more details see note 2.2 and note 19.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the consolidated statement of financial position but information about them is disclosed unless the possibility of any economic outflow in relation to settlement is remote. See note 19 for further details.

1.12 Financial instruments

The Group primarily enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, the most significant being amounts receivable from customers and senior secured notes in the form of high yield bonds. During the year the Group utilised a securitisation facility which has been fully repaid at the balance sheet date.

1.12.1 Financial assets

a) Other receivables

Other receivables relating to loans and amounts owed by parent and subsidiary undertakings are measured at transaction price, less any impairment. Loans and amounts owed by parent and subsidiary undertakings are unsecured, have no fixed repayment date, and are repayable on demand and interest on such balances is accrued on an arm's length basis. The impact of ECLs on other receivables has been evaluated and it is immaterial.

b) 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. The impact of ECLs on cash has been evaluated and it is immaterial.

c) Cash and cash equivalents (restricted).

Cash and cash equivalents (restricted) materially relate to cash held for the benefit of customers in relation to payments arising out of the Scheme of Arrangement.

d) Modification of financial assets

Where modifications to financial asset terms occur, for example, modified payment terms following granting of a Covid-19 payment holiday to customers, the Group evaluates from both quantitative and qualitative perspectives whether the modifications are deemed substantial. If the cash flows are deemed substantially different, then the contractual rights to cash flows from the original asset are deemed to have expired and the asset is derecognised (see 1.12.1.e) and a new asset is recognised at fair value plus eligible transaction costs.

For non-substantial modifications the Group recalculates the gross carrying amount of a financial asset based on the revised cash flows and recognises a modification loss in the consolidated statement of comprehensive income. The modified gross carrying amount is calculated by discounting the modified cash flows at the original effective interest rate. For customer loans and receivables, where the modification event is deemed to be a trigger for a significant increase in credit risk or occurs on an asset where there were already indicators of significant increase in credit risk, the modification loss is presented together with impairment losses. In other cases, it is presented within revenue.

e) 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.

f) Write-off

Customer loans and receivables are written off the consolidated statement of financial position when an account is six contractual payments past due, as at this point it is deemed that there is no reasonable expectation of recovery. When there is recovery on written-off debts or when cash is received from the third-party purchaser on the legal purchase date of the assets, recoveries are recognised in the consolidated statement of comprehensive income within the impairment charge.

1. Accounting policies continued

1.12 Financial instruments continued

1.12.2 Financial liabilities

Debt instruments (other than those wholly repayable or receivable within one year), i.e. borrowings, are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. These include liabilities recognised for the expected cost of repurchasing customer loans and receivables previously sold to third parties, where a lending decision complaint has since been upheld in the customer's favour. 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 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. See note 1.5 for details of treatment of premiums/discounts on borrowings.

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 or cancelled or has 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 consolidated statement of comprehensive income.

1.13 Securitisation

The Group securitised certain financial assets via the sale of these assets to a special purpose entity, which in turn issued securities to investors. All financial assets continue to be held on the Group's consolidated statement of financial position, together with debt securities in issue recognised for the funding. Securitised loans are not derecognised for the purposes of IFRS 9 on the basis that the Group retains substantially all the risks and rewards of ownership. The securitisation structure was closed in November 2022. See note 25 for further details.

1.14 Merger reserve

The merger reserve was created as a result of a Group reorganisation in 2017 to create an appropriate holding company structure. With the merger accounting method, the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value, although appropriate adjustments shall be made through equity to achieve uniformity of accounting policies in the combining entities. The restructure was within a wholly owned group, constituting a common control transaction.

1.15 Leases

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the Group. Control is considered to exist if the Group has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

Where control, and therefore a lease, exists, a right-of-use asset and a corresponding liability are recognised for all leases where the Group is the lessee, except for short-term assets and leases of low-value assets. Short-term assets and leases of low-value assets are expensed to the consolidated statement of comprehensive income as incurred.

i) Lease liability

All leases for which the Group is a lessee, other than those that are less than twelve months in duration or are low value which the Group has elected to treat as exempt, require a lease liability to be recognised on the consolidated statement of financial position on origination of the lease. For these leases, the lease payment is recognised within administrative and operating expenses on a straight-line basis over the lease term. The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate, as there is no rate implicit in the lease. This is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The interest expense on the lease liability is to be presented as a finance cost.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease, using the effective interest rate method, and reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- the lease contract is modified and the modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ii) Right-of-use asset

For each lease liability a corresponding right-of-use asset is recorded in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, with the depreciation charge presented under administrative and operating expenses. The Group's right-of-use assets relate to two property leases for offices in Bournemouth.

Notes to the consolidated financial statements continued for the year ended 31 March 2023

1. Accounting policies continued

1.16 Foreign currency translation

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The Group's subsidiaries primarily operate in the UK and Republic of Ireland. The Irish subsidiaries were disposed of in February 2023. The consolidated and the Company financial statements are presented in Sterling, which is the Group and Company's presentational currency.

Transactions that are not denominated in the Group's presentational currency are recorded at an average exchange rate for the month. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant presentational currency at the exchange rates prevailing at the consolidated statement of financial position date. Non-monetary items carried at historical cost are translated using the exchange rate at the date of the transaction. Differences arising on translation are charged or credited to the consolidated statement of comprehensive income.

1.17 Defined contribution pension scheme

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the consolidated statement of comprehensive income on an accruals basis.

1.18 Share-based payments

The Company grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes ("SAYE")) and makes awards under the Share Incentive Plans ("SIP") and the Long Term Incentive Plans ("LTIP"). All of these plans are equity settled.

The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to retained earnings, net of deferred tax. The fair value of the share plans is determined at the date of grant. 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.

Non-market-based vesting conditions (i.e. earnings per share and absolute total shareholder return targets) are taken into account in estimating the number of awards likely to vest, which is reviewed at each accounting date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued.

The grant by the Company of options and awards over its equity instruments to the employees of subsidiary undertakings is treated as an investment in the Company's financial statements.

1.19 Items presented separately within the consolidated statement of comprehensive income

Complaints expense is presented separately on the face of the consolidated statement of comprehensive income. This item is deemed exceptional because of its size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results.

1.20 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

2. Critical accounting assumptions and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Judgements

The preparation of the consolidated Group financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the consolidated statement of financial position date and the reported amounts of income and expenses during the reporting period. The most significant uses of judgements and estimates are explained in more detail in the following sections:

- IFRS 9: measurement of ECLs:
 - Assessing whether the credit risk of an instrument has increased significantly since initial recognition (note 2.1.2).
 - Definition of default is considered by the Group to be when an account is three contractual payments past due (note 1.2.vi).
 - Multiple economic scenarios – the probability weighting of base, downside and severe downside scenarios to the ECL calculation (note 2.1.3).
- Complaints provision:
 - Estimating the probability, timing and amount of any outflows (note 2.2.1).
- Restructuring provision:
 - Required resource plan and subsequent timing of staff exits.
 - Assessing supplier requirements and recognition of onerous contracts.
- Accounts receivable from customers:
 - Judgement is applied in assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.
- Held for sale assets:
 - Assessing probability and timing of an asset's prospective sale (note 14).

2. Critical accounting assumptions and key sources of estimation uncertainty continued

Estimates

Areas which include a degree of estimation uncertainty are:

- IFRS 9: measurement of ECLs:
 - Adopting a collective basis for measurement in calculation of ECLs in IFRS 9 calculations (note 2.1.1).
 - Probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") (note 2.1.1).
 - Forward-looking information incorporated into the measurement of ECLs (note 2.1.3).
 - Incorporating a probability weighted estimate of external macroeconomic factors into the measurement of ECLs (note 2.1.3).
- Complaints provisions:
 - Calculation of the uphold rate for customers on the gross loan book and/or customers that have made payments post the Scheme Effective Date. These calculations evaluate current and historical data, and assumptions and expectations of future outcomes (note 2.2.1).
 - Estimation of the cash liability is based on assumptions around net future collections which uses assumptions around credit losses, valuation of impaired debt and operating expenses.
- Valuation of the investment in subsidiaries held by parent company Amigo Holdings PLC (note 2a of Company financial statements).
- Restructuring provision:
 - Severance costs of staff exits which are contingent on the timing of exit and therefore contingent on future resource required.
- Held for sale asset:
 - Estimate of expected fair value less costs to sell, valued via a market approach (note 14).

2.1 Credit impairment

2.1.1 Measurement of ECLs

The Group has adopted a collective basis of measurement for calculating ECLs. The loan book is bifurcated into those customers who have had a Covid-19 forbearance plan and those who have not. The allowance for ECLs is calculated using three components: PD, LGD and EAD. The ECL is calculated by multiplying the PD (twelve month or lifetime depending on the staging of the loan), LGD and EAD and the result is discounted to the reporting date at the original EIR.

The twelve month and lifetime PDs represent the probability of a default occurring over the next twelve months or the lifetime of the financial instruments, respectively, based on historical data and assumptions and expectations of future economic conditions.

EAD represents the expected balance at default, considering the repayment of principal and interest from the balance sheet date to the default date. LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group expects to receive.

2.1.2 Assessment of significant increase in credit risk ("SICR")

To determine whether there has been a SICR the following two-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 presence of certain payment status flags on a customer's account. This is the Group's primary qualitative criteria considered in the assessment of whether there has been a significant increase in credit risk. If a relevant operational flag is deemed a trigger indicating the remaining lifetime probability of default has increased significantly, the Group considers the credit risk of an asset to have increased significantly since initial recognition. Examples of this include operational flags for specific circumstances such as short-term payment plans and breathing spaces granted to customers.
- 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 (one payment past due is equivalent to 30 days past due), which is aligned to the IFRS 9 rebuttable presumption of more than 30 days past due. This is the primary quantitative information considered by the Group in significant increase in credit risk assessments.

The Group reassesses the flag status of all loans at each month end 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 immediately when a payment flag is removed from the account.

2.1.3 Forward-looking information

The Group assesses the impact of forward-looking information on its measurement of ECLs. While the Group has historically analysed effects of a range of macro-economic variables it believes the most significant factors likely to impact future credit losses will be unemployment and inflation. These factors are considered on a qualitative basis in estimating PDs and weighting scenarios and ultimately reflect The Group's expectations of future credit losses.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.1 Credit impairment continued

2.1.3 Forward-looking information continued

The Group has modelled and weighted three different ECL scenarios – a base, a downside and a severe downside scenario:

- The base scenario broadly represents probability of defaults whereby historic performance is extrapolated with an expectation for future deterioration applied on a judgemental qualitative basis relating to expectations on the aforementioned macroeconomic factors. A weighting of 25% has been applied to reflect the Group's assumption that whilst the current macroeconomic environment has the potential to improve based on recent Office for Budgetary Reporting ("OBR") forecasts, the rate of inflation is likely to remain high throughout the remaining life of the loan book and therefore likely to impact customers in an adverse manner. Further consideration has been given to the rise in interest rates, which are expected to remain materially above recent prior year averages.
- The downside scenario uplifts the base scenario probability of default by an average of 17%. Incremental to the base scenario assumptions, further consideration has been given to the uncertainty surrounding macroeconomic forecasts and the potential for a range of outcomes. In the downside scenario, the uplift to PDs is modelled based on a further potential deterioration in the economy and the macroeconomic factors that may impact the Group's customer base, for example inflation and unemployment spike, which would result in an income shock and rise in defaults. A weighting of 50% has been applied to this scenario to reflect a prudent judgement on future credit losses given the high level of uncertainty in economic forecasts.
- The severe downside applies a further uplift of 25% to the downside scenario, weighted at 25%. This scenario captures the income shock outlined in the downside scenario along with incremental credit losses the Group may reasonably expect to experience in the managed wind down of the business.

The following table details the absolute impact on the current ECL provision of £18.0m if each of the three scenarios are given a probability weighting of 100%.

	Impact
Base	-0.9m
Downside	+0.2m
Severe downside	+0.5m

The scenarios above demonstrate a range of ECL provisions from £17.1m to £18.5m.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

2.2 Complaints provisions

2.2.1 Complaints provision – estimation uncertainty

Provisions included in the statement of financial position refers to a provision recognised for customer complaints. The provision represents an accounting estimate of the expected future outflows arising from certain customer-initiated complaints, using information available as at the date of signing these financial statements.

Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the redress payments that may arise from past events require judgements to be made on the specific facts and circumstances relating to the individual complaints. Management evaluates on an ongoing basis whether complaints provisions should be recognised, revising previous judgements and estimates as appropriate; however, there is a wide range of possible outcomes.

These calculations involve significant, complex management judgement and estimation. The key assumption with the most potential for variability is the uphold rate (%) – the expected average uphold rate applied to future undecided Scheme claimants.

The calculation of the complaints provision as at 31 March 2023 is based on Amigo's best estimate of the future obligation. The Scheme cash redress provision is £97.1m, which is estimated based on future financial projections of the orderly wind down of the Group, which therefore inherently carries a degree of uncertainty. This estimate assumes, as per the Scheme, that all assets of the business are committed to Scheme claimants.

As at 31 March 2023, the Group has recognised a complaints provision totalling £195.9m in respect of customer complaints redress and associated costs. Utilisation in the period totalled £3.0m, primarily relating to the cost incurred in processing decisioning on Scheme claims. The liability has increased by £16.1m compared to prior year. The closing provision is comprised of balance adjustments which have decreased with the passage of time, due to the collection of customer balances, and an estimate of refunds to upheld Scheme claimants for collections made since Scheme effective date, which will be redressed in full and attract compensatory interest.

On an underlying basis the liability for customer redress has increased approximately £27m, which is reflective of both increased volume of claims, now known, and the estimated rate of the claims that are upheld. The uphold rate in prior year was estimated at 65% based primarily on empirical evidence from comparable schemes, this has been revised to 81% as at 31 March 2023 based on actual decisioning data from a material portion of the claimant population.

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.2 Complaints provisions continued

2.2.1 Complaints provision – estimation uncertainty continued

The following table details the effect on the complaints provision considering incremental changes on the key assumption, should current estimates prove too high or too low.

Assumption	Assumption used	Sensitivity applied	Sensitivity (£m)	
Average uphold rate per customer ¹	81%	+/-5ppts	+5.0	-5.0
Cash redress provision ²	£97.1m	+/-5ppts	+4.9	-4.9

1 Uphold rate. Sensitivity analysis shows the impact of a 5 percentage point change in the applied uphold rate on both the current and forward-looking elements of the provision.

2 Cash redress. Sensitivity analysis shows the impact of a 5 percentage point change in the amount of the cash redress provision

The table above shows the increase or decrease in total provision charge resulting from reasonably possible changes in the key uphold rate assumption. The Board considers that this sensitivity analysis covers the full range of likely outcomes based on the fact that a significant portion of claims has been decisioned already.

It is possible that the eventual outcome may differ materially from the current estimate and could materially impact the financial statements as a whole. This is due to the risks and inherent uncertainties surrounding the assumptions used in the provision calculation.

3. Segment reporting

The Group has one operating segment based on the geographical location of its operations, being the UK. IFRS 8 requires segment reporting to be based on the internal financial information reported to the chief operating decision maker. The Group's chief operating decision maker is deemed to be the Group's Executive Committee ("ExCo") whose primary responsibility is to support the Chief Executive Officer ("CEO") in managing the Group's day-to-day operations and analyse trading performance.

Amigo Loans Ireland Limited, registered in Ireland, is not a reportable operating segment, as it is not separately included in the reports provided to the strategic steering committee. The results of these operations are included in the "other segments" column. Amigo Loans Ireland Limited was, in prior years, reported as a separate segment but it no longer meets the criteria for separate segment reporting. Amigo Loans Ireland Limited was sold by the Group to the CEO of the business in a management buy-out on 28 February 2023.

The table below presents the Group's performance on a segmental basis for the year to 31 March 2023 in line with reporting to the chief operating decision maker:

	Year to 31 Mar 2023 £m UK	Year to 31 Mar 2023 £m Other	Year to 31 Mar 2023 £m Total
Year ended 31 March 2023			
Revenue	19.2	0.1	19.3
Interest payable and funding facility fees	(3.6)	—	(3.6)
Interest receivable	1.5	—	1.5
Impairment of amounts receivable from customers	3.4	—	3.4
Administrative and other operating expenses	(37.5)	1.3	(36.2)
Complaints provision expense	(19.1)	—	(19.1)
Total operating (expense)/income	(56.6)	1.3	(55.3)
(Loss)/profit before tax	(36.1)	1.4	(34.7)
Tax charge on loss	(0.1)	—	(0.1)
(Loss)/profit and total comprehensive income attributable to equity shareholders of the Group	(36.2)	1.4	(34.8)
	31 Mar 2023 £m UK	31 Mar 2023 £m Ireland	31 Mar 2023 £m Total
Gross loan book ¹	63.4	—	63.4
Less impairment provision	(18.0)	—	(18.0)
Net loan book²	45.4	—	45.4

1 Gross loan book represents total outstanding loans and excludes deferred broker costs.

2 Net loan book represents gross loan book less provision for impairment.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

3. Segment reporting continued

The carrying value of property, plant and equipment and intangible assets included in the consolidated statement of financial position materially all relates to the UK. The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

Year ended 31 March 2022	Year to 31 Mar 2022 £m UK	Year to 31 Mar 2022 £m Other	Year to 31 Mar 2022 £m Total
Revenue	88.6	0.9	89.5
Interest payable and funding facility fees	(16.6)	(0.1)	(16.7)
Interest receivable	0.1	—	0.1
Impairment of amounts receivable from customers	(37.4)	0.4	(37.0)
Administrative and other operating expenses	(23.9)	(0.7)	(24.6)
Complaints provision release	156.6	—	156.6
Total operating income/(expense)	132.7	(0.7)	132.0
Profit before tax	167.4	0.5	167.9
Tax credit on profit ¹	1.7	—	1.7
Profit and total comprehensive income attributable to equity shareholders of the Group	169.1	0.5	169.6

	31 Mar 2022 £m UK	31 Mar 2022 £m Other	31 Mar 2022 £m Total
Gross loan book ²	184.2	1.2	185.4
Less impairment provision	(47.1)	(0.3)	(47.4)
Net loan book ³	137.1	0.9	138.0

1 The tax credit for the UK reflects an adjustment for prior years and a tax refund received during the year.

2 Gross loan book represents total outstanding loans and excludes deferred broker costs.

3 Net loan book represents gross loan book less provision for impairment.

4. Revenue

Revenue consists of interest income and is derived primarily from a single segment in the UK, but also from Irish entity Amigo Loans Ireland Limited (see note 3 for further details).

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Interest under amortised cost method	19.0	88.2
Modification of financial assets (note 6)	0.3	1.2
Other income	—	0.1
	19.3	89.5

5. Interest payable and funding facility fees

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Senior secured notes interest payable	3.7	14.9
Funding facility fees	(0.1)	1.0
Securitisation interest payable	—	0.2
Other finance costs	—	0.6
	3.6	16.7

No interest was capitalised by the Group during the period. Funding facility fees include non-utilisation fees and amortisation of initial costs of the Group's senior secured notes.

Other finance costs in the prior year largely represent non-utilisation fees of £0.5m relating to the securitisation facility.

6. Modification of financial assets

Covid-19 payment holidays and any subsequent extensions were assessed as non-substantial financial asset modifications under IFRS 9. The carrying value of historical modification losses at the year end was £0.6m (2022: £5.9m).

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Modification release recognised in revenue	—	1.2
Modification release recognised in impairment	0.1	4.1
Total modification release	0.1	5.3

7. Operating expenses

The main categories of expenditure included in administrative and other operating expenses are employee costs £17.3m (2022: £13.6m), legal, professional and consultancy fees £10.9m (2022: £5.1m) and licence fees £2.5m (2022: £1.9m).

Other operating expenses include:	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Fees payable to the Company's auditor and its associates for:		
– audit of these financial statements	0.2	0.3
– audit of financial statements of subsidiaries	0.4	0.9
– audit-related assurance services ¹	0.1	0.4
Depreciation of property, plant and equipment	0.5	0.5
Depreciation and interest expense on leased assets	0.3	0.3
Defined contribution pension cost	0.4	0.4

¹ Other assurance services include reviews of interim financial statements and other assurance services. In 2023, audit fees were paid to MHA, and in 2022 they were paid to KPMG.

8. Employees

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Employee costs		
Wages and salaries	10.9	11.1
Social security costs	1.4	1.4
Cost of defined contribution pension scheme (note 23)	0.4	0.4
Share-based payments (note 22)	(0.2)	(0.4)
Restructuring provision ¹ (note 19)	4.2	-
Other (termination payments)	0.6	1.1
	17.3	13.6

¹ Restructuring provision relates to the cost of redundancies (see note 19 for further details).

The average monthly number of employees employed by the Group (including the Directors) during the year, analysed by category, was as follows:

	Year to 31 Mar 2023 UK	Year to 31 Mar 2023 Other	Year to 31 Mar 2023 Total	Year to 31 Mar 2022 UK	Year to 31 Mar 2022 Other	Year to 31 Mar 2022 Total
Employee numbers						
Operations	101	7	108	151	7	158
Support	101	3	104	97	5	102
	202	10	212	248	12	260

Operations roles are customer supporting roles such as collections and complaints handling teams. Support teams include but are not limited to: IT, HR, finance and legal.

Average headcount decreased by 48 in the current year as compared to prior year, reflecting the reduction in size of the book over the year.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

9. Key management remuneration

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Key management emoluments including employers' National Insurance costs	1.8	1.6
Termination payments	0.6	—
	2.4	1.6

During the year retirement benefits were accruing for one Director (2022: one) in respect of defined contribution pension schemes. There are no other benefits relating to key management personnel except for those disclosed above.

The highest paid Director in the current year received remuneration of £1,417,007 inclusive of employers' National Insurance payments, of which £630,000 related to loss of office payments (2022: £745,005 inclusive of employers' National Insurance payments).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest-paid Director amounted to £nil due to an election being made for payment in lieu of pension (2022: £nil).

10. Taxation

The applicable corporation tax rate for the period to 31 March 2023 was 19.0% (2022: 19.0%) and the effective tax rate is negative 0.3% (2022: negative 1.0%).

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
Corporation tax		
Current tax on (loss)/profit for the year	0.1	(0.3)
Adjustments in respect of previous periods	—	(1.4)
Total current tax charge/(credit)	0.1	(1.7)
Taxation charge/(credit) on (loss)/profit	0.1	(1.7)

A reconciliation of the actual tax charge/(credit), shown above, and the (loss)/profit before tax multiplied by the standard rate of tax, is as follows:

	Year to 31 Mar 2023 £m	Year to 31 Mar 2022 £m
(Loss)/profit before tax	(34.7)	167.9
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(6.6)	31.9
Effects of:		
Expenses not deductible for tax purposes	0.8	0.7
Non-taxable income	—	(0.6)
Adjustments to tax charge in respect of prior periods	—	(1.4)
Other	(0.1)	—
Current-year (losses)/profits for which no deferred tax asset is recognised	6.0	(32.3)
Total tax charge/(credit) for the year	0.1	(1.7)
Effective tax rate	(0.3)%	(1.0)%

The Finance Act 2021 increased the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. While this change does not affect the current tax position for the year, it will affect future periods.

11. Deferred tax

A deferred tax asset is recognised to the extent that it is expected that it will be recovered in the form of economic benefits that will flow to the Group in future periods. In recognising the asset, management judgement on the future profitability and any uncertainties surrounding the profitability is required to determine that future economic benefits will flow to the Group in which to recover the deferred tax asset that has been recognised. Further details of the assessment performed by management and the key factors included in this assessment can be found under the going concern considerations in note 1.1.

A deferred tax asset of £41.8m at the substantively enacted rate of 25% (FY22: £35.3m at 25%) has not been recognised given that the Group is now being wound down, and there is no expectation of suitable future taxable profits. This is comprised of £36.3m (FY22: £28.5m) in relation to £145m (FY22: £114m) of unutilised tax losses and £5.6m (FY22: £6.8m) in relation to other timing differences of £22.3m (FY22: £27m).

The UK statutory rate for FY23 is 19% (FY22: 19%). Finance Act 2021 increased the UK corporation tax rate from 19% to 25% with effect from 1 April 2023, which impacts the deferred tax position in the current period.

12. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss)/earnings per share calculates the effect on (loss)/earnings per share assuming conversion of all dilutive potential ordinary shares. In the current year, following the closure of the performance-related share incentive plans and non-performance-related schemes, there are no dilutive potential ordinary shares. Dilutive potential ordinary shares in the prior year were calculated as follows:

- i) For share awards outstanding under performance-related share incentive plans, such as the Share Incentive Plan ("SIP") and the Long Term Incentive Plans ("LTIPs"), the number of dilutive potential ordinary shares is calculated based on the number of shares which would be issuable if the end of the reporting period is assumed to be the end of each scheme's performance period. An assessment over financial and non-financial performance targets as at the end of the reporting period has therefore been performed to aid calculation of the number of dilutive potential ordinary shares.
- ii) For share options outstanding under non-performance-related schemes such as the two Save As You Earn schemes ("SAYE"), a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of share options outstanding, with the difference being the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

	31 Mar 2023 Pence	31 Mar 2022 Pence
Basic (loss)/earnings per share	(7.3)	35.7
Diluted (loss)/earnings per share ¹	(7.3)	35.7
Adjusted (loss)/earnings per share (basic and diluted) ²	(2.0)	2.8

1 The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted loss per share.

2 Adjusted basic (loss)/earnings per share and earnings for adjusted basic earnings(loss) per share are non-GAAP measures.

The Directors are of the opinion that the publication of the adjusted (loss)/earnings per share is useful as it gives a better indication of ongoing business performance. Reconciliations of the loss used in the calculations are set out below.

	31 Mar 2023 £m	31 Mar 2022 £m
(Loss)/profit for basic EPS	(34.8)	169.6
Complaints provision expense/(release)	19.1	(156.6)
Restructuring expense	4.5	—
Onerous contract expense	1.9	—
Senior secured notes redemption	—	0.7
Write-off of unamortised securitisation fees	—	0.5
Tax provision release	—	(0.8)
Less tax impact	—	(0.1)
(Loss)/profit for adjusted basic EPS¹	(9.3)	13.3
Basic weighted average number of shares (m)	475.3	475.3
Dilutive potential ordinary shares (m) ²	—	—
Diluted weighted average number of shares (m)	475.3	475.3

1 Adjusted basic (loss)/profit per share and earnings for adjusted basic (loss) per share are non-GAAP measures.

2 Although the Group issued further options¹ under the employee share schemes in the prior year, upon assessment of the dilutive nature of the options, some options are not considered dilutive as they would not meet the performance conditions. Those dilutive shares included are in relation to the employee October 2020 SAYE scheme and time apportioned for the year. Please see note 22 for further details.

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13. Customer loans and receivables

The table shows the gross loan book and deferred broker costs by stage, within the scope of the IFRS 9 ECL framework.

	31 Mar 2023 £m	31 Mar 2022 £m
Stage 1	42.2	128.8
Stage 2	11.0	32.4
Stage 3	10.2	24.2
Gross loan book	63.4	185.4
Deferred broker costs ¹ – stage 1	0.2	1.5
Deferred broker costs ¹ – stage 2	0.1	0.4
Deferred broker costs ¹ – stage 3	—	0.3
Loan book inclusive of deferred broker costs	63.7	187.6
Provision	(18.0)	(47.4)
Customer loans and receivables	45.7	140.2

1 Deferred broker costs are recognised within customer loans and receivables and are amortised over the expected life of those assets using the effective interest rate ("EIR") method.

Ageing of gross loan book (excluding deferred brokers' fees and provision) by days overdue:

	31 Mar 2023 £m	31 Mar 2022 £m
Current	43.7	132.1
1–30 days	6.7	21.1
31–60 days	2.7	8.0
>60 days	10.3	24.2
Gross loan book	63.4	185.4

The following table further explains changes in the gross carrying amount of loans receivable from customers to explain their significance to the changes in the loss allowance for the same portfolios.

Year ended 31 March 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount at 1 April 2022	128.8	32.4	24.2	185.4
Deferred broker fees	1.5	0.4	0.3	2.2
Loan book inclusive of deferred broker costs at 1 April 2022	130.3	32.8	24.5	187.6
Changes in gross carrying amount attributable to:				
Transfer of loans receivable to stage 1	3.1	(3.0)	(0.1)	—
Transfer of loans receivable to stage 2	(9.5)	10.1	(0.6)	—
Transfer of loans receivable to stage 3	(6.9)	(3.2)	10.1	—
Passage of time ¹	(28.4)	(7.8)	(3.0)	(39.2)
Customer settlements	(37.6)	(5.9)	(1.3)	(44.8)
Loans charged off	(11.4)	(11.9)	(20.0)	(43.3)
Modification loss relating to Covid-19 payment holidays (note 6)	4.1	0.3	0.9	5.3
Net movement in deferred broker fees	(1.3)	(0.3)	(0.3)	(1.9)
Loan book inclusive of deferred broker costs as at 31 March 2023	42.4	11.1	10.2	63.7

13. Customer loans and receivables continued

Year ended 31 March 2022	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount at 1 April 2021	311.5	61.4	50.0	422.9
Deferred broker fees	7.2	1.4	1.1	9.7
Loan book inclusive of deferred broker costs at 1 April 2021	318.7	62.8	51.1	432.6
Changes in gross carrying amount attributable to:				
Transfer of loans receivable to stage 1	16.3	(15.8)	(0.5)	—
Transfer of loans receivable to stage 2	(50.4)	51.4	(1.0)	—
Transfer of loans receivable to stage 3	(15.6)	(9.6)	25.2	—
Passage of time ¹	(63.4)	(13.1)	(3.2)	(79.7)
Customer settlements	(60.3)	(10.4)	(1.9)	(72.6)
Loans charged off	(18.3)	(31.4)	(43.8)	(93.5)
Modification loss relating to Covid-19 payment holidays (note 6)	9.0	(0.1)	(0.6)	8.3
Net movement in deferred broker fees	(5.7)	(1.0)	(0.8)	(7.5)
Loan book inclusive of deferred broker costs as at 31 March 2022	130.3	32.8	24.5	187.6

1 Passage of time relates to amortisation of loan balances over the course of the financial year, due to cash payments partially offset by interest accruals.

As shown in the table above, the loan book inclusive of deferred broker cost decreased from £187.6m to £63.7m at 31 March 2023. This was primarily driven by the effect of passage of time (loan balances amortising throughout the period), customer settlements and no originations on these loans in the year. The originations in the year related to the RewardRate brand. These are shown as held for sale assets (note 14).

The following tables explain the changes in the loan loss provision between the beginning and the end of the period:

Year ended 31 March 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Loan loss provision as at 1 April 2022	18.1	8.9	20.4	47.4
Changes in loan loss provision attributable to:				
Transfer of loans receivable to stage 1	0.5	(0.5)	(0.1)	(0.1)
Transfer of loans receivable to stage 2	(1.3)	2.9	(0.5)	1.1
Transfer of loans receivable to stage 3	(1.0)	(0.9)	8.2	6.3
Passage of time ¹	(4.0)	(2.0)	(2.4)	(8.4)
Customer settlements	(5.2)	(1.4)	(1.0)	(7.6)
Loans charged off	(1.6)	(3.9)	(16.6)	(22.1)
Management overlay	0.1	0.1	0.6	0.8
Modification loss relating to Covid-19 payment holidays (note 6)	0.5	0.1	—	0.6
Loan loss provision as at 31 March 2023	6.1	3.3	8.6	18.0

Year ended 31 March 2022	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Loan loss provision as at 1 April 2021	21.0	14.1	46.9	82.0
Changes in loan loss provision attributable to:				
Transfer of loans receivable to stage 1	1.2	(1.4)	(0.4)	(0.6)
Transfer of loans receivable to stage 2	(3.5)	8.4	(0.8)	4.1
Transfer of loans receivable to stage 3	(1.1)	(1.5)	20.9	18.3
Passage of time ¹	(4.4)	(2.1)	(2.6)	(9.1)
Customer settlements	(4.2)	(1.2)	(1.6)	(7.0)
Loans charged off	(1.2)	(8.5)	(36.3)	(46.0)
Management overlay	0.1	0.1	0.5	0.7
Modification loss relating to Covid-19 payment holidays (note 6)	0.6	—	(0.1)	0.5
Remeasurement of ECLs	9.6	1.0	(6.1)	4.5
Loan loss provision as at 31 March 2022	18.1	8.9	20.4	47.4

1 Passage of time relates to amortisation of loan balances over the course of the financial year, due to cash payments partially offset by interest accruals.

As shown in the above tables, the allowance for ECL decreased from £47.4m at 31 March 2022 to £18.0m at 31 March 2023. The overall provision has reduced as the book amortises and ages in the absence of new originations on these loans.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

13. Customer loans and receivables continued

The following table splits the gross loan book by arrears status, and then by stage respectively for the year ended 31 March 2023.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Up to date	39.7	4.0	—	43.7
1–30 days	2.5	4.2	—	6.7
31–60 days	—	2.8	—	2.8
>60 days	—	—	10.2	10.2
	42.2	11.0	10.2	63.4

The following table splits the gross loan book by arrears status, and then by stage respectively for the year ended 31 March 2022.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Up to date	120.5	11.6	—	132.1
1–30 days	8.3	12.8	—	21.1
31–60 days	—	8.0	—	8.0
>60 days	—	—	24.2	24.2
	128.8	32.4	24.2	185.4

The following table further explains changes in the net carrying amount of loans receivable from customers to explain their significance to the changes in the loss allowance for the same portfolios.

	31 Mar 2023 £m	31 Mar 2022 £m
Customer loans and receivables		
Due within one year	45.4	113.0
Due in more than one year	—	25.0
Net loan book	45.4	138.0
Deferred broker costs ¹		
Due within one year	0.3	1.8
Due in more than one year	—	0.4
Customer loans and receivables	45.7	140.2

¹ Deferred broker costs are recognised within customer loans and receivables and are amortised over the expected life of those assets using the effective interest rate ("EIR") method.

14. Held for sale assets

Following FCA approval to return to lending, in October 2022, Amigo launched, on a pilot basis, a new guarantor loan as well as an unsecured loan product which feature dynamic pricing to reward on-time payment with lower rates and penalty-free annual payment holidays. The new products were released under the RewardRate brand. Following the implementation of the wind down plan on 23 March 2023, new lending immediately ceased. It is considered that, under IFRS 5, the RewardRate loan book meets the criteria as a held for sale asset. This conclusion has been reached in the assessment of the following criteria outlined in IFRS 5:

- **Carrying amount to be recovered principally through the sale** - given the loan book will run for approximately five years based on loan term, this far exceeds the current wind down plan timeline and any period that would be economical to collect. The only reasonable solution to maximise creditor returns is to sell the RewardRate loan book rather than collect it to term.
- **Asset is available for immediate sale** – The loan book is considered to be available for sale reasonably imminently.
- **Sale is highly probable** It is considered given the nascency of the book and the robustness of creditworthiness, alongside initial indications of interest, a sale is more likely than not.

Given the Group expects to sell the loan book at a discount (i.e. below carrying value) it will be measured at the fair value less costs to sell.

It is not expected to incur costs to sell the asset and therefore can recognise the asset at fair value – i.e. the price it expects to receive from a third party purchasing the asset.

15. 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. The tables analyse financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value:

- a) **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) **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).
- c) **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31 Mar 2023		31 Mar 2022	
	Fair value hierarchy	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets not measured at fair value¹					
Amounts receivable from customers ²	Level 3	45.7	17.2	140.2	125.0
Held for sale assets	Level 3	1.1	1.1	—	—
Other receivables	Level 3	1.5	1.5	1.6	1.6
Cash and cash equivalents (restricted)	Level 1	107.2	107.2	7.6	7.6
Cash and cash equivalents	Level 1	62.4	62.4	133.6	133.6
		217.9	189.4	283.0	267.8
Financial liabilities not measured at fair value¹					
Other liabilities	Level 3	(6.0)	(6.0)	(6.7)	(6.7)
Senior secured notes ³	Level 1	—	—	(49.7)	(48.7)
		(6.0)	(6.0)	(56.4)	(55.4)

1 The Group has disclosed the fair values of financial instruments such as short-term trade receivables and payables at their carrying value because it considers this as a reasonable approximation of fair value.

2 The unobservable inputs in the fair value calculation of amounts receivable from customers are balance adjustments arising from upheld Scheme claims, expected credit losses, forecast cash flows and discount rate. As both balance adjustments and lifetime expected credit losses are embedded in the calculation, this results in a fair value lower than the carrying amount.

3 Senior secured notes are presented in the financial statements net of unamortised fees. As at 31 March 2023, the gross principal amount outstanding was £0m (2022: £50.0m). The fair value reflects the market price of the notes at the financial year end.

Financial instruments not measured at fair value

The fair value of amounts receivable from customers has been estimated using a net present value calculation using discount rates derived from the blended effective interest rate of the instruments. 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 senior secured notes has been taken at the Bloomberg Valuation Service ("BVAL") market price.

All financial instruments are held at amortised cost. There are no derivative assets in the current or prior period.

The Group's activities expose it to a variety of financial risks, which are categorised under credit risk and treasury risk. The objective of the Group's risk management framework is to identify and assess the risks facing the Group and to minimise the potential adverse effects of these risks on the Group's performance. Financial risk management is overseen by the Group Risk Committee alongside other principal risks: operational, regulatory, strategic and conduct risks.

Credit risk

Credit risk is the risk that the Group will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due. Amigo defines both borrowers and, where applicable, guarantors as customers.

a) Amounts receivable from customers

Whilst Amigo currently has only a single product in a single market for the legacy lending, and two products for the pilot lending (solo and guarantor), there is a limited concentration of risk to individual customers with an average customer balance outstanding on the legacy lending of £2,181 (2022: £2,540), and for the pilot lending £5,238 (2022:£nil). The carrying amount of the loans represents the Group's maximum exposure to credit risk.

The Group carried out an affordability assessment on the customer before a loan could be paid out. As a separate exercise, each potential loan undergoes a creditworthiness assessment based on the customer's credit history.

The Group managed credit risk at origination by actively managing the blend of risk in its portfolio to achieve the desired impairment rates in the long term. This objective was achieved by managing application scorecards and the maximum exposure to individual customers depending on their circumstance and credit history. Credit risk exposure at origination has been minimal in the year due to the low value of lending during the pilot RewardRate product.

Notes to the consolidated financial statements continued

for the year ended 31 March 2023

15. Financial instruments continued

Credit risk continued

a) Amounts receivable from customers continued

Credit risk continues to be managed post-origination via ongoing monitoring and collection activities. When payments are missed, regular communication with customers commences. We will contact the borrower and, where applicable, the guarantor from day one to advise them of the missed payment and seek to agree a resolution with the borrower. For loans supported by a guarantor, if we are unable to resolve with the borrower, then we will turn to the guarantor for payment after fourteen days. Throughout this whole process, operational flags will be added to the account to allow monitoring of the status of the account. Operational flags are used within the Group's impairment model in the assessment of whether there has been a significant increase in credit risk on an account (see note 2.1.2 for further details).

Risk segmentation – Previously the IFRS 9 provision was segmented into Amigo's risk segments. It is apparent that due to the impact of Covid-19 these segments no longer have discernible credit risk profiles. Instead, and with a view for simplicity, the book is bifurcated into customers who have had a Covid-19 forbearance plan and those that have not, along with the lending pilot.

b) Bank counterparties

This credit risk is managed by the Group's key management personnel. This risk is deemed to be low; derivative financial instruments held are immaterial to the Group, and cash deposits are only placed with high quality counterparties such as tier 1 bank institutions.

Treasury risk

Interest rate risk

Interest rate risk is the risk of a change in external interest rates which leads to an increase in the Group's cost of borrowing. The Group seeks to limit the net exposure to changes in interest rates. Interest rate risk has diminished in the period as debt with a variable interest rate has been paid off.

Foreign exchange risk

Foreign exchange rate risk is the risk of a change in foreign currency exchange rates leading to a reduction in profits or equity. There is no significant foreign exchange risk to the Group. The Group does incur some operating costs in US Dollar and Euro, which it does not hedge as there would be minimal impact on reported profits and equity. Amigo Luxembourg S.A. is a GBP functional currency entity and gives no foreign exchange exposure upon consolidation. During the year the Group was exposed to foreign exchange risk through its Amigo Ireland operation, but this was considered immaterial; as at 31 March 2022 the Irish net loan book represented 0.7% of the Group's consolidated net loan book. During the year the Group disposed of its Irish operation. Hence, foreign exchange risk is deemed immaterial.

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 and ensuring sufficient funds are available to meet obligations as they fall due. The unrestricted cash and cash equivalents balance at 31 March 2023 was £62.4m.

Since entering the Fallback solution the management of cash balances has changed substantially in line with obligations under the Court approved Scheme of Arrangement. The Scheme was designed to ensure the Group could carry out an orderly wind down, which includes having access to sufficient liquidity from previously restricted balances. This sufficiently mitigates the risk that would otherwise arise due to the Group having no immediately accessible debt facilities.

Capital management

Since entering into the Fallback Solution the Board is no longer actively seeking new capital to sustain the business.

Maturity analysis of financial liabilities	31 Mar 2023	31 Mar 2022
	£m	£m
Analysed as:		
Due within one year		
Other liabilities	(6.0)	(6.7)
Due in one to two years		
Senior secured notes	—	(49.7)
	(6.0)	(56.4)

15. Financial instruments continued

Liquidity risk continued

Capital management continued

Maturity analysis of contractual cash flows of financial liabilities

As at 31 March 2023	0-1 year £m	1-2 years £m	Total £m	Carrying amount £m
Other liabilities	6.0	—	6.0	6.0

As at 31 March 2022	0-1 year £m	2-5 years £m	Total £m	Carrying amount £m
Other liabilities	6.7	—	6.7	6.7
Senior secured notes	3.8	53.8	57.6	49.7
	10.5	53.8	64.3	56.4

16. Other receivables

	31 Mar 2023 £m	31 Mar 2022 £m
Current		
Other receivables	0.2	0.6
Prepayments and accrued income	1.3	1.0
	1.5	1.6

17. Trade and other payables

	31 Mar 2023 £m	31 Mar 2022 £m
Current		
Accrued senior secured note interest	—	0.8
Trade payables	0.9	0.4
Taxation and social security	0.3	0.4
Other creditors ¹	1.9	1.1
Accruals	2.9	4.0
	6.0	6.7

- ¹ Other creditors include an onerous contract provision of £1.3m in relation to the Reward Rate (RR) product. The product has a number of associated supplier contracts that cannot either be terminated, or a termination fee has been negotiated to end the contract early. These unavoidable costs are expected to be £1.8m which is greater than the economic benefits (actual achieved and forecast) of the potential RR loan book sale (expected to be £1.5m). At 31 March 2023 £0.5m has already been paid and £1.3m remains payable. Revenue generated from RR is separately distinguishable. Contracts associated with the pay-out process for the RR product are considered as onerous from March 2023 following the announcement that the business would stop new lending. Contracts associated with the independent RR loan book platform are considered onerous from the expected date of the debt sale.

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18. Bank and other borrowings

	31 Mar 2023 £m	31 Mar 2022 £m
Current and non-current liabilities		
Amounts falling due in one to two years		
Senior secured notes	—	49.7
	—	49.7

Below is a reconciliation of the Group's borrowing liabilities:

	31 Mar 2023 £m	31 Mar 2022 £m
Opening Group borrowings	49.7	296.5
Repayment of external funding	(50.0)	(248.5)
Interest expense relating to Group borrowings	4.8	19.6
Interest paid relating to Group borrowings	(4.5)	(17.9)
Closing Group borrowings	—	49.7

The Group's Senior secured notes in the form of £49.7m high yield bonds with a coupon rate of 7.625% which were due to expire in January 2024, were redeemed early in March 2023.

19. Provisions

Provisions are recognised for present obligations arising as the consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

	2023			2022		
	Complaints £m	Restructuring £m	Total £m	Complaints £m	Restructuring £m	Total £m
Opening provision	179.8	—	179.8	344.6	1.0	345.6
Provisions (released)/made during year	19.1	4.5	23.6	(156.6)	—	(156.6)
Net utilisation of the provision	(3.0)	—	(3.0)	(8.2)	(1.0)	(9.2)
Closing provision	195.9	4.5	200.4	179.8	—	179.8
Non-current	—	—	—	97.0	—	97.0
Current	195.9	4.5	200.4	82.8	—	82.8
	195.9	4.5	200.4	179.8	—	179.8

Customer complaints redress

As at 31 March 2023, the Group has recognised a complaints provision totalling £195.9m in respect of customer complaints redress and associated costs. Utilisation in the period totalled £3.0m. The liability has increased by £16.1m compared to prior year. The closing provision is comprised of an estimate of cash liability, balance adjustments which have decreased with the passage of time, due to the collection of customer balances, and an estimate of refunds to upheld Scheme claimants for collections made since Scheme effective date, which will be redressed in full and attract compensatory interest.

On an underlying basis the liability for customer redress has increased approximately £27m, which is reflective of both increased volume of claims, now known, and the estimated rate of the claims that are upheld. The uphold rate in prior year was estimated at 65% based primarily on empirical evidence from comparable schemes, this has been revised to 81% as at 31 March 2023 based on actual decisioning data from material portion of the claimant population.

The Group continues to monitor its policies and processes to ensure that it responds appropriately to customer complaints.

The Group will continue to assess both the underlying assumptions in the calculation and the adequacy of this provision periodically using actual experience and other relevant evidence to adjust the provisions where appropriate.

The Group anticipates the redress programme will be complete, or substantially complete, within twelve months of the year end. Uncertainties exist around the timing of completion of the redress programme due to operational complexity and the potential for customer appeals.

Restructuring provision

As at 31 March 2023, the Group recognised a restructuring provision totalling £4.5m in respect of the expected cost of staff redundancies and liquidator costs due to the wind down of the business.

20. Leases

All right-of-use assets relate to property leases. For short-term and low-value leases, lease payments are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Short-term and low-value leases are immaterial to the Group.

Right-of-use assets	2023 £m	2022 £m
Cost		
At 1 April 2022/1 April 2021	1.4	1.4
Restatement of lease term	(0.5)	—
At 31 March 2023/31 March 2022	0.9	1.4
Accumulated depreciation and impairment		
As at 1 April 2022/1 April 2021	(0.6)	(0.4)
Charged to consolidated statement of other comprehensive income	(0.2)	(0.2)
At 31 March 2023/31 March 2022	(0.8)	(0.6)
Net book value at 31 March 2023/31 March 2022	0.1	0.8

Lease liabilities

	2023 £m	2022 £m
Current	0.1	0.3
Non-current	—	0.6
Total	0.1	0.9

A maturity analysis of the lease liabilities is shown below:

	2023 £m	2022 £m
Due within one year	0.1	0.3
Due between one and five years	—	0.5
Due in more than five years	—	0.2
Total	0.1	1.0
Unearned finance cost	—	(0.1)
Total lease liabilities	0.1	0.9

In the year £0.3m (£0.2m in relation to depreciation and impairment and £0.1m in relation to interest expense) was charged to the consolidated statement of comprehensive income in relation to leases (2022: £0.3m). Lease liabilities relate to Amigo's offices in Bournemouth.

Following the decision to revert to the Fallback Scheme on 23 March 2023, the right of use assets and lease liabilities have been remeasured to reflect a reduction in useful life in accordance with IFRS 16.

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21. Share capital

On 4 July 2018 the Company's shares were admitted to trading on the London Stock Exchange. Immediately prior to admission the shareholder loan notes were converted to equity, increasing the share capital of the business to 475m ordinary shares and increasing net assets by £207.2m. No additional shares were issued subsequent to conversion of the shareholder loan notes.

Allotted and called up shares at par value

	31 Mar 2023 £'000 Total
41,000 deferred ordinary shares of £0.24 each	10
475,333,760 ordinary shares of 0.25p each	1,188
	1,198

	31 Mar 2022 £'000 Total
41,000 deferred ordinary shares of £0.24 each	10
475,333,760 ordinary shares of 0.25p each	1,188
	1,198

	Ordinary A Number	Ordinary B Number	Ordinary C Number	Ordinary D Number	Ordinary Number	Total Number
At 31 March 2018	803,574	41,000	97,500	57,926	—	1,000,000
Subdivision	(803,574)	(41,000)	(97,500)	(57,926)	400,000,000	399,000,000
Shareholder loan note conversion	—	—	—	—	75,333,760	75,333,760
At 31 March 2019	—	—	—	—	475,333,760	475,333,760
At 31 March 2020	—	—	—	—	475,333,760	475,333,760
At 31 March 2021	—	—	—	—	475,333,760	475,333,760
At 31 March 2022	—	—	—	—	475,333,760	475,333,760
At 31 March 2023	—	—	—	—	475,333,760	475,333,760

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Each ordinary share in the capital of the Company ranks equally in all respects and no shareholder holds shares carrying special rights relating to the control of the Company. The nominal value of shares in issue is shown in share capital, with any additional consideration for those shares shown in share premium.

Deferred shares

At the time of the IPO and subdivision the 41,000 ordinary B shares were split into 16,400,000 ordinary shares of 0.25p and 41,000 deferred shares of £0.24. The deferred shares do not carry any rights to receive any profits of the Company or any rights to vote at a general meeting. Prior to the subdivision the ordinary B shares had 1.24 votes per share; all other shares had one vote per share. The Group plans to cancel these deferred shares in due course.

Dividends

Dividends are recognised through equity, on the earlier of their approval by the Company's shareholders or their payment.

The Board has decided that it will not propose a final dividend payment for the year ended 31 March 2023 (2022: £nil).

22. Share-based payment

The Group issues share options and awards to employees as part of its employee remuneration packages. The Group operated three types of equity settled share scheme: Long Term Incentive Plan ("LTIP"), employee savings-related share option schemes referred to as Save As You Earn ("SAYE") and the Share Incentive Plan ("SIP").

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 by the Group as an 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.

When an equity settled share option or award is granted, a fair value is calculated based on: the share price at grant date, the probability of the option/award vesting, the Group's recent share price volatility, and the risk associated with the option/award. A fair value is calculated based on the value of awards granted and adjusted at each balance sheet date for the probability of vesting against performance conditions. The fair value of all options/awards is charged to the consolidated statement of comprehensive income on a straight-line basis over the vesting period of the underlying option/award.

The credit to the consolidated statement of comprehensive income for the year to 31 March 2023 was £0.4m (2022: credit of £0.4m) for the Group and Company.

A summary of the awards under each scheme is set out below:

	31 March 2023				31 March 2022			
	August 2021 LTIPs	February/ March 2021 LTIPs	December 2020 LTIP	September 2019 LTIP	August 2021 LTIPs	February/ March 2021 LTIPs	December 2020 LTIP	September 2019 LTIP
Performance condition	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method of settlement accounting	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Number of instruments	—	—	—	—	3,700,000	2,500,000	4,750,000	688,347
Vesting period	N/A	N/A	N/A	N/A	3 years	3 years	3 years	3 years
Exercise price	—	—	—	—	—	—	—	—

	31 March 2023		31 March 2022	
	October 2020 SAYE	September 2019 SAYE	October 2020 SAYE	September 2019 SAYE
Performance condition	No	No	No	No
Method of settlement accounting	Equity	Equity	Equity	Equity
Number of instruments	—	—	2,747,494	37,781
Vesting period	N/A	N/A	3.3 years	3.3 years
Exercise price	—	—	0.097	0.6368

	31 March 2023 2019 SIP	31 March 2022 2019 SIP
Performance condition	No	No
Method of settlement accounting	Equity	Equity
Number of instruments	—	2,552,822 ¹
Vesting period	N/A	3 years rolling
Exercise price	—	—

¹ This figure includes both matching and partnership shares.

Long Term Incentive Plans ("LTIPs")

With effect from 31 March 2023, all outstanding awards in favour of Directors, Persons Discharging Management Responsibilities ("PDMR") and employees made under the Amigo Holdings PLC Long Term Incentive Plan were cancelled for nil consideration.

At the time of the cancellation, there were outstanding LTIP awards over 8,047,349 ordinary shares of 0.25 pence each in the Company ("Ordinary Shares"). Over the course of the period since the introduction of the LTIP, no LTIP awards over Ordinary Shares have vested.

Details of the cancelled LTIP held by PDMR, totalling awards over 3,500,000 Ordinary Shares are set out in the table below.

PDMR shares cancelled:

Name	Position	No. of ordinary shares
Nicholas Beal	Chief Restructuring Officer	1,000,000
Paul Dyer	Chief Operating Officer	1,500,000
Jacob Ranson	Chief Customer Officer	1,000,000

Notes to the consolidated financial statements continued for the year ended 31 March 2023

22. Share-based payment continued

Share Incentive Plan ("SIP")

The Company gives participating employees one matching share for each partnership share acquired on behalf of the employee using deductions from participating employees' gross salaries. The shares vest at the end of three years on a rolling basis as they are purchased, with employees required to stay in employment for the vesting period to receive the matching shares. Following the move into wind down all remaining matching shares held in the SIP were released from the vesting period requirement.

Save As You Earn option plan ("SAYE")

Options under the 2020 scheme were granted on 9 October 2020 (2019 scheme: 23 September 2019).

The Company offers a savings contract that gives participating employees an opportunity to save a set amount using the participating employees' net salaries. The shares vest at the end of three years where the employee has the opportunity to purchase the shares at the fixed option price, take the funds saved or buy a portion of shares and take the remaining funds, with the employees required to stay in employment for the vesting period to receive the shares; however, the funds can be withdrawn at any point.

The SAYE awards are treated as vesting after three and a quarter years; the participants will have a window of six months in which to exercise their options. Due to the short nature of the exercise window it is reasonable to assume the participants will exercise, on average, at the mid-point of the exercise window. The SAYE awards are not subject to the achievement of any performance conditions.

Following the announcement on 23 March 2023 that the Fallback Solution under the Scheme of Arrangement was being implemented and the business was entering an orderly wind down all SAYE plans have been cancelled, no SAYE options were ever exercised.

23. Pension commitments

The Group operates defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those of the Group.

The total contributions charged during the year amounted to £0.4m (2022: £0.4m).

24. Related party transactions

The Group had no related party transactions during the twelve month period to 31 March 2023 that would materially affect the performance of the Group.

Intra-group transactions between the Company and the fully consolidated subsidiaries or between fully consolidated subsidiaries are eliminated on consolidation.

Key management of the Group, being the Executive and Non-Executive Directors of the Board, and the Executive Committee controlled 0.30% of the voting shares of the Company as at 31 March 2023 (2022: 0.58%). The remuneration of key management is disclosed in note 9.

25. Structured entities

AMGO Funding (No. 1) Ltd is a special purpose vehicle ("SPV") formed as part of a securitisation facility to fund the Group. The consolidated subsidiary and structured entities table in note 28 has further details of the structured entities consolidated into the Group's financial statements for the year ended 31 March 2023. This is determined on the basis that the Group has the power to direct relevant activities, is exposed to variable returns of the entities and is able to use its power to affect those returns. The results of the securitisation vehicle are consolidated by the Group at year end per the Group accounting policy (see note 1.1). The securitisation structure was closed in November 2022.

26. New standards and interpretations

The following standards, amendments to standards and interpretations are newly effective in the year in addition to the ones covered in note 1.1. There has been no significant impact to the Group as a result of their issue.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Other standards

The IASB has also issued the following standards, amendments to standards and interpretations that will be effective from 1 January 2023, however these have not been early adopted by the Group. The Group does not expect any significant impact on its consolidated financial statements from these amendments.

IFRS 17: Insurance Contracts amendments

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

27. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking as at 31 March 2023 is Amigo Holdings PLC, a company incorporated in England and Wales.

28. Investment in subsidiaries and structured entities

Amigo Loans Group Ltd ("ALCL") is a wholly owned subsidiary of the Company and a reconciliation to its consolidated results was included in the presentation pack on the Company's website as part of ALGL's senior secured note reporting requirements. Following repayment of the senior secured notes in March 2023 this is no longer necessary.

The following are subsidiary undertakings of the Company at 31 March 2023 and include undertakings registered or incorporated up to the date of the Directors' Report as indicated. Unless otherwise indicated all Group owned shares are ordinary. All entities are subsidiaries on the basis of 100% ownership and shareholding.

The Irish entity, Amigo Loans International Limited, together with its subsidiary, Amigo Loans Ireland Limited, was sold by the Group to the CEO of the business in a management buy-out on 28 February 2023. Following write off of the intercompany balances there were net liabilities in the Irish entities of less than £0.1m. Consideration for the disposal was £1. Prior to disposal, Amigo Loans Ireland Limited contributed revenue of £0.1m and a loss of £0.6m to the Group's results in the year ending 31 March 2023.

Name	Country of incorporation	Class of shares held	Ownership 2023	Ownership 2022	Principal activity
Direct holding					
Amigo Loans Group Ltd ¹	United Kingdom	Ordinary	100%	100%	Holding company
ALL Scheme Ltd ¹	United Kingdom	Ordinary	100%	100%	Special purpose vehicle
Indirect holdings					
Amigo Loans Holdings Ltd ¹	United Kingdom	Ordinary	100%	100%	Holding company
Amigo Loans Ltd ¹	United Kingdom	Ordinary	100%	100%	Trading company
Amigo Management Services Ltd ¹	United Kingdom	Ordinary	100%	100%	Trading company
Amigo Luxembourg S.A. ²	Luxembourg	Ordinary	100%	100%	Financing company
AMGO Funding (No.1) Ltd ³	United Kingdom	n/a	—	SE	Special purpose vehicle
Amigo Car Loans Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Vanir Financial Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Vanir Business Financial Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Store Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Group Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Finance Limited ^{1*}	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Loans International Limited	Ireland	Ordinary	—	100%	Holding company
Amigo Loans Ireland Limited	Ireland	Ordinary	—	100%	Trading company

1 Registered at Unit 11a, The Avenue Centre, Bournemouth, Dorset, BH2 5LT, England.

2 Registered at 9, Rue de Bitbourg, L-1273 Luxembourg.

3 Registered at Level 37, 25 Canada Square, London E14 5LQ.

* Currently under liquidation.

29. Post balance sheet events

In April 2023 £50.7m of Scheme restricted cash was transferred to unrestricted cash as permitted under the Fallback Solution to support the orderly wind down of the business.

On 15 May 2023 Danny Malone resigned from his role as CEO and Director, subject to serving out his six month notice period to ensure the continuation of the solvent and orderly wind down of the business.

On 9 June 2023 the Board announced that the Company had been approached by Michael Fleming, a financier and shareholder, to request an exclusivity arrangement in relation to the business, which Amigo agreed to. This is to allow Mr Fleming to explore finding and completing an investment in the Company or its subsidiaries. The period of exclusivity expires on 6 September 2023. The Agreement will not stop the Company or its subsidiaries progressing with the disposal of assets under its wind down plan or acting on any transaction governed by the Takeover Code. There remain significant impediments to any new capital being made available to the business. In addition, establishing a new business and potentially creating value for shareholders in the longer term, has significant execution risks and will require regulatory approval.

Financial statements

Company statement of financial position as at 31 March 2023

	Notes	31 Mar 2023 £m	31 Mar 2022 £m
Non-current assets			
Investments	2a	—	26.1
Current assets			
Investments	2a	0.9	—
Total assets		0.9	26.1
Current liabilities			
Other payables	3a	(70.6)	(69.8)
Total liabilities		(70.6)	(69.8)
Net assets/(liabilities)		(69.7)	(43.7)
Equity			
Share capital	4a	1.2	1.2
Share premium		207.9	207.9
Merger reserve		4.7	4.7
Retained earnings (including loss for the year of £25.6m (2022: loss of £47.4m))		(283.5)	(257.5)
Shareholder equity		(69.7)	(43.7)

The parent company financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Kerry Penfold

Director

27 July 2023

K S Penfold

Company no. 10024479

The accompanying notes form part of these financial statements.

Company statement of changes in equity for the year ended 31 March 2023

	Share capital £m	Share premium £m	Merger reserve ¹ £m	Retained earnings £m	Total equity £m
At 31 March 2021	1.2	207.9	4.7	(209.7)	4.1
Total comprehensive (loss)	—	—	—	(47.4)	(47.4)
Share-based payments	—	—	—	(0.4)	(0.4)
At 31 March 2022	1.2	207.9	4.7	(257.5)	(43.7)
Total comprehensive income	—	—	—	(25.6)	(25.6)
Share-based payments	—	—	—	(0.4)	(0.4)
At 31 March 2023	1.2	207.9	4.7	(283.5)	(69.7)

¹ The merger reserve was created as a result of a Group reorganisation to create an appropriate holding company structure. The restructure was within a wholly owned group and so merger accounting applied under Group reconstruction relief.

The accompanying notes form part of these financial statements.

Financial statements

Company statement of cash flows for the year ended 31 March 2023

	Year to 31 Mar 23 £m	Year to 31 Mar 22 £m
Loss for the period	(25.6)	(47.4)
Adjustments for:		
Impairment of investment in subsidiaries	25.2	48.0
Income tax credit	(0.2)	(1.1)
Share-based payment	(0.4)	(0.4)
Operating cash flows before movements in working capital	(1.0)	(0.9)
(Decrease)/increase in payables	(0.1)	0.2
Net cash (used in) operating activities	(1.1)	(0.7)
Financing activities		
Proceeds from intercompany funding	1.1	0.7
Net cash from financing activities	1.1	0.7
Net movement in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	—	—

The accompanying notes form part of these financial statements.

Notes to the financial statements – Company

for the year ended 31 March 2023

1a. Accounting policies

i) Basis of preparation of financial statements

Amigo Holdings PLC (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales.

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 loans to individuals. Previously, its principal activity was to provide individuals with guarantor loans from £2,000 to £10,000 over one to five years. No new advances on this lending have been made since November 2020. Following FCA approval to return to lending, in October 2022, Amigo launched, on a pilot basis, a new guarantor loan as well as an unsecured loan product which featured dynamic pricing to reward on-time payment with lower rates and penalty-free annual payment holidays. The new products were released under the RewardRate brand. With the Fallback Solution being implemented, leading to a cessation of trade and implementation of a wind down plan, new lending has been stopped in the current year.

The financial statements have been prepared under the historical cost convention, in accordance with International Financial Reporting Standards as adopted by the UK, and in conformity with the requirements of the Companies Act 2006.

In accordance with the exemption allowed by section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of other comprehensive income.

The functional currency of the Company is GBP. These financial statements are presented in GBP.

The following principal accounting policies have been applied:

ii) Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has undertaken an assessment of the Group and Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

The Directors believe there is no general dispensation from the measurement, recognition and disclosure requirements of IFRS despite the Group not continuing as a going concern. Therefore, IFRS is applied accordingly throughout the financial statements. The relevant accounting standards for each part of the financial statements have been applied on the conditions that existed and decisions that had been taken by the Board as at or prior to 31 March 2023.

In undertaking a going concern review, the Directors considered the Group's decision to switch the Scheme from the Preferred to the Fallback Solution, announced on 23 March 2023.

The switch to the Fallback Solution required that the trading subsidiary, Amigo Loans Ltd ("ALL"), stopped lending with immediate effect and be placed into an orderly wind down, with the result that all surplus assets after the wind down will be transferred to the Scheme creditors. A further requirement of the Fallback Solution is that ALL be placed into liquidation within two months of payment of the final Scheme dividend. No value will be attributed to the ordinary shares of the Company in this scenario.

Given the cessation of trading on 23 March 2023, alongside no apparent realistic strategic capital raise or viable alternative solutions, and the requirement dictated by the Scheme to ultimately liquidate Amigo Loans Ltd (the Group's sole cash-generating unit), the Board have determined that the Annual Report and financial statements for FY23 will be prepared on a basis other than going concern.

The Board has prepared a set of financial projections for the solvent wind down following the cessation of new lending in March. Alongside a base scenario which indicates ample liquidity available through the course of wind down, a downside scenario has been collated that stresses the primary cash flow risks to the Group that are considered severe but plausible. Stresses have been applied to:

- the collect out of the legacy Amigo loan book;
- removal of any prospective debt sales;
- increased Scheme liabilities; and
- increased overhead spend.

Despite the stresses applied, the Group maintains sufficient liquidity in the period. It is therefore considered only a marginal risk that the Group is unable to remain solvent during the orderly wind down. The key risks that would prevent this from being achieved can be considered the risks applied in the downside scenario alongside potential regulatory action or intervention.

iii) Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Impairment is calculated by comparing the carrying value of the investment with the higher of an asset's cash-generating units fair value less costs of disposal and its value in use.

iv) Financial instruments

See the Group accounting policy in note 1.12.

Financial statements

Notes to the financial statements – Company continued for the year ended 31 March 2023

2a. Investments

	31 Mar 2023 £m	31 Mar 2022 £m
At 1 April 2022/1 April 2021	26.1	74.1
Impairment of investment	(24.8)	(47.6)
Movement in share-based payment	(0.4)	(0.4)
At 31 March 2023/31 March 2022	0.9	26.1

	31 Mar 2023 £m	31 Mar 2022 £m
Non-current	—	26.1
Current	0.9	—
	0.9	26.1

At 31 March 2023 the share price of Amigo Holdings PLC implied a fair value lower than the carrying value of net assets on the Group balance sheet. This was considered an indicator of impairment and hence an impairment review to calculate the recoverable amount of the investment in subsidiaries held by the Company was performed.

The share price at the measurement date 31 March 2023 is a readily available indication of the price for an orderly transaction between market participants. In the current year the share price has fallen from 5.4p to 0.2p. This resulted in the investment being impaired to a recoverable amount of £0.9m (2022: £26.1m).

The table below demonstrates the sensitivity of the valuation of the investment in subsidiary to a change in the share price at 31 March 2023.

Assumption	Sensitivity £m
+20% ¹	+0.2
-20% ²	-0.2

1 Sensitivity analysis shows the impact of a 20% increase in Amigo Holdings PLC share price.

2 Sensitivity analysis shows the impact of a 20% decrease in Amigo Holdings PLC share price.

For details of investments in Group companies, refer to the list of subsidiary companies within note 28 to the consolidated financial statements. The share-based payment investment relates to share schemes introduced in the year, investing in our employees and thus increasing the value of investment in subsidiaries. For more details of schemes introduced, see note 22.

3a. Other payables

	31 Mar 2023 £m	31 Mar 2022 £m
Amounts owed to Group undertakings	70.4	69.5
Accruals and deferred income	0.2	0.3
	70.6	69.8

4a. Share capital

For details of share capital, see note 21 to the consolidated financial statements. £nil dividends were paid in the year (2022: £nil).

5a. Share-based payment

For details of share-based payments in the year, see note 21 to the consolidated financial statements.

6a. Capital commitments

The Company had no capital commitments as at 31 March 2023 (2022: £nil).

7a. Related party transactions

The Company had no transactions with or amounts due to or from subsidiary undertakings that are not 100% owned either by the Company or by its subsidiaries. For details of transactions the Group's subsidiaries, see note 24 to the consolidated financial statements. There were no related party transactions in the year.

For details of key management compensation, see note 9 to the consolidated financial statements.

8a. Post balance sheet events

See note 29 to the Group financial statements for further details.

Appendix: alternative performance measures (unaudited)

Given the implementation of the Fallback Scheme and the winding down of the Group's business, the Board believes that disclosure of alternative performance measures ("APMs") are no longer relevant, and therefore they are no longer disclosed.

Glossary

The following definitions apply throughout this Annual Report unless the context requires otherwise:

Adjusted (loss)/profit after tax	(loss)/profit after tax plus movement in complaints expense, add back of restructuring and onerous contract provisions, securitisation fees, strategic review costs and written down tax asset less tax provision write off and incremental tax expense
AGM	the Annual General Meeting of the Company
ALL Scheme Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 13116075. The Group intends to review complaint claims through this vehicle as part of an approved Scheme of Arrangement ("SoA") and, where appropriate, to pay cash redress to customers that have been affected by historical issues in the UK business
AMGO Funding (No.1) Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 11605869. AMGO Funding (No.1) Ltd is a special purpose vehicle formed as part of a securitisation to fund the Group
Amigo Loans Ireland Ltd	the Group's subsidiary in Ireland, registered in Ireland under company number 609066. This is the Group's Irish trading entity, and was disposed of in the year to 31 March 2023
Amigo Loans Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 04841153. This is the Group's primary UK trading entity
Amigo Loans Group Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 10624393. This is a holding company within the Group
Amigo Loans Holdings Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 10624542. This is a holding company within the Group
Amigo Luxembourg S.A.	a wholly owned subsidiary of Amigo Loans Holdings, incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg, registered under company number B210134
Amigo Management Services Ltd	a private company limited by shares incorporated under the laws of England and Wales, registered under company number 05391984. This is the servicing entity for the Group
APR	annual percentage rate of charge
Articles of Association	the Articles of Association of the Company
Asset VReq	Amigo entered into an Asset Voluntary Requirement with the FCA, this does not impact the day-to-day running of the Group but the Group needs prior approval from the FCA to transfer any assets outside of the Group in circumstances such as: discretionary cash payments to Directors of the Company and dividends to shareholders
Board	the Board of Directors of the Company
Breathing space	the period of time offered to customers during which payments, arrears, contact and interest are paused
Charged off loans	loans for which the customers are at least six contractual payments past due that have been fully charged off of the Group's statement of financial position
Company	Amigo Holdings PLC, a public company limited by shares incorporated under the laws of England and Wales with company number 10024479

Glossary continued

Directors	the Executive Directors and the Non-Executive Directors or the Company
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules produced by the FCA and forming part of the FCA's handbook of rules and guidance as amended from time to time
ECL	expected credit losses. This is the expected loss recognised, on origination of loan assets, as an impairment provision. Loss allowances for stage 1 financial assets are based on twelve month ECLs; that is the portion of ECLs that result from default events that are estimated within twelve months of the reporting date and are recognised from the date of asset origination. Loss allowances for stage 2 and 3 financial assets are based on lifetime ECLs, which are the ECLs that result from all estimated default events over the expected life of a financial instrument
Executive Directors	the Executive Directors of the Company
FCA	the UK Financial Conduct Authority, a regulatory body that regulates financial services in the United Kingdom
FOS	the UK Financial Ombudsman Service, a statutory dispute resolution scheme, set up under FSMA, to adjudicate complaints about financial services
FSMA	the UK Financial Services and Markets Act 2000 (as amended) and related secondary legislation
Group	Amigo Holdings PLC and each of its consolidated subsidiaries and subsidiary undertakings from time to time
HMRC	HM Revenue and Customs
IFRS	International Financial Reporting Standards, as adopted by the UK
Independent Non-Executive Directors	Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement, and each an "Independent Non-Executive Director"
IT	information technology
KPIs	key performance indicators
Loan book	total outstanding loans in the Company's statement of financial position
Loans issued	total originations for the period
London Stock Exchange	London Stock Exchange plc
Long-term payment plan	a revised payment schedule drawn up for customers in financial difficulty. Offered where the customer is considered able to meet the minimum acceptable payment, but with the account left in arrears until such time as the loan balance has been paid in full. Routine communications and guarantor collections are paused whilst the plan is in place
Net loan book	loan book less provision for impairment
Non-Executive Directors	the Non-Executive Directors of the Company
Operating cost: income ratio	operating expenses excluding complaints, divided by revenue

Scheme of Arrangement	a Scheme of Arrangement is an arrangement under part 26 of the Companies Act 2006, and is a Court-approved agreement between a company and its creditors; for Amigo these creditors are the FOS and Amigo's eligible redress customers
Scheme Co	the entity ALL Scheme Ltd
Senior secured notes	Amigo Luxembourg's 7.625% senior secured notes due 2024. The initial bond had an aggregate value of £400,000,000, 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. £350,000,000 worth of bonds were opportunistically bought back in prior financial years, and in the current financial year the remaining £50,00,000 worth of bonds were redeemed at par on 17 March 2023
Shareholders	the holders of shares in the capital of the Company
Shares	the ordinary shares of the Company, having the rights set out in the Articles of Association
Short-term payment plan	a revised payment schedule drawn up for customers in financial difficulty as a result of a "one-off" event. Offered where it is considered that for the customer to restore their account to the position expected immediately prior to the plan being put in place, they would require no more than 40 days (if already in arrears) or 60 days (when not in arrears). Routine communications and guarantor collections are paused for so long as the plan is in place, unless otherwise agreed under the terms of the plan
SMCR	the FCA's Senior Managers and Certification Regime which applied to the Company from 9 December 2019
UK Corporate Governance Code	the 2018 UK Corporate Governance Code issued by the Financial Reporting Council
VReq	on 27 May 2020 Amigo entered into a Voluntary Requirement with the FCA regarding complaints to clear the backlog of approximately 9,000 complaints. Due to substantial increase in the rate of complaints Amigo entered into an amended VReq with the FCA to extend the deadline from the 26 June 2020 to 30 October 2020; Amigo reviewed and decided on all outstanding complaints within the VReq by 30 October 2020

Financial statements

Information for shareholders

Financial calendar

The Company's Annual General Meeting is expected to be held on 27 September 2023 – please see our website for further details in due course.

Share price

The shares are listed on the London Stock Exchange under share code "AMGO".

Registrars

The Company's registrars are:

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

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(Calls cost 12p per minute, plus your phone company's access charge.)

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