Amigo Holdings PLC

Annual report and accounts 2021

We have an entirely new Board in place focused on transforming our business, with the customer at its core.

Our values

With a new team in place, we have refreshed our values to reflect our customer-first culture.

We put customers first

We are passionate and committed to making borrowing possible. We help each other to thrive.

We are human

We welcome and embrace diversity. We respect and listen to each other.

We act with integrity

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

We own the outcome

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

Strategic report

Corporate governance

Financial statements

A leading provider of mid-cost credit

Amigo exists to provide financial inclusion to borrowers unable to access credit from mainstream lenders. We paused lending in March 2020 following the outbreak of the Covid-19 pandemic. Lending has remained paused to enable us to reassess our customer proposition following receipt of a high volume of complaints relating to historical lending and to focus on helping existing customers. We are currently aiming to pursue a Scheme of Arrangement, which the Board believes would provide an equitable outcome for all customers with a valid complaint. The successful pursuit of a Scheme and the future requirement to raise capital to support lending is critical to the business, as set out in the going concern and viability statements on pages 39-42. An alternative, in the face of insolvency, is a managed wind-down of the business. We have a completely new team in place and are preparing to return to lending with improved processes and procedures once the FCA's review into our approach to future lending is complete and a Scheme has received High Court sanction. We have historically provided a single, mid-cost credit product – a guarantor loan. Our future lending proposition, Amigo 2.0, includes a new unsecured personal loan product with adaptive pricing. By rewarding good payment behaviour with interest rate reductions, our loans will aim to encourage better money management and financial wellbeing. With a successful, court-approved Scheme in place, Amigo would be able to continue to promote financial inclusion and support people who are unable to access credit from the mainstream banks.

Our purpose:
Providing financial inclusion to those unable to access credit through mainstream lenders

Read more on our strategy on page 20

A guarantor loan

A guarantor, usually a family member or friend, supports the borrower to achieve their financial goals and agrees to make repayments if the borrower does not do so. The presence of a guarantor introduces a social contract which supports good customer outcomes and enables customers with thin or impaired credit files to borrow at lower rates than they might otherwise be able to do. Ahead of a return to lending we have significantly enhanced our multi-step process to assess the affordability of the loan for both the borrower and guarantor which will include the use of Open Banking, and we have further enhanced our communications to ensure the guarantor fully understands what is expected from them.

Doing the right thing for our customers

Our customers tend to have impaired or thin credit histories and may demonstrate characteristics of vulnerability. They come to us for help with considered purchases such as home improvements or to get them back on the road, not to manage day-to-day expenses. As a mid-cost lender, we offer a significantly lower interest rate, larger loan amounts and longer loan terms than more expensive and less flexible forms of non-standard finance, such as those offered by high-cost short-term lenders. We are committed to treating all customers fairly, focused on meeting our customers' individual needs and achieving the right outcome for each of them.

No late fees or upfront charges: we believe that if someone's circumstances change and they are unable to make their payment, the last thing they need is a late repayment charge. So we don't charge any.

Interest capped: we "cap" the total amount payable and interest charged. This means that even if a customer does hit a bump in the road and is offered one of our payment plans, they will never pay more than they originally agreed to.

Our positive customer outcome goals

Inclusion: customers shut out from mainstream finance have access to affordable and responsible loans.

Good value: customers are provided with good value, fairly priced and well designed products that meet their needs.

Financial wellbeing: customers are encouraged and enabled to rehabilitate their credit rating and improve financial wellbeing.

Empowerment: customers are provided with timely and transparent communications which improve financial literacy and enable better decision making.

Treated as an individual: customers are confident that their individual circumstances will be understood and supported, particularly if they are vulnerable.

Reliable service: customers are assured that if a problem was to occur, they know they are supported and that we will do the right thing.

Foundations for future success

Amigo pioneered the guarantor loan product in the UK in 2005 and has built a leading position in our niche segment of the non-standard finance market. We are facing challenges which our new Board has moved quickly to address. While material uncertainties remain, as outlined in our going concern and viability statements on pages 39–42, we are preparing to launch our enhanced lending proposition, Amigo 2.0, to fulfil our purpose of providing financial inclusion to those locked out by mainstream lenders. If a successful Scheme is delivered and we are able to restart lending, we expect to be well positioned to meet growing demand, deliver positive outcomes for our customers and create sustainable value for our investors over the long term.

1

New leadership team

We have an entirely new Board and strong executive team in place, with experience of successfully transforming business performance. We have put in place robust new policies and procedures to ensure the issues of the past do not reoccur. These new processes and policies are integral to our proposed new lending proposition, Amigo 2.0.

Read more on our Board of Directors and ExCo on pages 58 to 60

2

Amigo 2.0 positions the business for the long term

Amigo 2.0 is our new pricing and product proposition for when we return to lending, focused on customer needs and outcomes. Enhancing our product offering, it will position Amigo well to meet the growing demand for affordable, mid-cost, responsible credit as we build the business for long-term sustainability.

Read more on our strategy on page 20

3

Social purpose and customer-centric approach

There is a growing need for financial inclusion, exacerbated by the Covid-19 pandemic. Our proposed new products are designed to encourage healthy credit habits and improve financial wellbeing. By doing the right thing for our customers we aim to promote a healthy credit market, fulfil a significant societal need and reach and support a greater number of customers.

Read more on our strategy on page 20

4

Focus on efficiency

As well as ensuring we invest in and resource our teams appropriately, we are embedding a continuous improvement culture, where each team is empowered to constantly raise the bar. This advances our customer experience and aims to ultimately deliver better customer outcomes, reduce costs and improve profits.

Read more on our case study with Jodie on page 47

5

Strong brand and market position

We have built one of the most recognised non-standard finance brands in the UK and are the leading provider of guarantor loans. We have 16 years of credit risk and data analytics experience in non-standard finance.

Read more on our business model on page 18

6

Strong cash generation and low capex model

Our business model generates significant positive cash flow as demonstrated by the year-end unrestricted cash position of £177.9m. The online or by-phone customer journey, coupled with our focus on driving efficiency throughout our processes, helps keep cost ratios low.

Read more on our business model on page 18

Swift response to provide support

We are immensely proud of how our business and our people have adapted to the significant challenges posed by Covid-19 throughout the year and the help we have provided to our customers and our community.

Our approach

- The rapidly moving Covid-19 pandemic presented a number of challenges, requiring Amigo to change and adapt swiftly at each new phase
- Keeping our employees safe and continuing to serve our customers have been our main Covid-19 priorities
- We also moved quickly to manage liquidity to protect our business
- A dedicated working group of business experts, including members of the Executive Committee, with Board support, was set up to lead Amigo's Covid-19 response
- Regular communication between this Covid-19 Steering Committee, senior leadership and the wider network of employees has ensured a quick, effective and considered response at each stage

Our customers

- Throughout the pandemic we have remained focused on providing support and assistance to our customers
- In early 2020, at the start of the pandemic, Amigo paused lending except to key workers in need of urgent financial assistance. All lending was stopped in November 2020
- We immediately went beyond FCA guidance in the forbearance we offered to customers impacted financially by the pandemic
- We introduced Covid-19 payment holidays deferring a customer's payment for up to six months, pausing the accumulation of interest for the first three and amending the way we report information to the credit reference agencies
- We continued to offer our usual suite of forbearance options and to work with each customer to find the best solution for them

>66,000

customers granted Covid-19 related payment holidays

Read more on our customers on page 45

Our people

- The safety and wellbeing of our people are paramount
- Our digitalised model enabled us to quickly move the entire business to remote working by the end of March 2020
- As the level of threat from Covid-19 changed and government guidance altered, we have been able to move some of our people back into the office, all the while adhering to government guidance and social distancing rules
- We have done our best to ensure we provide the right support for each employee, sharing wellbeing tips and practical guidance on working from home, providing equipment to create better home working set-ups and maintaining our Employee Assistance Programme for those who need additional support
- We have developed remote training methods, delivered socially distanced in-house training and utilised video conferencing facilities to stay in touch with our people and deliver the same support they would receive face to face

8%

of the total number of personal loan payment deferrals given by banks and lenders in the UK were arranged by Amigo's employees (data: UK Finance)

Read more on our people on page 46

Our community

- Covid-19 created an incredibly challenging environment for many charities and local businesses. It placed a greater emphasis on the role Amigo plays in our local community and the importance of supporting those who, already vulnerable, were placed at even greater risk due to the pandemic
- At Christmas Amigo employees volunteered with Julia's House, a local children's hospice, to pack Christmas hampers in a Covid-safe environment
- An employee raffle raised funds for two local homelessness charities, and employees donated almost £3,000 to buy toys for vulnerable children, provide food for low income families and fund support for local elderly residents. We also raised money for a local hospitality business
- Just prior to the financial year end, we donated almost 200 Easter eggs to various local charities, supporting vulnerable children and adults

£41.1k

donated by Amigo and its employees to local charities this year

Read more about how we help our community on page 49

Financial impact

- To protect our business, we quickly applied measures to manage costs and preserve cash, including pausing lending
- Despite the unprecedented level of Covid-19 related payment holidays we have provided, the level of collections has remained robust and our cash position strong
- The pause in lending from March 2020 and the provision of Covid-19 payment holidays have impacted our revenue and impairment
- The impact of the payment holidays is predominantly one of timing as although the expected timing of future cash flows has altered, the total interest and principal due from each loan remain unchanged. However, we have seen some increase in arrears from customers exiting Covid-19 payment holidays

£177.9m

unrestricted cash as at 31 March 2021

Read more in the Financial Review on pages 24–28

Headlines

Revenue
£170.8m
2020: £294.2m

Net loan book
£340.9m
2020: £643.1m

Loss before tax
£283.6m
2020: £37.9m

Customer numbers
136,000
2020: 222,000

Impairment:revenue ratio
35.5%
2020: 38.5%

Net borrowings
£118.6m
2020: £396.3m

Financial headlines

- Revenue reduction of 41.9% to £170.8m (2020: £294.2m) due to minimal new lending during the year and a £27.2m modification loss arising from Covid-19 related payment holidays.
- Increased complaints provision on the balance sheet of £344.6m as at 31 March 2021 (2020: £117.5m) and an associated cost of complaints of £318.8m (2020: £126.8m). These increases follow high levels of customer participation in the initial Scheme creditor vote and extensive work into planned redress methodology, resulting in both a material increase in expected future volumes of complaints and an uplift in the uphold rate.
- Lower revenues combined with an increase in the cost of customer complaints led to a reported loss before tax of £283.6m (2020: loss of £37.9m).
- Amigo had net borrowings of £118.6m (2020: £396.3m) and £177.9m of unrestricted cash as at 31 March 2021 (2020: £64.3m). Current cash of around £205.0m reflects continued cash generation from our loan book, while lending remains paused.
- Securitisation debt has been reduced to £64.4m as at 31 March 2021 (2020: £230.0m), and has a current outstanding balance of £3.8m. After the year end, on 25 June 2021, the securitisation facility was reduced from £250.0m to £100.0m. The company has secured a further three-month extension of the existing waiver, which expires on 24 September 2021.
- Net borrowings/gross loan book decreased from 52.8% to 28.0%.

Operational headlines

- All new lending, except to key workers in exceptional circumstances, was paused in March 2020 in response to Covid-19. Lending was stopped completely in November 2020 to enable Amigo to focus on helping existing customers, reassess its customer proposition in the face of a continuing high level of complaints and engage with the FCA.
- Swift response to Covid-19 to protect customers, employees and liquidity; Covid-19 related payment holidays granted to over 66,000 customers as at 31 March 2021. By the end of July 2021, there were no longer any active Covid-19 related payment holidays. Collections remained robust at 82.0% of pre-Covid-19 expectations.
- During the second half of the year, led by new Chief Executive Officer Gary Jennison, Amigo appointed a new executive team to lead the Company's turnaround: a new Chief Financial Officer (Mike Corcoran), Chief Risk Officer (Paul Dyer) and Chief Transformation Officer (Shaminder Rai). A new Chief Customer Officer (Jake Ranson) was appointed after the year end.
- A Scheme of Arrangement ("Scheme") process was initiated on 25 January 2021 to provide an equitable outcome to customers with a valid complaint against Amigo and to the Financial Ombudsman Service ("FOS"). More than 95% of creditors who voted, voted in favour of the Scheme. Subsequent to this, the Financial Conduct Authority, ("FCA") announced its intention to appear in Court to object to the Scheme. Post year end, the Scheme was rejected by the High Court, after the sanction hearing, on 24 May 2021.
- The Board is continuing to pursue a Scheme which seeks to address the concerns of the FCA and of the High Court. Without a Scheme, the Company's balance sheet is insolvent. Amigo will seek to avoid an insolvent failure of the business by proposing a Scheme of Arrangement, including the option for a managed wind-down of the business.
- Amigo 2.0: Prior to a restart of lending, Amigo must resolve the negative asset position on the balance sheet and demonstrate to the FCA its viability and ability to meet its regulatory obligations and threshold conditions. Amigo's return to lending will be on a prudent basis and funded from existing resources in the short term. Customer benefits within Amigo 2.0 include an annual payment holiday for all Amigo 2.0 customers and interest rate reductions if payments are regularly received on time, helping customers to get their finances back on track.
- As we plan to bring Amigo 2.0 to market, our strategic focus is on our customers, our people and culture, and on operating efficiently within a robust conduct framework. This includes embedding the FCA's conduct rules in our values and ways of working, enhanced affordability assessments and eligibility criteria and taking further steps to ensure all borrowers and guarantors fully understand their responsibilities.

Case study

We put customers first

During the pandemic I was not furloughed due to being self employed. I was worried and stressed about money, but that's when I was told that Amigo Loans were offering support to help people during Covid. It was easy to apply and when the payment holiday was sorted it took a lot of weight off my shoulders. I was very pleased with how understanding and professional they were when I spoke to them – I couldn't fault them at all. Thanks to Amigo for letting me take out a payment holiday whilst I got things set in motion. I'm now in a much better position, working full time and I'm only two months away from the loan being paid off. I couldn't recommend Amigo Loans more; they have been brilliant throughout.

Alfie
Customer

A purpose driven culture

The financial year ended 31 March 2021 was a uniquely challenging period for Amigo as we responded to the difficulties presented by Covid-19 at the start of the year and which continue to this day. We simultaneously faced challenges specific to our business and the broader non-standard finance sector. We moved swiftly to help customers financially impacted by Covid-19 and in the latter part of the year, our new Board and leadership team made significant progress towards finding a way to address the increase in the level of complaints received over the financial year. Further detail on the Scheme of Arrangement proposal which we initiated to address customer complaints can be found in the Chief Executive's Review.

A new, revitalised Board

As a Board we have a clear responsibility to all our stakeholders: from delivering the right outcomes for our customers as they manage the impact of Covid-19, to managing the wellbeing of our employees, and getting the business back on track for our investors. We have an entirely new Board in place, compared to this time last year, which brings significant financial and regulatory experience and is well placed to manage the cultural change and transformation that is required to rebuild Amigo as a sustainable business for the long term. We are committed to the highest possible standards of corporate culture and governance as we do this.

I joined the Board in August 2020 as a Non-Executive Director and became Chair of Amigo in October 2020. Gary Jennison took on the role of Chief Executive Officer in September 2020, having joined the Board in August 2020 as a Non-Executive Director. In October 2020, Maria Darby-Walker joined the Board as a Non-Executive Director and took over as Chair of the Remuneration Committee in January 2021. Mike Corcoran joined the Board as Chief Financial Officer in November 2020. Also in November 2020, Michael Bartholomeusz joined the Board as a Non-Executive Director and took over as Chair of the Risk Committee in July 2021.

In the first half of the year, Amigo's shareholders rejected all resolutions proposed in two general meetings requisitioned by our former majority shareholder, Richmond Group Limited ("RGL") to remove certain Directors and to appoint alternative Directors in their place. Full details can be found in our Half Year Report, dated 26 November 2020. We appreciate the support we have received from our shareholders during this time and recognise the significant change in our shareholder base that has arisen from Amigo no longer having a majority shareholder.

Putting our customers first

The new Board believes strongly that our purpose shapes our culture. It is why we exist. While the critical importance of financial inclusion has been highlighted by the economic impact of the pandemic on such a broad swathe of our population, we have always understood the essential role we play in our customers' financial lives.

Our customers need access to credit for reasons such as buying a second-hand car to get them to work, a new boiler for their house, or to consolidate expensive debts that are getting out of control.

Mainstream banks have been telling this demographic that they do not 'fit' with their lender profile for many years before Covid-19. As a provider of mid-cost credit to these underserved customers, we have a clear societal role to play as the UK economy rebuilds, with prime lenders expected to further retrench away from this demographic.

We are focused on delivering positive customer outcomes.

Culture and conduct

We are focused on delivering positive customer outcomes. The FCA's conduct rules are central to our proposed new product and pricing proposition, Amigo 2.0, and are being embedded in our culture and values. Our responsibility as a lender is never greater than when helping customers facing financial difficulties and vulnerability, including those who are experiencing extreme hardship post the impact of Covid-19 on their financial situation. We aim to treat all customers fairly, to empower them to make effective and confident choices, to encourage financial wellbeing and to help them build a brighter financial future.

Responding to the Covid crisis

I am immensely proud of how our business and our people adapted to the significant challenges posed by Covid-19 throughout the year and the help we have provided to our customers. It is a testament to the agility of our digitalised business model and commitment of our people that we were able to respond at speed to the pandemic, migrating almost 400 employees to home working by the end of March 2020. Our top priority has remained the health and wellbeing of our employees, customers and business partners, as we navigated the rapidly changing requirements of each new phase of government guidance. We also moved quickly to manage liquidity to protect our business, applying measures to manage costs and preserve cash.

We provided unprecedented assistance to our customers during the year to help customers experiencing financial difficulty as a result of the pandemic.

The FCA's conduct rules are central to Amigo 2.0 and are being embedded in our culture and values

Responding to the Covid crisis continued

We are proud of our positive and proactive approach to forbearance, which addresses any change in our customers’ financial circumstances in a bespoke way, not only for those impacted by the Covid-19 pandemic but also more broadly for all customers in need of additional support, without any late fees or penalty interest being charged.

Our people

The business has navigated many challenges during the financial year and the future continues to be uncertain. This has been an unsettling time for all of our people and yet they have shown incredible resilience, commitment to our customers and loyalty to our business throughout. On behalf of the Board I would like to give my sincerest thanks to each member of our Amigo team for their hard work, adaptability and support. It is our people that will underpin the Company’s future success.

Looking ahead

The non-sanctioning of our initial proposed Scheme, despite the significant support of nearly 75,000 customers, was extremely disappointing. However, we continue to pursue a new Scheme, which will seek to address the concerns of the FCA and the High Court, provide an equitable solution for our customers, past and present, and respect the interests of all stakeholders.

In the notes to these financial statements we have disclosed that a material uncertainty exists around Amigo as a going concern. The continuation of Amigo as a business is dependent on our successful pursuit of a Scheme, our ability to raise capital in the future to further support new lending, and a satisfactory resolution of the FCA investigation initiated in May 2020.

On behalf of the Board, I confirm our commitment to rebuilding Amigo as a sustainable business for the long term as we move forward with full focus on making the business successful and driving a culture of strong governance and fair treatment of customers.

Jonathan Roe
Chair
24 August 2021

It is our people that will underpin the Company’s future success.

Case study

We are human

I would like to thank Amigo for every bit of understanding, help and guidance you have provided, particularly over the last 12 months or so. Without the help given, I have no doubt I would currently be in a much worse position than I am. The service you have provided over the phone is second to none. If I have to get in touch, I feel comfortable speaking with you due to your approachable and professional persona. You guys are simply a credit. Thank you again.

Julie
Customer

Addressing challenges

The financial year ended March 2021 and the period since year end have been difficult for Amigo. However, we have made significant progress in recognising, evaluating and seeking to address the challenges we face. We have assembled a strong executive team with our primary focus to transform our business, placing the customer at its core, and rebuilding a sustainable business for all our stakeholders.

The non-standard finance sector has faced significant pressures for some time now. Regulatory intervention coupled with the aggressive behaviour of some claims management companies ("CMCs") has seen many market participants withdraw from the non-standard finance sector. Without a functioning non-standard finance sector, we risk the financially excluded demographic we serve being forced into the increasingly sophisticated illegal lending space.

Amigo plays an integral role in society by providing vital financial inclusion to this demographic and I am proud of the unprecedented level of support we have provided to our customers since the outbreak of Covid-19 in early 2020. Of the more than 66,000 payment holidays that we have provided, over 56,000 borrowers had transitioned out of payment holidays as of 31 March 2021. While we have seen some increase in arrears as a result, our overall level of collections has remained robust at 82.0% of pre-Covid-19 expectations. By the end of July 2021, all Covid-related payment holidays had ended.

Issuing our full year results more than 120 days after the financial year end constituted a covenant breach in respect of our senior secured notes. With the issuance of these results within the required 30-day period following written notice, the breach is now rectified.

Financial performance

Amigo took the difficult decision to stop lending to all but key workers in March 2020, following the outbreak of the Covid-19 pandemic. Lending was stopped completely in November 2020 to enable Amigo to focus on helping existing customers, reassess its customer proposition in the face of a continuing high level of complaints and engage with the FCA. Consequently, revenue fell by 41.9% over the period to £170.8m (2020: £294.2m). This was also in part due to the impact of the Covid-19 related payment holidays we provided to support our customers. Customer numbers fell 38.7% to 136,000 (2020: 222,000) and the net loan book reduced by 47.0% to £340.9m (2020: £643.1m).

Over the year we saw escalating levels of complaints, focused on affordability and driven in large part by CMCs. We also saw an increase in the volume of defended complaints being referred to the FOS for which companies were liable for a £650 fee (as of 1 April 2021, this increased to £750), regardless of the outcome of the complaint. Due to the volume of complaints received, Amigo has concluded it cannot satisfy the resultant redress liability of all potential complaints. The Board is focused on achieving the right outcomes for all our stakeholders including all past and present borrowers and guarantors and, accordingly, concluded in December 2020 that a Scheme would be the only way to address the redress claims and ensure that all customers are treated equitably.

In January 2021, we announced a proposed Scheme to provide redress to our customers with valid claims against Amigo. The Board was disappointed that, despite the support of over 95% of our creditors who voted, the judge did not approve the Scheme following the sanction hearing in May 2021.

As a result of our proactive promotion of the Scheme, including the creditor vote process for the initial Scheme which saw nearly 79,000 customers participate in the vote, we have materially increased our estimated volume of future complaints. A review of redress methodology has also led to an uplift in the uphold rate. This has resulted in an increase in the complaints provision to £344.6m as at 31 March 2021 (2020: £117.5m). The associated cost of complaints for the full year is £318.8m (2020: £126.8m). This has led to a reported pre-tax loss of £283.6m (2020: loss of £37.9m) and loss after tax of £289.1m (2020: £27.2m).

The insolvent balance sheet position we are reporting today demonstrates the urgency of finding a way to address our complaints liability. Amigo is therefore pursuing an alternative Scheme and, as part of the process, has continued to engage with the FCA and with our customers. As announced, the Independent Creditor Committee, formed of past and present customers, has met with its independent Chair to review and debate the possible options for a new Scheme of Arrangement. The preferred Scheme is likely to incorporate either a share of future profits or a potential equity raise. We are in the process of drawing up the Practice Statement Letter and continue to liaise with the FCA as we move through the process. The Board believes that a Scheme is the fairest outcome for all stakeholders as it seeks to avoid an insolvent failure of the business. Faced with insolvency, a managed wind-down of the business, is also under consideration.

While hurdles remain, we continue to work towards a resolution that will enable Amigo to return to lending and to fulfil our societal purpose of providing financial inclusion to those who are unable to access credit through mainstream lenders.

Regulatory update

We are committed to working with the FCA to not only progress a Scheme but to support a well-regulated, non-standard finance sector.

We continue to work with the FCA to aid the ongoing enforcement investigation into our creditworthiness processes, and governance of those processes, from November 2018. The scope of the investigation was extended in March 2021 to include complaints handling from May 2020. The Asset Voluntary Requirement ("Asset VReq") agreed in October 2020, also remains in place, meaning prior approval will be required to permit the transfer of assets outside of the Group in certain circumstances, including discretionary cash payments to the Directors of the Company and dividends to shareholders. The Asset VReq does not impact the day-to-day running of Amigo or its ability to continue to pay down debt. At the end of October 2020, we also reached the deadline for the Complaints VReq, for which we were to reach a position

> **Amigo plays an integral role in society by providing vital financial inclusion.**

Regulatory update continued

where all complaints were dealt with within the required regulatory period of eight weeks. 25,571 complaints subject to the VReq were reviewed and a decision reached by the end of October 2020. However, not all customers had been sent final responses by the deadline.

Strategic focus

Our purpose is to provide financial inclusion to those who are unable to access credit through mainstream lenders. We are committed to building a truly customer-centric firm focused on strong conduct rules and strong adherence to conduct risk principles and have therefore placed our customers at the forefront of our strategy. We have brought together a strong executive team to execute our strategy including experienced financial services Chief Financial Officer Mike Corcoran and Chief Risk Officer, Paul Dyer. Paul brings a wealth of risk and regulatory experience having spent two years as part of the FCA's leadership team as Deputy Chief Risk Officer. In January, Shaminder Rai, who I have worked with on two previous successful turnaround situations, joined our team as Chief Transformation Officer.

Post year end, Jake Ranson joined the team as Chief Customer Officer, to champion our customer first approach. I am extremely pleased to have been able to make such strong additions to our team during such a challenging time for the business.

Our immediate priority will be on securing and implementing a new Scheme to provide an equitable resolution for those customers with valid complaints. As soon as we are able to do so, we will return to providing much needed financial inclusion. As we prepare to bring Amigo 2.0 to market, our strategic focus is on our customers, our people and culture, and on operating efficiently within a robust conduct and risk framework.

Customer-centric proposition: Amigo 2.0

We are driven by achieving positive customer outcomes and Amigo 2.0 aims to identify the right solution to meet each customer's needs. We therefore plan to introduce a new unsecured loan product with adaptive pricing. Customer benefits within Amigo 2.0 will include an annual payment holiday for all Amigo 2.0 customers and interest rate reductions if payments are regularly received on time, helping customers to get their finances back on track.

The FCA is reviewing our future lending proposition and we plan to return to lending as soon as we are able to do so. Prior to a restart of lending, we must resolve the negative asset position on the balance sheet and demonstrate to the FCA the viability of the business and our ability to meet our regulatory obligations and threshold conditions. Our return to lending will be funded from existing resources until further funding can be secured.

Our people

From attracting the right people, investing in their development and supporting them throughout their career with us, we aim to create an environment where our people are happy, healthy and working together as a team to deliver the best possible outcomes for our customers.

I would like to personally thank all our people for their continued hard work and commitment over what has been a challenging period. We have achieved a great deal, and there is still plenty to do. I believe that we have the right teams in place, at all levels across the business, to rebuild Amigo and fulfil our corporate purpose.

Operational efficiency

We are adopting the Lean Six Sigma approach to drive productivity and efficiency improvements across the business. This works by removing waste and variation, sharing best practice and empowering teams to continuously raise the bar. Specific data points are regularly measured to assess productivity and efficiency improvements. I am incredibly proud of the progress we have made with training our teams in this process and in the current financial year we have already seen tangible results with improvements in the customer journey and experience. Key call centre activities on outbound calling, collections process and quality assurance alongside resource planning have improved the call centre performance.

Conduct and risk framework

The way in which Amigo considers and acts upon risks is central to the way we operate. We believe that the most effective mitigation of customer and conduct risk is based in corporate culture. To that end, we seek to instil a customer-oriented mindset in all employees and are embedding the FCA's conduct rules in our values and ways of working. We have taken many steps to ensure the issues of the past are not repeated. We have enhanced our affordability assessments and will ensure all customers use Open Banking. We have tightened eligibility criteria and taken further steps to ensure a guarantor fully understands their responsibilities, including providing information on the borrower's financial circumstances. In addition, we have increased reporting, monitoring and risk identification. Supported by an FCA's "Skilled Person" review, by a firm that is skilled and knowledgeable about the regulatory requirements expected of firms in the financial sector, we are confident that a robust conduct and risk framework is in place to ensure we meet our regulatory obligations and provide the right care to our customers, focused on

We are committed to building a truly customer-centric firm focused on strong conduct rules and strong adherence to conduct risk principles.

individual customer needs and positive customer outcomes. These new processes and policies are integral to our proposed new lending proposition, Amigo 2.0.

Summary and outlook

Amigo has made significant progress over the twelve-month period, which has continued into the new financial year, in addressing the unprecedented level of challenge it has faced. The entirely new Board has put in place a management team with the change and regulatory expertise required to rebuild Amigo as a sustainable business for the long term in the interests of all stakeholders.

A new Scheme will seek to address the concerns of the FCA and the High Court and to provide an equitable outcome for customers, past and present. If successful, the Scheme will provide greater certainty over the total complaints liability and will enable Amigo to continue to provide vital financial inclusion, a need in society made more apparent by the economic impact of Covid-19. Without an approved Scheme, the value of Amigo's assets is less than the amount of its liabilities, resulting in an insolvent balance sheet. In the face of insolvency, a managed wind-down of the business is also under consideration.

With the Board actively pursuing a new Scheme, the Directors consider that it remains appropriate to prepare the financial statements on a going concern basis. However, the Board also recognises that material uncertainty remains. The continuation of Amigo as a business is dependent on our successful pursuit of a Scheme, our ability to raise capital in the future to further support new lending and a satisfactory resolution of the FCA investigation.

Our cash position remained strong at £177.9m as at 31 March 2021, despite paying customer cash redress and related cash payments of £56.7m during the year, and reducing net borrowings by £277.7m year-on-year.

Net liabilities at the end of March 2021 were £121.4m. We have current unrestricted cash of around £205.0m.

Our future lending proposition, Amigo 2.0, represents an exciting new customer offering, focused on customer needs and positive outcomes, underpinned by robust lending policies and processes. We continue to assist the FCA with its review into our approach to future lending and demonstrate our ability to meet our regulatory obligations and threshold conditions. If we are able to do this and we return to lending, we will do so on a prudent basis, funded from existing resources in the short term. We have a new leadership team in place, dedicated people, demonstrated sector expertise and a commitment to our purpose of providing financial inclusion to those unable to access credit through mainstream lenders.

Gary Jennison

Chief Executive Officer
24 August 2021

Growing need for financial inclusion

Our significant sector knowledge, online platform and leading position in our market segment mean we are well placed to respond to the growing demand for vital financial inclusion.

01.

Market trend:
The impact of Covid-19

The full economic impact of the Covid-19 pandemic may not yet have been felt, with government furlough support extended to September 2021. For some, the economic impact of the pandemic has been severe, will not be temporary, and there will be increased need and demand for suitable debt solutions to help them recover[1]. 38% of UK adults have seen their financial situation worsen and unemployment is expected to rise when furlough support is withdrawn[2]. The broader credit industry has undergone significant upheaval due to the pandemic. The FCA issued guidelines instructing all firms to offer initial three-month payment holidays from the end of March 2020, which were subsequently extended by three months in June 2020. Declines in income and employment are likely to result in further retrenchment in mainstream personal lending, despite a likely rise in demand for such loans.

Our response

Amigo has provided Covid-19 related payment holidays to over 66,000 customers. To support our customers, we have gone beyond what was required by the FCA by providing interest breaks for the first three months of any payment holiday. Our teams have the experience and training to identify, support and understand the needs of vulnerable customers.

>66,000

Covid-19 payment holidays provided

Read more on:
- **Our response to Covid-19 – pages 4–5**
- **The financial impact of Covid-19 – pages 24–28**

02.

Market trend:
Increased demand for non-standard finance

The pandemic has shown that vulnerability can strike broadly and unexpectedly. Financial exclusion is a major concern as we manage the economic fallout, and the recovery, from the Covid-19 pandemic. The FCA has said that 16% of UK adults expect to take out a new credit product or borrow more on an existing loan[3]. As mainstream banks retrench even further away from the sub-prime market, the number of UK adults currently unable to access mainstream lending is likely to increase. The importance of financial inclusion is reflected in the words of the Financial Inclusion Commission: "Financial inclusion contributes to greater social mobility and levelling up, a more effective welfare system and greater national resilience from economic shock."[4]

Our response

Amigo exists to provide financial inclusion to those unable to access credit through mainstream lenders. We provide a mid-cost solution, reflecting the risk profile of our customers, focused on good customer outcomes and financial resilience. Our teams are trained to identify a wide range of vulnerabilities in our customer base and have the skills and emotional intelligence to support customers throughout their time with us. Amigo aims to help borrowers rebuild their credit scores and improve their ability to access credit from mainstream financial service providers in the future. While we intend to grow new business prudently when we return to lending, our online platform provides the ability to scale up to meet demand.

12m+

UK adults estimated to be unable to access mainstream credit[5]

03.

Market trend: Limited access to credit

The Inclusive Economy Partnership has said that "there is a clear lack of availability and provision of affordable credit"[6] and the FCA's Woolard Review references the "relative lack of mid-cost options for sub-prime customers". Regulatory intervention, coupled with increased claims management company activity, and the resultant financial pressures on businesses, has seen many market participants withdraw from the non-standard finance sector. The tightening of lending criteria following Covid-19 has exacerbated an already limited supply of non-standard finance. Without a functioning regulated consumer credit sector, there is a danger that increasingly sophisticated, illegal lenders will move in to exploit the financially vulnerable. Credit unions, which offer a similar rate of interest to Amigo, do not have the scale to be the answer.

Our response

Our business gives us a unique insight into how unregulated lenders can damage people's lives. The effects on individuals' mental and physical health can be extremely detrimental and long-lasting. Through Amigo's proprietary data-driven approach and use of guarantors, we can offer our customers loans at more competitive rates than high-cost lenders and with greater efficiency than credit unions. Our customers are often people who are deemed "too risky" by many mainstream credit providers, but with the right credit scoring approach and a rigorous affordability assessment, processes we have enhanced significantly ahead of a return to lending, we will be able to offer those that can afford a loan the opportunity for a brighter financial future.

04.

Market trend: Evolving regulatory environment

Over recent years, the regulatory environment has provided a challenging backdrop to the non-standard lending space with an evolution in approach by bodies such as the Financial Ombudsman Service. More recently, there is a recognition that regulation needs to reflect the reality of today's lending and customer needs with the prevailing Consumer Credit Act 1974 in need of reform. The FCA's Woolard Review recognised that consumers with poor credit files need products which not only offer a suitable and sustainable source of credit, but which are designed to help them to improve their credit files and build financial resilience. The review suggests that the FCA should accelerate the growth of products which support consumers to transition from high to low-cost credit and increase their financial resilience.

Our response

Amigo supports consistent regulation that protects consumers and maintains a fair and effective market. We are committed to maintaining constructive relationships with the government and our regulator to promote a good understanding of our business and the important role we play in society. We have engaged in government consultations to highlight the need for a regulatory environment that supports the non-standard credit sector. Our new lending proposition will not only give customers the opportunity to rebuild their credit file but also encourage greater financial resilience.

1 Woolard Review – February 2021.
2 Financial Lives 2020 Survey – FCA February 2021.
3 Financial Lives 2020 Survey – FCA February 2021.
4 Financial Inclusion Commission Strategy 2020.
5 Based on data from LEK Consulting and Amigo's own calculations.
6 https://www.inclusiveeconomypartnership.gov.uk/our-impact/financial-inclusion-and-capability

Building a brighter financial future

Focused on achieving good customer outcomes, Amigo is preparing to return to lending with a mid-cost solution for those unable to access credit through mainstream lenders.

What we do and why we do it

We give borrowers with thin or impaired credit histories a second chance, providing an alternative for the millions of people who are locked out of traditional sources of finance. There is strong demand for non-standard loan products, and this is likely to be even more relevant as the economy recovers from the Covid-19 pandemic. Over the past year, we have faced many challenges and we are doing things differently as a result. We are embedding a values-driven culture throughout the business and a solid conduct framework to ensure we always do the right thing for our people, our customers and our investors.

We have historically provided a single, mid-cost credit product – a guarantor loan at a fixed APR of 49.9%. Our interest rate reflects the risk profile of our customers, the higher cost of service where we have two parties to each loan who may require additional support, and our cost of funds, which is higher than that available to mainstream banks. In the near future, we plan to launch a new unsecured personal loan product. In addition to making fair and affordable finance accessible, we will introduce innovative customer-centric features designed not only to support customers with their loan and help to keep them on track, but to also help them build a brighter financial future. Through good payment behaviour, customers will have the opportunity to reduce their APR and monthly payments and at the same time have the potential to improve their credit score. By encouraging and rewarding healthy repayment habits, we're likely to see improved retention amongst our best customers.

Read more in Amigo at a glance on page 2

What makes us stand out

Sector expertise

From our 16 years presence in the sector we have developed significant depth of knowledge and data.

Read more in Amigo at a glance on page 2

The right people in place

We have engaged, committed and talented people at all levels of the organisation focused on our customers and on the success of our business.

Read more on our people on page 46

Customer-centric culture

Our values-based culture focuses on meeting each customer's needs and delivering good customer outcomes.

Read more on our strategy on page 20

Recognised brand

We have built one of the most recognisable non-standard finance brands in the UK.

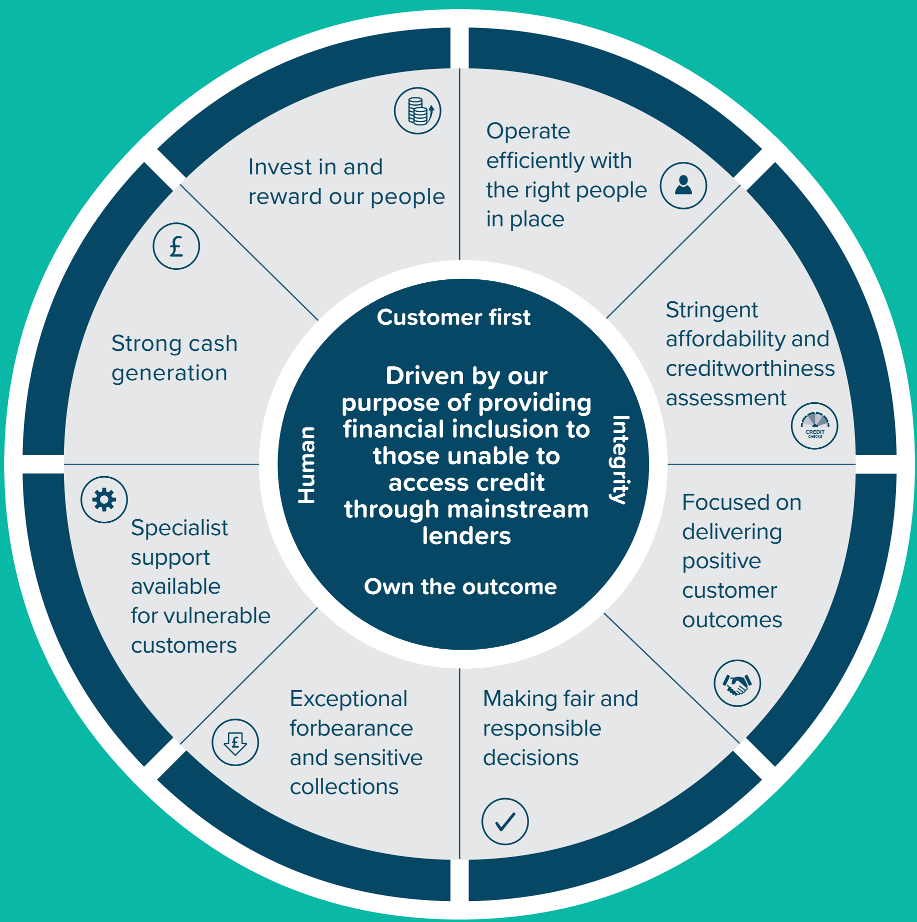
Read more in Amigo at a glance on page 2

Conduct and risk management focus

We have a strong risk framework, and regulation-based conduct rules are being embedded in our culture and values.

Read more in our risk section on pages 30–38

How we operate



Supported by our values-driven culture

How we create value

Our people

By attracting the right people and investing in their future, we build a stronger business and provide fulfilling careers we can be proud of.

Read more on page 46

Our customers

Our products are designed to not only build customers' credit profiles, but to help them secure a lower cost of credit based on their current circumstances.

Read more on page 45

Our investors

We aim to build a sustainable business for the long term, ultimately generating a good return for our investors.

Read more on page 43

Our community

We provide much needed financial inclusion and we support our local communities through charitable donations and our employee volunteer programme.

Read more on page 49

Our regulator

We engage regularly with our regulator to ensure we operate with integrity, treating customers fairly and supporting a healthy, sustainable credit market.

Read more on page 44

More than just a loan provider

Access to affordable finance and support for financial wellbeing will be critical as the UK recovers from the economic impact of the Covid-19 pandemic. This need informs our customer-first approach.

Supporting long-term financial wellbeing

We recognise our societal responsibility to encourage financial education and be more than just a loan provider. Our new products are designed to encourage healthy credit habits and improve financial literacy and money management by providing customers with the tools and support they need, enabling them to build a brighter financial future.

We plan to also introduce a new unsecured personal loan product with adaptive pricing.

Driven by our purpose

Our product and pricing proposition, Amigo 2.0, is driven by our purpose of providing financial inclusion to those unable to access credit through mainstream lenders.

Underpinned by positive customer outcome goals

Inclusion
Customers shut out from mainstream finance have access to affordable and responsible loans.

Good value
Customers are provided with good value, fairly priced and well designed products that meet their needs.

Financial wellbeing
Customers are encouraged and enabled to rehabilitate their credit rating and improve financial wellbeing.

Empowerment
Customers are provided with timely and transparent communications which improve financial literacy and enable better decision making.

Treated as an individual
Customers are confident that their individual circumstances will be understood and supported, particularly if they are vulnerable.

Reliable service
Customers are assured that if a problem was to occur, they know they are supported and that we will do the right thing.

Our customers will have the potential to reduce their APR and monthly payments, reaping the reward of good financial management. We will monitor customer account behaviour, in conjunction with third-party data, to help spot signs of vulnerability and introduce new measures to provide exceptional support to customers who are in most need. We also plan to introduce a cost-free, annual one month payment holiday for all Amigo 2.0 customers.

Supported by

Strong brand, good people, sector and customer knowledge, data analytics, forbearance capability and expertise in helping vulnerable customers.

Customer-first approach

Our new lending proposition, Amigo 2.0, reflects our understanding of current customer needs, and places a "when your interests are met, our interests are met" philosophy at the heart of our strategy. It is geared to deliver positive customer outcomes. Offering both non-guarantor products and tools which boost financial understanding and health, our fair and flexible loans are designed to serve the needs of UK borrowers that are underserved by mainstream providers. Our new application journeys use Open Banking technology so that offers can be accurately calibrated to how much a customer can afford to repay every month.

Our return to providing vital financial inclusion will be funded from existing resources in the short term. As we prepare to bring our new products to market, our strategic focus is on our customers, our people and on operating efficiently within a robust conduct and risk framework.

Customer-centric proposition

Providing access to fair and affordable finance and focusing on delivering the right outcomes, we seek to identify the right solution for each customer. Our teams are equipped to identify and support vulnerable customers. Encouraging better money management and financial resilience, we aim to help our customers improve their credit health, supporting their long-term financial wellbeing.

Signpost to Customer section on page 45

Our people

Not only do we want to attract the right people, we want them to stay. We put a lot of emphasis on training and development at all levels to support career progression, enabling our people to develop their potential and to do a great job for customers. We have introduced attractive new employee benefits and continue to support our teams with their health and wellbeing with flexibility and dedicated assistance as we transition back to office working post-Covid-19.

Signpost to People section on page 46

Operational efficiency

Teams from across functions are trained in Lean Six Sigma, a programme that drives efficiency improvements by reducing waste and variation in processes, optimising resources and rolling out best practice. A continuous improvement culture where each team is empowered to constantly raise the bar is improving our customer experience and will ultimately deliver better customer outcomes whilst reducing costs and improving profits.

Signpost to case study on page 47

Conduct and risk framework

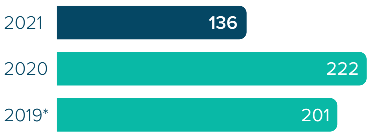
The way in which Amigo considers and acts upon risks is central to the way we operate. We are embedding the FCA's conduct rules in our own values and the ways of working that support the new lending proposition, Amigo 2.0. Our conduct and risk framework not only guides our behaviours but inspires ever improving business and customer outcomes.

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 are closely monitored internally. 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 to 28 for further detail on the Group's financial performance throughout the year. For detailed definitions and calculations of all alternative performance measures (APMs) mentioned, please see the APMs section on pages 156 to 161.

Number of customers
('000)

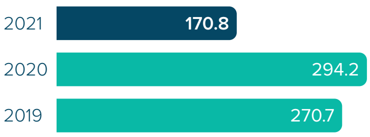


Description
Number of customers represents accounts with a balance greater than zero, exclusive of charged off accounts. It is the key non-financial KPI used within the business to review current performance.

* Restated in line with revised definition of customers which represents the number of accounts with a balance greater than zero, excluding charged off accounts.

Performance
Customer numbers have fallen by 38.7% to 136,000 (2020: 222,000), driven by two factors. Firstly the pause in lending, with new lending initially restricted to key workers only, in specific circumstances, and then paused entirely in November 2020. Secondly continued collections on the back-book. Originations of £0.4m to key workers contributed to the net loan book. Before restatement, the disclosed figure for customer numbers for 2019 was 224,000.

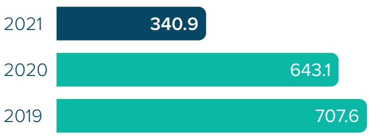
Revenue
(£m)



Description
Revenue comprises interest income on amounts receivable from customers. It is primarily derived from a single segment in the UK, with a small proportion being from the Group's Irish entity, Amigo Loans Ireland Ltd.

Performance
As a result of decreased customer numbers revenue has declined by 41.9% to £170.8m from £294.2m, primarily driven by the reduced originations in the year of £0.4m (2020: £347.4m).

Net loan book
(£m)



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

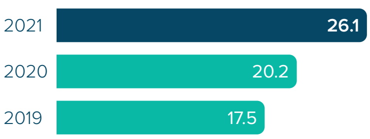
Performance
Net loan book has reduced by 47.0% to £340.9m (2020: £643.1m); the decline is due to the pause in lending, recognition of modification losses and balance adjustments for upheld customer complaints. Impairment provision coverage increased year-on-year to 19.4% (2020: 14.2%) primarily due to the impact of the Covid-19 pandemic resulting in increased levels of impairment.

Impairment:revenue ratio
(%)

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
Year-on-year there has been a 7.8% decrease in the impairment:revenue ratio from 38.5% to 35.5%, driven by two competing dynamics. The pause in originations and consequent reduction in the size of the loan book drove a lower impairment charge. Counteracting this, the estimated impact of the pandemic resulted in increased levels of impairment held against the existing loan book.

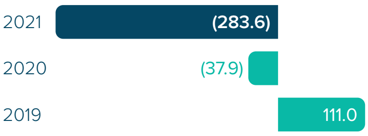
Operating cost:income ratio
(excluding complaints) (%)



Description
The Group defines operating cost:income ratio as operating expenses excluding complaints and items deemed by the Group to be exceptional (such as strategic review, formal sale process costs and related financing costs), divided by revenue.

Performance
Operating cost:income ratio (exclusive of complaints) increased to 26.1% (2020: 20.2%), driven in part by the reduction in variable costs, which have decreased 25.1%, due to the reduction in marketing activities as a result of the pause on lending. The other driver is the 41.9% reduction in revenue from £294.2m to £170.8m in the year. Including the customer complaints expense the ratio has increased to 212.7% from 63.3%. The complaints expense in the year was £318.8m resulting in a complaints provision of £344.6m as at 31 March 2021 (2020: £117.5m).

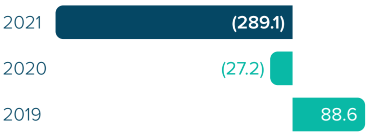
Statutory loss/profit before tax (£m)



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

Performance
Statutory loss before tax was £283.6m for the period (2020: £37.9m); this is primarily driven by an increase in the complaints expense from £126.8m to £318.8m year-on-year. Additional drivers include the reduction in revenue to £170.8m versus £294.2m in the prior year, partially offset by a lower impairment charge of £60.7m versus £113.2m in the prior year.

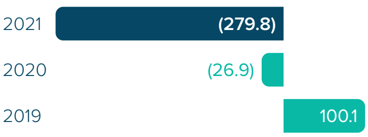
Statutory loss/profit after tax (£m)



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

Performance
Statutory loss after tax was £289.1m (2020: £27.2m). A tax charge is seen despite the loss-making position; as the Group's future profitability remains uncertain, tax assets have been written off and no deferred tax assets have been recognised in respect of the losses in the current year.

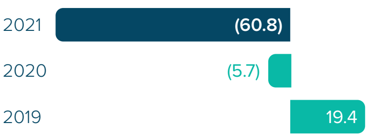
Adjusted loss/profit after tax (£m)



Description
Adjusted loss/profit 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 £279.8m (2020: £26.9m); In the current financial year, it adjusts for: strategic review, formal sale process and related financing costs, write-off of revolving credit facility and securitisation fees, tax provision release and tax asset write-offs. See the Alternative Performance Measures (APMs) section on pages 156 to 161 for the full reconciliation.

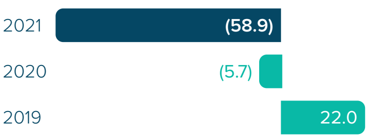
Basic loss/earnings per share (pence)



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

Performance
Basic loss per share was 60.8p compared to prior years loss per share of 5.7p, driven by the increase in statutory loss after tax year-on-year.

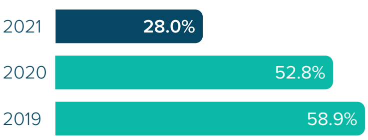
Adjusted basic loss/earnings per share (pence)



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

Performance
Adjusted loss per share was 58.9p, 5.7p in the prior year. This is due to the adjusted loss after tax increase year-on-year driven by reduced revenue and significant complaints expense in the period.

Net borrowings/gross loan book



Description
Net borrowings is defined as borrowings less cash at bank and in hand. Net borrowings over gross loan book shows if the movement in borrowings' is in line with loan book growth.

Performance
Net borrowings/gross loan book has reduced from 52.8% to 28.0% at 31 March 2021 due to the reduction in net borrowings of 70.1% outweighing the 43.6% reduction in the gross loan book. Net borrowings has reduced due to both the repayment of the securitisation facility and from significant customer collections which has increased cash year-on-year.

Addressing the past and looking to the future

Mike Corcoran
Chief Financial Officer

Introduction

I am pleased to present my first full-year financial review since becoming the Chief Financial Officer in November 2020.

The twelve months ended 31 March 2021 represented a period of unparalleled challenge and transformational change for the Group.

The first half of the year saw the termination of a formal sale process closely followed by a General Meeting to remove certain Board members, the outcome of which saw the Group's former majority shareholder, Richmond Group Limited ("RGL"), sell the entirety of its shareholding in the business. RGL launched a second General Meeting during the year with similar resolutions. Concurrently, the Group experienced escalating volumes of customer complaints in respect of historic lending decisions driven by claims management companies ("CMCs"). This was coupled with the launch of an FCA investigation into whether Amigo's historical creditworthiness assessment process was compliant with regulatory requirements. These significant operating challenges took place against the backdrop of the global Covid-19 pandemic which required our employees to swiftly adapt to remote working whilst offering unwavering support to our customer base with the rollout of Covid-19 payment holidays.

The second half of the year saw a full refresh of the Board and a strengthened executive team, and, faced by further increasing volumes of customer complaints, the pursuit of a Scheme of Arrangement, which Amigo considers is the best way to treat its customers and all its stakeholders fairly.

Amigo's key performance indicators below have been considered when discussing business performance within the financial year. For detailed definitions and calculations of all alternative performance measures ("APMs") mentioned, please see the APMs section.

Overall financial performance

There were three fundamental drivers impacting financial performance in the year. The first was the pause in lending, initially to all but key workers and latterly to all customers. The second was the issuance of Covid-19 payment holidays to over 66,000 customers throughout the year. The third was the volume of customer complaints both received and forecast, largely driven by CMCs and the associated redress settled during the period.

The first driver had the most immediate impact on the financial position of the business. Pausing lending for the duration of the year resulted in a 43.6% reduction in the gross loan book, which, given the consistent yield of the portfolio owing to the single price of the product, led to a corresponding reduction in revenue year-on-year of 41.9%. Conversely, the shrinking loan book was offset by an improved liquidity position with unrestricted cash held at the year end increasing to £177.9m and net borrowings reducing by £277.7m in the year.

The second driver, Covid-19 payment holidays, which offered customers up to six months' relief from monthly instalments combined with a pause in interest for the first three months, not only impacted revenue and collections but also impairment through modification losses. The restructuring of customer contracts to effectively extend the term of loans placed further pressure on revenue. The payment holidays resulted in collections for the year totalling 82.0% of pre-Covid-19 expectations. In the second half, significant volumes

2021 represented a period of unparalleled challenge and transformational change for the Group.

of customers exited payment holidays which drove increased delinquency as the impact of the pandemic began to bite. This resulted in increased levels of impairment with the year-end provision representing 19.4% of the gross loan book versus 14.2% in the prior year.

The third and most critical driver is customer complaints in respect of historical lending decisions. In total, redress settled to past and present customers in the year was £91.3m. An expense of £318.8m was recorded in the year increasing the complaints provision to £344.6m. The Board considers that there is not enough certainty that a second Scheme will be sanctioned by the Court to account for future complaints liabilities on the basis that a Scheme proceeds. Consequently, the provision represents the best estimate of the current cost of settling redress claims in full for all successful current and future customer claims.

Revenue

From the outset of the pandemic, lending was initially restricted to only key workers in specific circumstances before being paused entirely in November 2020. In total, only £0.4m of new loans were originated during the year (2020: £347.4m). This was the primary driver of the 41.9% decline in revenue year-on-year to £170.8m (2020: £294.2m). This decline was mirrored in the customer numbers which fell by 38.7% to 136,000 (2020: 222,000).

The pause in lending allied to the recognition of modification losses in respect of Covid-19 payment holidays and balance adjustments in respect of upheld customer complaints drove a 43.6% reduction in the gross loan book year-on-year to £422.9m (2020: £749.9m), with an average outstanding loan size of £3,110 (2020: £3,378). The net loan book reduced by 47.0% year-on-year to £340.9m (2020: £643.1m). This reduction is reflective of both the decline in the gross loan book and impairment coverage which increased to 19.4% (2020: 14.2%) at the year end.

Revenue yield in the year was 29.1% (2020: 38.4%); the reduction is primarily the result of Covid-19 payment holidays which deferred income recognition into future periods.

Covid-19 payment holidays

Amigo granted Covid-19 related payment holidays of up to six months to over 66,000 customers during the year. As at 31 March 2021, Amigo had approximately 10,000 customers on active Covid-19 related payment holidays with over 46,000 customer holidays ending and just over 10,000 settled.

For the first three months of a Covid-19 payment holiday no interest accrued on customer balances; from four to six months interest accruals were re-applied. As a result of Amigo's total interest cap, the reintroduction of interest accruals between months four and six of a payment holiday does not increase the total interest payable by the customer over the life of the loan.

No capital or interest is forgiven as part of the forbearance despite no interest accruing for payment holidays up to three months in length; the customer is still expected to repay the loan in full. By deferring contractual repayments without increasing the value of future monthly instalments, the present value of the future cash flows for customers with Covid-19 payment holidays is reduced. In accordance with the asset modification and effective interest rate requirements of IFRS 9, total modification losses of £35.5m were recognised during the year, of which £27.2m was recognised in revenue and £8.3m as part of the impairment charge. £2.8m of the initial modification losses was released in the year that related to accounts that had settled, charged off or had a complaint upheld and subsequently no longer required a modification (see note 6 to the financial statements). These losses are based on the estimated change in the present value of contractual cash flows that arises from all Covid-19 payment holidays granted. Final Covid-19 payment holidays were granted in March 2021. As a result, no material modification losses are expected in future periods.

Impairment

The impairment charge for the year was £60.7m (2020: £113.2m); however, the impairment:revenue ratio declined to 35.5% (2020: 38.5%). At 31 March 2021 the impairment provision stood at £82.0m (2020: £106.8m) representing 19.4% of the gross loan book (2020: 14.2%).

Both the impairment charge and year-end provision are driven by two competing dynamics. The pause in originations and consequent reduction in the size of the loan book drove a lower impairment charge owing to the upfront expected credit loss methodology of IFRS 9. Counteracting this, the estimated impact of the pandemic resulted in increased levels of impairment held against the existing loan book. In particular, customers exiting Covid-19 payment holidays have demonstrated increased levels of arrears. This has driven an increase in the proportion of the gross loan book greater than 61 days 'past due' to 11.8% (2020: 5.6%), with a corresponding increase in the stage 2 and stage 3 IFRS 9 provision.

As at 31 March 2021, approximately 10,000 customers remained on Covid-19 payment holidays.

Impairment continued

Our experience to date shows that customers exiting payment holidays have a higher propensity to fall into arrears. The impairment provision includes a £6.0m overlay in respect of residual credit risk associated with this specific cohort of customers. Significant uncertainty remains in respect of future customer behaviour as payment holidays unwind and government support measures are fully withdrawn in the coming months. Further details on the impairment provision overlay and other key judgements and estimates in the IFRS 9 impairment model are set out in note 2 to the financial statements.

Complaints provision

The Group's original proposal for a Scheme of Arrangement was not sanctioned following the High Court hearing held on 19 May 2021 despite receiving overwhelming support from the majority of Scheme creditors who voted (95% voted in favour).

Subsequently, the Board continues to consider all options including the pursuit of an alternative Scheme of Arrangement to the one which was not approved. The approval of an alternative Scheme of Arrangement remains subject to reaching the key milestones of a second successful creditor vote and High Court sanctioning. Considering both the current progress with an alternative Scheme of Arrangement and the Group's experience with the initial proposal, the Board does not consider there to be enough certainty to account for claims redress on the basis that a Scheme of Arrangement will be sanctioned.

Consequently, claims redress is accounted for on the basis that known and future complaints are settled in full. This has resulted in a complaints provision of £344.6m as at 31 March 2021, after utilisation of £93.7m in the year. The associated cost of complaints for the full year is £318.8m.

Estimating the potential liability for claims redress is challenging, it involves key assumptions which remain inherently uncertain, in particular the volume of potential future complaints and the expected uphold rate. Our proactive promotion of the Scheme to all customers, including the creditor vote process undertaken in respect of the initial Scheme of Arrangement, which saw almost 79,000 creditors participate in the vote, has contributed to a material increase in the claims provision. Additionally, throughout Amigo's progress towards a Scheme, substantial work has gone into reviewing and enhancing our future claims handling methodologies, aligning with the expectations of our regulator and re-setting expectations of how claims will be assessed moving forward regardless of whether a potential new Scheme is successful. As at 31 March 2020, the complaints provision was £117.5m; the increase of 193.3% to £344.6m at 31 March 2021 is primarily due to a 104.3% increase in volume of complaints provided for and a 43.2% increase in estimated uphold rate. Also partially contributing to the increase is increased FOS invoice costs from £650 to £750 each. Sensitivity analysis of the key assumptions, including the volume of claims, is set out in note 2.3 to these financial statements.

In total £93.7m of complaints provision was utilised in the year which included £56.7m in cash redress payments and a further £34.6m in balance write downs for customers with an outstanding balance.

Cost management

Administrative and other operating costs decreased by £14.9m (25.1%) year-on-year; however, with revenue declining by 41.9% over the same period the operating cost:income ratio (exclusive of complaints) increased to 26.1% (2020: 20.2%). The composition of the cost base changed substantially in the year. Material savings were made in discretionary advertising and marketing owing to the pause in lending. This was combined with a reduction in other variable costs including communications, print, post and stationery, and bank charges through a combination of targeted efficiency initiatives and declining volumes aligned to the reducing customer base. Underlying savings were offset by increased staff and contractor costs primarily in the complaints' function as the team was scaled to meet the growing volumes of customer complaints. Year-on-year legal and professional fees have increased primarily due to advisory services received throughout the year on progress towards a successful Scheme of Arrangement.

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Advertising and marketing	**0.4**	14.5
Communication costs	**1.1**	2.6
Credit scoring costs	**1.7**	3.2
Employee costs	**21.1**	18.0
Legal and professional fees	**13.4**	7.0
Print, post and stationery	**0.8**	3.5
Bank charges	**1.2**	2.0
Other	**4.8**	8.6
	44.5	59.4

With a customer base 38.7% lower at March 2021 than a year ago the Board took the difficult but necessary decision to restructure the staff cost base through two formal redundancy programmes. Redundancies were focused across operations, including the collections' and complaints' functions as well as IT and engineering. In total the redundancies including general attrition reduced headcount down from c.401 as at 31 March 2021 to c.220 in August 2021. A restructuring provision of £1.0m is included in the financial results in respect of the redundancies.

Tax

The effective tax rate of the business for the year is negative 1.9% (2020: (28.2)%), lower than the prevailing UK corporation tax rate of 19.0%. The Group previously recognised a deferred tax asset in respect of the transition from IAS 39 to IFRS 9 relating to tax deductions available against future taxable profits for a period of ten years from transition. The Group's current loss-making position and the current uncertainty over the Group's future profitability mean that it is no longer considered probable that future taxable profits will be available against which to recognise deferred tax assets. Consequently, no tax assets have been recognised in respect of losses in the current year and a tax charge has been recognised in the year primarily relating to the write-off of the existing deferred tax asset. £7.8m of tax assets were written off in the year, offset by release of tax provisions totalling £2.5m.

Amigo received tax refunds totalling £23.6m from HMRC during the year increasing the cash position and reducing net borrowings respectively. £7.1m of the refund relates to loss relief for losses carried back, and the remainder relates to repayment of prior payments on account.

Loss after tax/loss per share

Loss before tax was £283.6m for the year (2020: £37.9m) with loss after tax of £289.1m (2020: £27.2m) driven primarily by the increase in complaints expense year-on-year (£318.8m versus £126.8m in the prior year). Additional drivers include the reduction in revenue to £170.8m versus £294.2m in the prior year, partially offset by a lower impairment charge of £60.7m versus £113.2m in the prior year. Adjusting for non-recurring items defined in note 8 of the notes to the summary financial table, adjusted loss after tax was £279.8m (2020: £26.9m).

Our adjusted basic loss/earnings per share for the year was a loss of 58.9p, down 933.3% year-on-year, whilst basic loss/earnings per share decreased 966.7% year-on-year to a loss per share of 60.8p.

Funding and liquidity

Funding facilities as at year end (£m)	31 Mar 21	31 Mar 20
RCF (2024)	—	109.5
Senior secured notes (2024)	**234.1**	234.1
Securitisation	**250.0**	300.0
	484.1	643.6

At the start of the year Amigo had three funding facilities: firstly, senior secured notes of £234.1m with a 7.625% coupon and a maturity date of January 2024; secondly, a £300.0m revolving securitisation facility; and finally, a £109.5m super senior revolving credit facility.

In response to the significant uncertainty surrounding the Covid-19 pandemic, a pause period was negotiated in respect of the securitisation facility in April 2020. This pause period included a waiver from asset performance triggers and placed restrictions on the Group's ability to draw further funds. It was subsequently extended in August 2020, at which point the committed facility was reduced to £250m with all collections arising from customer loans held within the securitisation facility restricted and used to reduce the outstanding balance. On 27 November 2020, an extension to the previously agreed waiver period was confirmed to 25 June 2021. On 25 June 2021, the waiver period was further extended from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity, the size of the securitisation facility has been reduced from £250.0m to £100.0m, effective 25 June 2021.

On 27 May 2020 Amigo announced the cancellation of its super senior revolving credit facility (RCF) which remained unutilised and saved an estimated £2.2m in annualised non-utilisation fees. In total the Group's committed funding facilities reduced from £643.6m to £484.1m in the year. As the securitisation facility remains in a pause period with no ability to draw additional funding, the Group had no undrawn available funding facilities at 31 March 2021.

The Group's average cost of funds, calculated as interest payable as a percentage of average gross loan book, has increased to 4.3% compared to 4.0% at the same time last year due to the reducing gross loan book partially offset by a reduction in finance costs.

Net borrowings (£m)	31 Mar 21	31 Mar 20
Senior secured notes[1]	**(232.1)**	(231.3)
Securitisation	**(64.4)**	(230.0)
RCF	**—**	0.7
Cash and cash equivalents	**177.9**	64.3
Net borrowings	**(118.6)**	(396.3)

1 Figures presented above are net of unamortised fees.

Net borrowings declined by 70.1% in the year driven by resilient customer collections of £402.5m (2020: £594.0m) offset by originations of just £0.4m (2020: £347.4m). Consequently, cash and cash equivalents at the year-end increased to £177.9m (2020: £64.3m) despite the repayment of £167.2m of the securitisation facility.

The substantial reduction in net borrowings as a result of the repayment of the securitisation facility and year-end unrestricted cash balance of £177.9m was counteracted by the increase in the complaints provision, which resulted in the Group recording a net liability position at year end of £121.4m. This has led to a net borrowings/equity at 31 March 2021 of (1.0)x (2020: 2.4x).

Summary

After a challenging year for Amigo and its stakeholders, the Board continues to pursue an alternative Scheme of Arrangement. Based on the expected volumes of complaints from current and past customers, and in the absence of an approved Scheme of Arrangement to deal with the complaints, the value of Amigo's assets is less than the amount of its liabilities, resulting in an insolvent balance sheet.

The Board believes that a Scheme offers the most equitable outcome for customers, the FOS and all our stakeholders. Whilst the total level of future redress remains uncertain, a successful Scheme would provide more certainty over the total liability and ensure all our customers with an upheld complaint receive redress.

Summary continued

The continued pursuit of a Scheme remains the Board's primary goal for resolving customer complaints and it provides a realistic alternative to insolvency and cessation of trade. Hence the financial statements have been prepared on a going concern basis.

Although a Scheme would provide more certainty over the redress liability throughout the course of the next financial year, there is no certainty that any new proposal will be sanctioned and there remains a material uncertainty in respect of going concern. As the UK population returns to normality in the aftermath of the Covid-19 pandemic, the true economic toll remains unknown. Government support including furlough remains in place until September 2021. The potential for increased unemployment throughout the next year, coupled with the uncertainty surrounding the level of customer balances write downs in respect of redress claims, poses a risk to the collectability of the loan book.

Furthermore, the Amigo 2.0 proposition has not yet launched or received regulatory approval, and the FCA's investigation into Amigo's creditworthiness assessment process and the governance and oversight of this process covering the period from 1 November 2018 to date remains open with the outcome remaining unquantifiable and unpredictable.

Notwithstanding the challenges that remain, substantial progress has been made since the new Board was formed in the second half of the year. Should the FCA investigations conclude positively and a Scheme be sanctioned by the Court, this will provide closure on historical lending issues and we have an exciting new customer proposition waiting in the wings. Though the pandemic has posed a myriad of challenges across society it has also created opportunities. The need for financial inclusion is greater than ever and the dearth of mid-cost lenders in Amigo's core customer market presents a significant opportunity for the launch of the Amigo 2.0 proposition. It is on this basis that we look to the future with the cautious optimism that Amigo can soon return to its core purpose of providing financial inclusion, and delivering on its future strategy, with the emphasis firmly placed on putting the customer first.

Mike Corcoran
Chief Financial Officer
24 August 2021

Notwithstanding the challenges that remain, substantial progress has been made since the new Board was formed in the second half of the year.

Case study

We act with integrity

I started my journey at Amigo as a Collections Account Manager in 2016. I actually found the role a real challenge and struggled to excel for the first year I was here. It was around this time when I took the opportunity to move into a different role, which is where I really found my feet. After two and a half years of hard work, I was encouraged to become a Customer Experience Coach, which gave me the platform to pass on my learnings to less experienced co-workers and help to push the business and our customer proposition forward. Within four months of starting this new role, I was given a small number of agents to manage in the Collections department, which very quickly grew to a full-size team. Since then, I've focused more of my time on improving Amigo practices and helping to continue to improve our customer journey.

I have learned a huge amount during my time at Amigo, both about the finance industry and myself as a person. I have had a number of different jobs in my lifetime, but none that have given me the confidence, opportunities and motivation to succeed than here at Amigo Loans. Reflecting on what I have achieved and overcome in my five years of being here, and on the positive impact that Amigo 2.0 will have on our customers, I am filled with genuine excitement about what the coming years with the Company will bring!

Alex Courtier
Collections Team Leader

A Group-wide risk management framework

Paul Dyer
Chief Risk Officer

Overview

Amigo's business performance is subject to a number of risks and uncertainties that could materially impact its success. Amigo puts significant effort into continually improving the way that we monitor and act on risks to ensure control, enhance performance and deliver better customer outcomes. We recognise that opportunities and risks go hand in hand and so put time into understanding which ones are the right ones to take or avoid at any given time. This section takes a closer look at the risks that we face on an ongoing basis.

This has been a difficult year for Amigo, with its risk profile increasing as a result of internal and external drivers. Whilst controls continue to operate as intended, the survival of our business is dependent upon the the approval of a Scheme of Arrangement by the UK Courts, the restart of lending and the resolution of the outstanding FCA enforcement action.

There are three key aspects to our decision making:

Business line management

This is our first line of defence and is where day-to-day decisions are made. Decision makers are trained in risk taking to understand where we are willing to accept risk in the pursuit of objectives and those areas where we actively seek to avoid it. An example of this is financial crime, where we do everything that we can to prevent the acceptance of business that has a criminal element. The business has worked together to articulate a "risk appetite" against each risk, which guides behaviours through supporting policies, standards and controls. Each manager assesses their risks on an ongoing basis according to our corporate risk appetite.

Risk management

This is our second line of defence and overseen by Amigo's Chief Risk Officer (CRO). The CRO has a dedicated team of staff who provide objective monitoring and challenge to the first line decision makers, ensuring that risks are correctly identified, assessed and managed. This area oversees the framework within which business line management operates. The CRO oversees risk reporting across the organisation, through the use of a centralised taxonomy, assessment methodology and prescribed responsibilities. Reporting takes into account risk type, movement, control performance and appetite. A risk transformation plan has been developed and is in implementation to further improve the firm's approach to risk management.

Internal audit

Amigo uses a trusted third party to undertake ongoing independent assurance on key risks and controls. This is our third line of defence in ensuring that we manage risks in an appropriate manner. Internal audit provides independent assurance that the first and second lines are doing what they should, that the controls are designed effectively and that the relationship between them is functioning well. All audit reviews are shared with the first and second lines of defence, as well as the Audit Committee.

Principal risks

Our principal risks

Management, the Risk Committee and the Board regularly review our risk profile and the Board has carried out a robust assessment of the emerging and principal risks facing the Group. Amigo categorises risks using a firm-wide taxonomy that has six categories (as expanded upon within this section), as well as keeping a focus upon new emerging risks that may crystallise in the future.

Our assessment of this period shows that overall our risk exposure has increased over the past year due to both a number of external factors (e.g. economic conditions and the pandemic) as well as Amigo's individual business situation (regulatory intervention, financial resilience, the escalating level of complaints and the decision to stop lending). All principal risks and uncertainties are summarised in this section.

Principal risks and uncertainties	Risk movement	Key drivers
Credit risk	↑	Macroeconomic/Covid-19
Conduct risk	↑	Increased customer vulnerability and forbearance, and an increasing level of complaints
Regulatory and political risk	↑	FCA investigation, increasing regulatory scrutiny and Scheme of Arrangement
Operational risk	↑	Reduction in workforce, new ways of working, significant operational change and business uncertainty
Strategic and competitive risk	↑	Economic uncertainty, growing CMC activity, regulatory change and Covid-19
Treasury risk	↑	Cancellation of RCF and pause in securitisation facility, enhanced forbearance measures and post-pandemic recovery

Covid-19 and risk

Covid-19 and evolving socio-economic conditions have presented a challenge across every risk type, from the number of customers needing forbearance, to our ability to operate safely from our offices in Bournemouth. We have maintained business continuity thanks to our dynamic culture and flexible technical architecture, quickly implementing a sustained remote working approach. We have taken care of customers, maintaining critical services and offering special relief measures. Given the economic disruption and uncertainty around the path to recovery, credit risk has been elevated. More detail on our response to Covid-19 can be found on pages 4 to 5, and the impact on specific risk types is discussed further below.

Overall statement of risk appetite

Amigo recognises that taking risk is necessary, but we seek at all times to ensure that the risk we take is well informed and deliberate and that controls are in place to mitigate its impact. We apply this principle to ourselves and support our customers in doing the same. The exceptional events within this year have challenged our risk appetite as expressed and necessitated enhanced review and mitigation to bring exposures back in line with perceived tolerances.

Operational resilience

Amigo's operational resilience is defined as "the ability to prevent, adapt and respond to, recover and learn from operational disruption". Amigo constantly monitors and reports upon its resilience to the Executive Committee and Board. Any areas of volatility that have the potential to trigger or challenge our resilience are identified and assessed at the earliest opportunity. The events of the past year, including the move to remote working, reduction in workforce, management attrition, escalating complaint levels, evolving technological threats and change management, have all had the potential to undermine the resilience of Amigo's operations. In response, the organisation has put in place a number of new controls and governance measures to ensure that critical services remain unaffected.

Principal risks continued

Principal risks and uncertainties

Credit risk

Risk movement: Increase

The risk that a counterparty fails to meet their debt obligations in full and on time. It includes the calculated risks that Amigo assumes by lending money to a customer and not receiving the owed principal and interest. This includes:

- **Credit acquisition risk:** this risk is inherent to loan origination and is tied to the credit analysis, where the Group verifies the customer's capacity, character, cash flow, collateral (when applies) and conditions to repay the requested loan. A failure in acquisition might result in very high delinquency levels, complaints, regulator fines, etc.
- **Credit operation risk (collections/fraud):** this risk is related to the actions taken after the customer fails to make one or more payments. Our ability and capacity to react to loan delinquency are primarily controlled through customer contact. A failure on collections/fraud actions leads to unexpected credit losses affecting the Company's profitability.
- **Concentration risk:** credit concentrations are viewed as any exposure where the potential losses are large relative to the Company's capital, its total assets or, where adequate measures exist, the Company's overall risk level. Relatively large losses may reflect not only large exposures, but also the potential for unusually high percentage losses when in potential default.

Risk appetite	Mitigation	Notable change in the past year
Amigo is a mid-cost lender and we take into account customer credit risks within our loan pricing. Core lending, the bulk of our business, is to customer segments we understand well. Amigo does not have an appetite for material wholesale credit risk or other credit risk outside its lending business.	The guarantor nature of our product significantly mitigates the credit risk of our lending, and our Decision Science (Analytics) team uses available data to identify lending that is within our risk appetite. Amigo stopped new lending to customers during this financial year ended March 2021. Our Collections team works with customers who fall behind on payments to assist them in coming back up to date on their obligations.	The macroeconomic environment during this period has been unprecedented, primarily due to the impact of Covid-19. The low interest rates, reduced business productivity and closures, employee furloughing and redundancy during the period have had the effect of increasing demand for credit whilst tightening lending policies across the financial services sector. This has had a significant impact upon the number of customers requiring forbearance measures and has affected our credit risk profile. Amigo has offered a number of relief measures to customers suffering this financial distress, both at the Group's initiative and following regulatory guidance. As customers reach the end of payment holidays, we work with them to identify the appropriate next steps given their personal context. Despite some increase in arrears from customers exiting payment holidays, regular cash collections during the period have been at 82% of pre-Covid-19 projections. Amigo paused new lending, except to key workers in exceptional circumstances, on 24 March 2020, substantially reducing lending and credit risk for the period. All lending was stopped in November 2021.

Principal risks and uncertainties

Conduct risk

Risk movement: Increase

Conduct risks can arise at each stage of the customer journey within the Amigo proposition, from product design through to sales and post-sales servicing. Inappropriate lending practices and decisions may potentially result in unaffordable debt for Amigo customers and poor conduct post-sale, and could potentially lead to vulnerable customers and/or those experiencing financial difficulty not being identified and treated fairly. This includes the risks of unaffordable lending decisions, a lack of clear customer expectations and exacerbating persistent debt.

Risk appetite	Mitigation	Notable change in the past year
Amigo recognises that the vulnerability of its target market poses higher than average conduct risks. Amigo has a low appetite for 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 lending decisions and post-sale activities.	Amigo believes that the most effective mitigation of customer and conduct risk is based in corporate culture. To that end, we seek to instil a customer-oriented mindset in all employees. Performance metrics and remuneration at all levels are designed with good customer outcomes in mind. Any customer complaints or other evidence of adverse customer outcomes are thoroughly investigated to understand the root cause, and changes are made to business practices when appropriate. Measures are in place to identify and work carefully with vulnerable customers.	Covid-19 has prompted conduct risk as customers have had their finances disrupted and the regulator has deployed many changes at short notice in response. Amigo has mitigated this risk by following regulatory guidance, offering payment holidays where needed and seeking to better understand customer circumstances and needs. Amigo has faced a significant volume of complaints and FOS referrals during this last year, driven by dissatisfaction with historical lending decisions. This has challenged and inhibited both operational and financial resilience in the period. Whilst all complaints have been individually assessed, the firm took the difficult but necessary decision towards the end of this period to propose a Scheme of Arrangement to customers. We believe that this is the best way to ensure that customers receive fair and equitable redress in the circumstances. Amigo has put significant effort into developing its conduct risk management approach in line with evolving regulation and industry best practice, including improvements to the articulation of customer outcomes, identification of conduct risks and understanding the underlying drivers. Staff training, quality assurance and ongoing monitoring and assurance support continuous improvement in this regard.

Principal risks continued

Principal risks and uncertainties

Regulatory and political risk

Risk movement: Increase

The risk that the regulatory or political environment will change in a way adverse to our business. This may be explicit changes in regulation or legislation or changes in interpretation. At a minimum, the impact would be the operational burden of adapting to changing regulation. But where we fail (or have failed) to adapt to changes, the impact can extend to regulatory action, potentially including investigation, fines or even loss of authorisation to operate. It includes regulation or legislation specific to our product, applying to financial services more generally, or not specific to our business at all.

Risk appetite	Mitigation	Notable change in the past year
Amigo is in a sector (financial services) and a sub-sector (alternative finance) that are inherently subject to significant regulatory and political risk, but we take all reasonable steps to reduce that risk as it applies to us. Amigo is averse to taking any risks in relation to compliance with regulatory or legislative requirements. We aim to act clearly and effectively to maintain high standards of professional conduct and behaviour in all stakeholder interactions. Amigo seeks to understand political risks, with a view to ensuring that decision making is in line with perceived future direction.	Amigo proactively engages with regulators and politicians to ensure they understand our business model and the value of the service we provide to our customers. Amigo seeks to engage and consult on all relevant regulatory and political developments in representing the needs and views of our stakeholders for the greater good. We scan the horizon for potential changes that may affect our business in order to prepare for them before they are implemented.	There has been a lot of regulatory activity during the period ended 31 March 2021, including an FCA investigation into whether Amigo's creditworthiness assessment process was compliant with regulatory requirements. The investigation scope was subsequently amended in March 2021 to include aspects of complaint handling through this last year. Amigo continues to support the speedy resolution of this intervention. Amigo has entered into two Voluntary Requirements (VReqs) with the FCA during this period: • The first relates to customer complaints. On 27 May 2020, Amigo announced it had agreed to work through a backlog of complaints principally arising in 2020. Subsequently, on 3 July 2020, we announced that an amended version of the VReq, covering a higher volume of complaints, had been agreed. Under the terms of the amended VReq Amigo agreed to reach a position by 30 October 2020 where all complaints are dealt with appropriately within eight weeks. At 30 October 2020, Amigo had reviewed and reached a decision on all of the complaints included within the VReq but had not issued the final responses to customers on 2,517 of those complaints, primarily for reasons beyond Amigo's control. • The second VReq relates to the transfer of assets and was announced on 19 October 2020. This Asset VReq means that prior approval by the FCA will be required to permit the transfer of assets outside of the Group in certain circumstances, including discretionary cash payments to the Directors of the Company and dividends to shareholders. The Asset VReq does not impact the day-to-day running of Amigo or its ability to continue to pay down debt. The FCA opposed Amigo's proposed Scheme of Arrangement at the sanction hearing. As a result of regulatory concerns relating to the investigation, Scheme and Vreq, Amigo maintains close and continuous contact with the FCA. This includes responding to developing standards (including Covid-19 related forbearance), supporting the regulatory investigation and informing the future direction of regulation through feedback and challenge. Amigo has provided feedback to a number of regulatory consultations, including the Woolard Review at the start of 2021. Amigo is currently working on its response to the FCA's proposed introduction of a new "Consumer Duty" for firms, intended to set higher expectations for standards of care. Amigo maintains many other positive stakeholder relationships, including among others with the Financial Ombudsman Service, government bodies and trade associations, as well as debt charities and consumer bodies. Whilst geopolitical risk was heightened in response to Covid-19, the UK domestic political environment remains stable. Amigo continues to monitor the political environment.

Principal risks and uncertainties

Operational risk

Risk movement: Increase

The risk of a loss or negative impact due to inadequate or failed internal policies, processes or systems or from external events. Major examples include data security and cyber risk, system availability, legal risk and failures of process execution. Other examples can include the risk of financial reporting errors, key supplier failure, internal fraud, external fraud, Amigo's product being used for money laundering, or an error in the business' decisioning models.

Risk appetite	Mitigation	Notable change in the past year
Amigo takes a proportionate approach to operational risks, balancing the need to provide consistent and reliable operational performance with the need to remain adaptive to customers' needs, refining our operations in a continually changing environment. Amigo has a low appetite for 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 lending decisions and post-sale activities.	IT infrastructure and systems are designed with security, redundancy and spare capacity and are regularly tested. Disaster recovery and incident response plans are in place. The Change Management team provides second line review over all changes in processes or systems. First and second line functions monitor process execution and feed back to process owners to continually drive improvement.	While Amigo has adapted well to the challenges of Covid-19 and remote working, the operational risk environment remains elevated, with reduced in-person interaction and greater reliance on individuals' home internet service through the period. The continuing rapid pace of change in the business, driven both by Covid-19 and business model challenges, also heightens the risk environment, though the business has a long history of rapid adaptation. Operational resilience has remained stable despite the significant increase in complaint handling demands through this period. Cyber security and IT resilience threats are constantly evolving and remain under close scrutiny and continuous control improvement, resulting in a stable risk position in this aspect.

Amigo's operational risk includes the risk that it does not have the human capacity and capability to deliver on its strategy. This may leave the Company unable to properly service its customers, leading to customer harm and loss of profitability. It may also result in the Company being less able to perform key functions.

Risk appetite	Mitigation	Notable change in the past year
Amigo aims to have the quantity and quality of people necessary to meet its objectives at all times and to maintain its performance in case of unexpected loss of key personnel.	Amigo maintains a suite of policies, procedures and controls to mitigate recognised people risks in line with best practice and regulation. These apply from recruitment and screening, through on-boarding and ongoing training and competence, to succession planning and staff exit.	Continuing changes at Executive Committee and Board level through the first half of the year have kept risk in this area a key focus for the Board. Despite this, Amigo has continued to improve the breadth and depth of its senior management, adding "bench strength" and improving succession planning, including the appointment of a new Executive Committee and Board. Overall staffing levels remain lower at year end as a result of efficiency improvement and the pause on complaint handling brought about by the proposed Scheme of Arrangement.

Principal risks continued

Principal risks and uncertainties

Strategic and competitive risk

Risk movement: Increase

The risk that Amigo fails to achieve its objectives, either due to actively poor decisions or a failure to adapt to changes in the competitive environment, leading to reduced revenue, increased expenses or lost opportunities. This includes the risk of new competitors and the risks in entering a new geography.

Risk appetite	Mitigation	Notable change in the past year
Amigo maintains a simple strategy, focusing on maintaining its strong brand and leading execution in the guarantor loans space while exploring adjacent niches that can be developed using its specialised capabilities if they prove promising.	Amigo keeps its strategic focus on the alignment of its loan product(s) and customer needs. We closely monitor market, customer and sector developments to ensure Amigo's products and services remain good value for money.	The wider market continues to evolve, with some competitors having left the space and brokers finding their business models disrupted. Socio-economic conditions continue to generate significant demand for responsible consumer credit solutions.

Treasury risk

Risk movement: Increase

The risk arising from the core actions of the Treasury function. A failure to properly manage liquidity could lead to the Company requiring more expensive funding, reducing profitability, or even being unable to meet its obligations as they fall due.

Risk appetite	Mitigation	Notable change in the past year
Amigo maintains a cautious approach to treasury, avoiding risk wherever possible. The fundamental purpose of our treasury activity is to support business growth, rather than generate proprietary profit.	We seek to maintain adequate liquidity to fund operations. Our current strategy creates no material interest rate risk or market risk but, if that changes, it will be hedged.	Amigo confirms it has reached agreement for a further extension of the securitisation facility performance trigger waiver period from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity at Amigo, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. All cash generation arising from customer loans held within the facility is restricted and will continue to be used during the extended waiver period extension to further reduce the outstanding balance of the facility. As of the date of this extension, the facility was drawn at £27m. There is a risk that this facility is not renewed in the future. On 27 May 2020, Amigo announced the cancellation of its super senior revolving credit facility. As the securitisation facility remains in a pause period with no ability to draw additional funding, the Group had no undrawn available funding facilities at 31 March 2021. The decision to stop lending has left the business highly cash generative, but this is significantly offset by Covid-19 and the requirement for extensive Covid-19 forbearance measures and compounded by the requirement to pay cash redress on complaints, necessitating a Scheme of Arrangement. The pause in lending has allowed Amigo to conserve cash on balance, and the liquidity position is robust under baseline forecasts assuming a new Scheme progresses. Amigo has no material foreign exchange exposure.

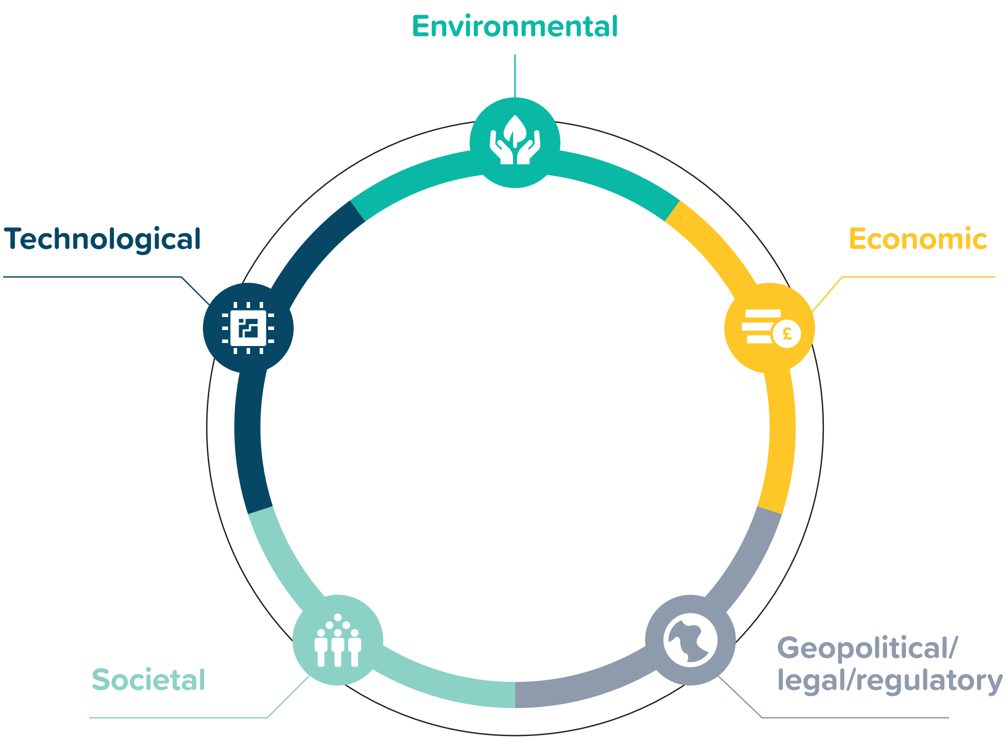
Emerging risks

At Amigo, we constantly monitor our internal and external operating environment to identify new evolving risks. Emerging risks are trends, innovations and potential developments that have the potential to inhibit the delivery of our strategy and where our knowledge is weak. By focusing on the trends that are slowly emerging, Amigo intends to identify potential shifts in critical assumptions and develop or modify actions to either minimise the negative effects or capitalise on any related opportunities.

Emerging risks have characteristics that differentiate them from "business as usual" risks; for example, they may be ambiguous, complex, uncertain, volatile and/or uncontrollable. We categorise these risks in three ways:

1. A new risk in a known context: Risks that emerge in the external environment and impact the organisation's existing activities.
2. A known risk in a new context: Risks that we recognise but which emerge as we venture into new activities or embark on change.
3. A new risk in a new context: Risks not previously considered because the risk and context are entirely new to the organisation.

Emerging risk categories



Emerging risks continued

Technological

Emerging trend	Description
Cyber threats	Evolving potential for shutdown of essential services and critical infrastructure, cyber extortion and ransomware, as well as identity theft
Future of data regulation	Potential for evolving regulatory standards that inhibit business operations and customer freedoms.
Customers' mistrust of Open Banking	Potential for Amigo's business services to be inhibited by customer attitude towards Open Banking.
Fintech consolidation	Public pressure to address income inequality may be met by use of alternative data sources for evaluating creditworthiness and otherwise assessing eligibility.

Environmental

Emerging trend	Description
Pandemics	Potential for further pandemics, a shifting range of pathogens and anti-microbial resistance.
Climate change	Potential for risks stemming from an increased exposure to and changing patterns of extreme weather events such as floods, storms and rising sea levels to impact customers and supply chains. This includes issuance of more specific requirements to analyse and disclose the climate impacts of lending activities
Pollution	Potential for Amigo to inadvertently create environmental damage through its business model and behaviours.

Economic

Emerging trend	Description
Rising inflation risk	Potential for increasing inflation post-pandemic.
Economic recovery post-pandemic	Potential for unanticipated impacts to customers and staff as a result of extended pandemic recovery including tightening of credit options.
The illegal lending economy	Potential for borrowers to turn to unregulated alternatives as traditional sources of credit withdrawal from the market.

Political/regulatory/geopolitical

Emerging trend	Description
Duty of care	Potential for regulatory change and unanticipated consequences.
New political landscape	Potential for political shake-up post-Brexit and Covid-19.
Outcome of the Brydon Review	Potential for significant changes to corporate governance.
Economic recovery post-pandemic	Potential for unanticipated impacts to customers and staff as a result of extended pandemic recovery.
Government response to growing financial exclusion post-Covid-19	Potential for unanticipated regulatory response post-Covid-19.

Societal

Emerging trend	Description
Growing customer indebtedness and wealth gap	Potential for financially vulnerable to become further indebted.
Growing levels of economic abuse	Potential for increasing and undetected prevalence of economic abuse within households.
Changing consumer behaviours	Potential for consumer behaviour to change in unanticipated fashion, e.g. mass migration out of cities.

Going concern and viability statement

Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed 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 these financial statements. The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Following the ruling on 25 May 2021 in which the High Court did not approve the proposed Scheme of Arrangement despite the positive creditors vote, the Board continues to consider all options for the Group. The Board believes that under all reasonably possible scenarios, without an appropriate Scheme of Arrangement to deal with the complaints, the expected volumes of complaints from current and past customers would exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024. Accounting standards require an entity to prepare financial statements on a going concern basis unless the Board either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. At the date of approval of these financial statements, the Board continues to consider a number of options which represent realistic alternatives to liquidation or the cessation of trade. In doing so it has undertaken a rigorous assessment of financial projections, considering the Group's funding position and the scenarios explained below:

- a Scheme scenario in which it is assumed that an alternative Scheme is subsequently approved by the High Court;
- a severe but plausible downside Scheme scenario in which it is assumed an alternative Scheme is subsequently approved by the High Court, but other assumptions are stressed;
- a managed wind down of Amigo Loans Ltd in a Scheme, whereby cash redress is made available to creditors from the residual collections of the existing loan book following repayment of the senior secured notes; and
- a no Scheme scenario, in which an alternative Scheme is not approved by the High Court. As noted above, in such a scenario, the Directors believe the expected volumes of complaints from current and past customers would exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current secured borrowings as they fall due in January 2024.

Funding

The going concern assessment considers the Group's projected liquidity position from existing committed financing facilities throughout the forecast period. The Group is funded through senior secured notes and a securitisation facility. The Group had an unrestricted cash balance of £177.9m as at 31 March 2021, and current cash is around £205m. The Group also has the following committed sources of funding:

- a £250m securitisation facility, of which £64.4m is drawn as at 31 March 2021. On 25 June 2021, the Group announced it had agreed with its securitisation lenders a further extension of the waiver period end date from 25 June 2021 to 24 September 2021 and a further reduction in the facility size to £100m. The terms of the waiver amendment remove the obligation of the lender to make any further advances to the Group and require collections from securitised assets to be used to repay any outstanding facility balances; and
- senior secured notes of £234.1m which are repayable in January 2024. The notes have no financial maintenance covenants.

Scheme scenario

The Scheme projections prepared for the going concern assessment are derived from the Group's 2021/22 budget as approved by the Board in March 2021 with certain assumptions refined to reflect more recent information. The Scheme scenario assumes that:

- an alternative Scheme of arrangement is approved by the High Court. This would limit the cash redress liability in respect of upheld customer complaints within a Scheme;
- complaints volumes and uphold rates within a Scheme are consistent with the assumptions that underpin the complaints provision reported in the financial statements for the financial year ended 31 March 2021 (see note 2.3.1 of the financial statements);
- write downs of customer balances in respect of upheld customer complaints are also consistent with the redress assumptions in the complaints provision (see note 2.3.1 of the financial statements);
- the FCA grants approval for the Group to recommence lending and lending recommences within the period, albeit at significantly reduced levels compared with pre-Covid-19 originations;
- the securitisation facility enters early amortisation on the assumption that the Group is unable to restructure the facility to the satisfaction of the lender at the end of the waiver period, being 24 September 2021;
- credit losses, and therefore customer collections, remain within moderately stressed levels; and
- no dividend payments during the forecast period.

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Severe but plausible downside Scheme scenario

The Directors have prepared a severe but plausible downside Scheme scenario covering the same forecast period, being at least the next twelve months from the date of approval of these financial statements, which assumes an alternative Scheme of Arrangement is approved by the High Court and includes sensitivities that consider the potential impact of:

- a higher volume of future claims and an increased uphold rate in respect of all claims within a Scheme. Whilst this sensitivity does not increase the cash liability which is assumed to be capped in an alternative Scheme, the number of customers receiving balance write downs will increase, thus impairing the recoverability of the loan book, reducing future collections and stressing the Group's liquidity position; and
- increased credit losses as a result of a deterioration in the macroeconomy due to Covid-19 and the inability of an increased number of the Group's customers to continue to make payments.

Going concern and viability statement continued

Severe but plausible downside Scheme scenario continued

There are very few remaining actions under direct control of the Group that the Board can introduce to mitigate the impact on liquidity of the above sensitivities. Lending has already been paused for more than a year, no dividends have been paid during that period and none are included in any of the financial projections, and discretionary costs have already been limited, including a restructuring of the cost base executed shortly after 31 March 2021.

This severe but plausible downside Scheme scenario indicates that the Group's available liquidity headroom would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Managed wind down scenario

The Board's current view remains that a Scheme of Arrangement presents the best outcome for customers. A range of possible Scheme options is currently being considered by the newly established creditors' committee. One of the options under consideration is a Scheme accompanied by a managed wind down of Amigo Loans Ltd. The structure of a scheme in a managed wind down would be such that total cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down resulting in a delayed payment to redress creditors and greater variability in the total cash redress available.

In a managed wind down of Amigo Loans Ltd, the existing management of the Group would remain in control of decision-making functions. No third party would obtain control of any of the decision-making functions of the companies in the Group. Furthermore, the wind down of the business of Amigo Loans Ltd would not result in a change in the ownership structure within the Group.

The managed wind down projections are consistent with the Scheme scenario save for the following changes in key assumptions which reflect the expected structural and behavioural differences specific to a managed wind down:

- the structure of a Scheme in a wind down is such that the cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down;
- customer collections are stressed by 10% from the Scheme scenario on the assumption that customer apathy will increase in a publicised managed wind down; and
- lending recommences within the period, at the same levels as the Scheme scenario, however, owing to the wind down of Amigo Loans Ltd, new lending is launched from new legal entities within the Group.

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

No Scheme scenario

The Board recognises that an alternative Scheme of Arrangement such as that considered in the Scheme and managed wind down scenarios requires a second positive creditor vote and a High Court sanction. All outcomes remain uncertain and outside the direct control of the Group. In a scenario where this is not achieved and cash redress to customers is not capped by the terms of a Scheme the Board believes the expected volume of complaints from current and past customers would either exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024. This is reflected in the Group's Consolidated Statement of Financial Position, which includes a complaints provision based on the best estimate of the full settlement of all current and future complaints (see note 19 of the financial statements). In such circumstances the Board believes that there would be no realistic alternative other than to enter a formal insolvency process.

FCA investigation

Additionally, in June 2020, the Financial Conduct Authority (FCA) launched an investigation into the Group's creditworthiness assessment process, and the governance and oversight of this process. This investigation will cover the period from 1 November 2018 to date. Such investigations can take up to two years to finalise but could be concluded within the next twelve months. The potential impact of the investigation on the business is extremely difficult to predict and quantify, and hence the potential adverse impact of the investigation has been considered separately and not included in the scenarios laid out above. There are a number of potential outcomes which may result from the FCA investigation, including the imposition of a significant fine and/or the requirement to perform a mandatory back-book remediation exercise. The Directors consider that should they be required to perform a back-book remediation exercise it could reasonably be expected to exhaust, or at least signficiantly reduce, the Group's available liquid resources. Additionally, other lesser but still significant adverse outcomes could significantly reduce the Group's available liquidity headroom and thus the Group would need to source additional financing to maintain adequate liquidity and to continue to operate.

Conclusion

The Board continues to actively pursue options which represent realistic alternatives to liquidation or the cessation of trade, such as the alternative Scheme of Arrangement considered in the Scheme and managed wind down scenarios. The long term viability of the Group is reliant on the Group receiving permission from the FCA to recommence lending, either within Amigo Loans Ltd or other entities within the Group, and originations reaching a level that will sustain a loan book of sufficient size to allow the Group to meet its liabilities as they fall due, and is dependent on the Group's ability to raise further capital to support future lending. However, in each of the Scheme and managed wind down scenarios above the financial projections indicate that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months. Accordingly, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the Board also recognises that at the date of approval of these financial statements significant uncertainty remains. An alternative Scheme requires a second positive creditor vote and a High Court sanction which is outside the control of the Group. Additionally, both the final outcome of the FCA investigation and FCA approval of new lending remain highly uncertain. These matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Long-term viability

In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to March 2024. The Directors' assessment has been made with reference to the Group's current position and strategy, as laid out in the Strategic Report (see pages 1 to 55), and the Group's principal risks and uncertainties and how these are managed (see pages 30 to 38).

In making their assessment the Directors took account of the Group's current financial and operational positions and the challenges facing the business, including: the ruling on 25 May 2021 in which the High Court did not approve the proposed Scheme of Arrangement despite the positive creditors vote; the impact of the FCA investigation (see note 1.1 to the financial statementsfor further details); the elevated macroeconomic risk arising from the Covid-19 pandemic; and the availability of capital.

The Directors' assessment covers a period of three years to March 2024, which the Board believe is the most appropriate period for the assessment of long-term viability as it is aligned to the Group's three-year strategic planning scenario analysis. The financial projections are built on a bottom-up, granular basis and make specific assumptions in respect of future credit losses, customer complaints redress and capital structure.

As with the going concern assessment, the continued pursuit of a Scheme of Arrangement remains the Board's primary goal for resolving customer complaints. Without an approved Scheme the Board does not believe the Group is a viable long-term business. The longer three year timeframe of the viability assessment means that a successful Scheme must be achieved in combination with both a capital restructure/refinancing and the approval and launch of Amigo 2.0 with originations growing to a level that will sustain a loan book of a sufficient size to allow the Group to meet its liabilities as they fall due over the three year time horizon. Consequently, the Directors have considered the following financial scenarios:

- a Scheme scenario in which it is assumed that an alternative Scheme is subsequently approved by the High Court, a combination of currently uncommitted equity and debt funding is secured and a new lending proposition is authorised;
- a severe but plausible downside Scheme scenario in which it is assumed an alternative Scheme is subsequently approved by the High Court (but other assumptions are stressed), and a combination of currently uncommitted equity and debt funding is secured and a new lending proposition is authorised;
- a managed wind down of Amigo Loans Ltd in a Scheme, whereby cash redress is made available to creditors from the residual collections of the existing loan book following payment of the senior secured notes, a combination of currently uncommitted equity and debt funding is secured and a new lending proposition is authorised and launched in new legal entities; and
- a no Scheme scenario, in which an alternative Scheme is not approved by the High Court. As noted above, in such a scenario, the Directors believe the expected volume of complaints from current and past customers would either exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024.

Funding

The Group is funded through senior secured notes and a securitisation facility. The Group had an unrestricted cash balance of £177.9m as at 31 March 2021, and current cash is around £205m. The Group also has the following committed sources of funding:

- a £250m securitisation facility, of which £64.4m is drawn as at 31 March 2021. On 25 June 2021, the Group announced it had agreed with its securitisation lenders a further extension of the waiver period end date from 25 June 2021 to 24 September 2021 and a further reduction in the facility size to £100m. The terms of the waiver amendment remove the obligation of the lender to make any further advances to the Group and require collections from securitised assets to be used to repay any outstanding facility balances; and
- senior secured notes of £234.1m which are repayable in January 2024. The notes have no financial maintenance covenants.

Whilst the securitisation facility has performance trigger covenants, in both the Scheme and severe but plausible downside Scheme scenarios considered, the facility is assumed to enter early amortisation on the assumption that the Group is unable to restructure the facility to the satisfaction of the lender at the end of the current waiver period. Consequently, the Group has assessed viability from a liquidity and solvency perspective with no financial covenant compliance considerations.

Scheme scenario

The Scheme projections prepared for the viability assessment are derived from the Group's 2022-2024 business plan as approved by the Board in March 2021, with certain assumptions refined to reflect more recent information. This scenario assumes that:

- an alternative Scheme of Arrangement is approved by the High Court. This would limit the cash redress liability in respect of upheld customer complaints within a Scheme;
- complaints volumes and uphold rates within a Scheme are consistent with the assumptions that underpin the complaints provision reported in the financial statements for the financial year ended 31 March 2021 (see note 2.3);
- write downs of customer balances in respect of upheld customer complaints are also consistent with the redress assumptions in the complaints provision (see note 2.3);
- the FCA grants approval for the Group to recommence lending and lending recommences within the period and scales to a level which can support a gross loan book capable of generating sufficient cash to enable the Group to operate within its available facilities and settle its liabilities as they fall due;
- the securitisation facility enters early amortisation on the assumption that the Group is unable to restructure the facility to the satisfaction of the lender at the end of the waiver period, being 24 September 2021;
- a capital restructure is executed through a combination of new equity and debt financing to support the funding requirements of the future lending assumptions. None of the assumed facilities are committed at the date of approval of the financial statements;
- credit losses, and therefore customer collections, remain within moderately stressed levels; and
- no dividend payments during the forecast period.

This scenario indicates that the Group would be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024 only on the basis that currently uncommitted sources of debt and equity can be secured to support future lending.

Going concern and viability statement continued

Severe but plausible downside Scheme scenario

The severe but plausible downside Scheme scenario reflects the impact of applying stresses to the Scheme assumptions over which there are significant risks and uncertainties. In this scenario the following stressed assumptions have been applied:

- a higher volume of future claims and an increased uphold rate in respect of all claims within a Scheme. Whilst this sensitivity does not increase the cash liability which is assumed to be capped in an alternative Scheme, the number of customers receiving balance write downs will increase, thus impairing the recoverability of the loan book, reducing future collections and stressing the Group's liquidity position; and
- increased credit losses as a result of a deterioration in the macroeconomy due to Covid-19 and the inability of an increased number of the Group's customers to continue to make payments.

Under this scenario, due to the increased liquidity constraints from the combination of lower customer collections and increased complaints redress, the Group would be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024 only on the basis that currently uncommitted sources of debt and equity can be secured to support future lending.

Managed wind down scenario

The Board's current view remains that a Scheme of Arrangement presents the best outcome for customers. A range of possible Scheme options is currently being considered by the newly established creditors' committee. One of the options under consideration is a Scheme accompanied by a managed wind down of Amigo Loans Ltd. The structure of a Scheme in a managed wind down would be such that total cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down resulting in a delayed payment to redress creditors and greater variability in the total cash redress available.

In a managed wind down of Amigo Loans Ltd, the existing management of the Group would remain in control of decision-making functions. No third party would obtain control of any of the decision-making functions of the companies in the Group. Furthermore, the wind down of the business of Amigo Loans Ltd would not result in a change in the ownership structure within the Group.

The managed wind down projections are consistent with the Scheme scenario save for the following changes in key assumptions which reflect the expected structural and behavioural differences specific to a managed wind down:

- The structure of a Scheme in a wind down is such that the cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down;
- Customer collections are stressed by 10% from the Scheme scenario on the assumption that customer apathy will increase in a publicised managed wind down; and
- lending recommences within the period, at the same levels as the Scheme scenario, however, owing to the wind down of Amigo Loans Ltd, new lending is launched from new legal entities within the Group.

This scenario indicates that the Group would be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024 only on the basis that currently uncommitted sources of debt and equity can be secured to support future lending.

No Scheme scenario

The Board recognises that an alternative Scheme of Arrangement such as that considered in the with Scheme and managed wind down scenarios requires a second positive creditor vote and a High Court sanction. All outcomes remain uncertain and outside the direct control of the Group. In a scenario where this is not achieved and cash redress to customers is not capped by the terms of a Scheme the Board believes the expected volume of complaints from current and past customers would either exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024. This is reflected in the Group's Consolidated Statement of Financial Position, which includes a complaints provision based on the best estimate of the full settlement of all current and future complaints (see note 19). In this scenario, the Board does not believe the Group will be able to secure any new funding to support the launch of a new lending proposition. In such circumstances the Board believes that there would be no realistic alternative other than to enter a formal insolvency process, which, by definition, means that the Group would not have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due over the period to 31 March 2024.

Directors' assessment

Note 1.1 of the financial statements discloses that a material uncertainty exists that may cast significant doubt over the Group and Company's ability to continue as a going concern.

However, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024, subject to the assumptions that:

1. the FCA investigation does not result in a material financial penalty or the requirement to perform a mandatory back-book remediation exercise;
2. a Scheme of Arrangement is approved by the Court limiting the cash redress liability;
3. balance write downs in respect of customer complaint volumes in a Scheme remain within the expectations of the complaints provision;
4. the Group receives permission to recommence lending either within Amigo Loans Ltd or new legal entities withing the Group and originations reach a level that will sustain a loan book of a sufficient size to allow the Group to meet its liabilities as they fall due over the period to 31 March 2024; and
5. the Group is able to raise further capital via an equity raise, new debt facilities or a combination of the two to support future lending.

How we engage with our stakeholders

Amigo is committed to delivering the best opportunities for our people, achieving positive outcomes for our customers and to building strong relationships with our investors and our regulator. We also aim to make a positive impact on the wider environment in which we operate. We recognise that only by listening to and understanding the needs of each of our stakeholders can we make the right strategic decisions and build long-term, sustainable value.

Engaging with our stakeholders influences how we operate and the decisions we make. This has never been more relevant than in this past year as the Covid-19 pandemic impacted our people, customers, investors, regulator and community. Understanding the different needs of each has been vitally important as we acted quickly to support the wellbeing of our teams and provide assistance to our customers while increasing communication with our regulator and our investors to address the challenges we face.

Customers

Why it's important

By engaging with our customers and listening to what's important to them, we ensure our customers remain at the forefront for Amigo. The feedback we receive shapes our decision making, and helps us ensure that customer needs are being met and that the right support is in place throughout their journey with us. By focusing on achieving positive customer outcomes such as greater financial wellbeing and empowerment, we believe we will be able to retain our best customers whilst also attracting suitable new borrowers.

Read more on our customers on page 45.

How we do it

- We aim to make life easier for our customers by enabling them to get in touch through multiple channels such as email, SMS, post, social media and phone.
- Personalised online accounts are provided to each customer empowering them to self-serve without the need for agent intervention.
- We make customers aware that tailored support is available to them and that skilled agents are on hand to help when they need it most.
- Customers are kept in the loop with transparent account notifications by SMS, email and post depending on their communication preferences.
- We speak to every guarantor to help them fully understand the responsibilities of the role and that they can afford repayments if necessary, providing detailed information to enable them to make an informed decision.

Shareholders and investors

Why it's important

Both institutional and a significant number of private shareholders have invested in our business. We also have investors who hold our senior secured notes in the form of high yield bonds and lending banks with which we maintain strong relationships. As a listed company, we are required to provide clear, timely and transparent updates on our business to all investors simultaneously. As a bond issuer, we are committed to reporting financial results quarterly. The Board recognised the importance of engaging with all our investors and increased communication as it moved quickly to address the challenges faced this year. It is important that we engage with our investor community to enable informed investment decisions and to support our funding requirements.

Read more in our Section 172 Statement on pages 52 to 55 and in our Governance Report on pages 62 to 67.

How we do it

- We have regular dialogue with our investors and provide a dedicated investor email for enquiries.
- Investors with a notifiable holding are given access to senior management and Board members.
- Financial results are reported quarterly with presentations webcast to enable access to all.
- All investors are invited to our Annual General Meeting.
- We provide regular video updates from our CEO via our corporate website and produce an Annual Report on our business.

A responsible corporate approach continued

Employees

Why it's important	How we do it
The skill and commitment of our employees are key to our success, to delivering outstanding customer service and to creating sustainable value for the long term. We expect our teams to demonstrate the Amigo values and culture by always putting our customers first. It is important to engage talented and passionate employees, to develop their potential and to empower them as positive ambassadors for Amigo. **Read more on our people on page 46.**	• This year we have had to find new ways of bringing our teams together. We have used our intranet, the Hub, to host videos and helpful guides on working remotely and looking after our physical and mental wellbeing. We have used video conferencing extensively to keep everyone connected. • We have maintained the high level of training delivered through our Amigo Academy, conducting it remotely. New starters have been given in-depth training via a seven-week course with the Amigo Academy. Throughout careers with us, we offer further learning and development opportunities. • We have maintained our focus on the health and wellbeing of our teams with regular online exercise classes, trained mental health first aiders and an Employee Assistance Programme for extra support. • Our CEO holds regular all-employee meetings and publishes a fortnightly blog. Each month an employee who has gone above and beyond in their role, demonstrating our values, is awarded "Amigo of the Month". • Employee feedback is gathered twice a year via unattributed perception studies.

Communities

Why it's important	How we do it
By playing an active role in our local community, our employees can assume responsibility for where they live and work, applying the same focus on our value of ownership and being part of solutions as they do when they are in the office. The charities we support have a particular focus on the vulnerable in our society. They are causes that matter to us as a company, impact the community in which we operate, and have relevance for our customers and significance within the finance industry. We are mindful too of minimising the impact we have as a business on our environment and seek to act in as sustainable and environmentally friendly a way as possible. **Read more on our community on page 49.**	• Covid-19 has impacted how we have been able to help our charities, reducing the amount our employees have been able to take part in the Amigo volunteering scheme where they are paid to volunteer. However, our employees have continued to volunteer and help where they can. • We have partnerships with four charities which support the vulnerable in our society. • Our fundraising this year has been focused on employee-led events with business matching. • Through fundraising and business donations, we have raised £41.1k for our chosen charities. • Although the closure of our offices for part of the year has reduced our overall environmental impact, we have been unable to progress or launch new AmiGo Green initiatives this year.

Our regulator

Why it's important	How we do it
We engage regularly with our regulator to ensure that we comply with an evolving regulatory landscape and to promote a thorough understanding of our product and our purpose. Aligned with our focus on achieving positive customer outcomes, we aim to work collaboratively with our regulator to ensure we can continue to provide fair and responsible finance to the growing population who are unable to access credit through mainstream sources. **Read more in our Section 172 Statement on pages 52 to 55.**	• Our CEO and Chief Risk Officer, as well as other members of our Board and senior management team, maintain an ongoing dialogue with the Financial Conduct Authority (FCA), the Financial Ombudsman Service (FOS) and Members of Parliament and government figures. • We participate in public consultations, such as the FCA's Woolard Review 2020, the 2021 Treasury Select Committee's Inquiry into the Future of Financial Services and HM Treasury's Financial Services Future Regulatory Framework Review.

Our customers

Our customer experience is important to us, and we take our responsibility to deliver positive customer outcomes very seriously. Historical lending practices have resulted in a large volume of complaints being received from our customers. We have learnt from this and have made significant changes to our processes and customer conduct to ensure that we always put our customers first.

Responsible lending

Our proposed new products are designed to offer a mid-cost alternative for the growing number of people who are unable to access credit through mainstream channels.

We have made changes to our affordability processes in line with FCA guidance and FOS decisions. We will assess the income and expenditure of all applicants, both borrowers and guarantors, and have incorporated Open Banking technology into the process for all applications to ensure that, when we return to lending, we only lend to customers who can comfortably afford to repay the loan. We are committed to the fair treatment of customers, to achieving positive outcomes and to empowering our customers by giving them the financial mobility they need to achieve their goals.

Enabling financial freedom

Our loan product aims to meet a need in society, to provide financial inclusion to those who have been locked out by the high street banks. We seek to help people improve their credit scores and move towards prime borrower status, improving their lives and financial prospects in the longer term.

Focused on positive customer outcomes

Financial inclusion doesn't mean just access to finance, it's about providing the right products to the right consumers at a fair and reasonable price. As we prepare to restart lending, our products have been designed to offer affordable and responsible finance options to consumers across the alternative lending landscape, including emerging segments post the Covid-19 pandemic.

Amigo has drawn learnings from both its past practices and evolving consumer requirements. In the near future, we plan to launch a new unsecured personal loan product which will incorporate features designed to encourage positive customer outcomes and build financial resilience.

Tailored support that meets individual needs

Customers are assured that when life gets bumpy, they have dedicated support in place to help them. Our skilled teams will assess each customer's circumstances individually and put tailored, sustainable arrangements in place that meet their needs. We check in on a regular basis to ensure the support is still viable and that, if their circumstances have changed, we can help to get them back on track.

Vulnerable customers

It is our intention that every customer who experiences vulnerability is assured the best support throughout their journey with Amigo. Our teams are trained to recognise when a customer might be considered vulnerable, either through the conversations they have with them or as a result of an assessment of the information we attain on them. It could be for a range of reasons including a sudden change in circumstances such as recent unemployment or that they are experiencing mental health issues. The Covid-19 pandemic has highlighted how easily circumstances can change. It could be that our customers need permanent help or just a little assistance during a particularly tricky time. Our dedicated Specialist Support team is on hand to provide tailored support and ensure each customer receives fair and appropriate treatment. Whatever a customer's situation, we want to give them the confidence that we are here to help.

Our people

At Amigo we recognise that it is our people that make the difference. From attracting the right people, to investing in their development and supporting them throughout their career with us, we are focused on creating an environment where our people are happy, healthy and working together as a team to deliver the best possible outcomes for our customers.

This past year has been challenging for all businesses as the world adapted to new ways of working and living in response to the Covid-19 pandemic. We have continued to support our employees' health and wellbeing throughout, whilst our teams maintained their focus on providing unprecedented support to our customers.

A high performance culture

The training and development of our teams is essential to ensure we deliver the right customer outcomes, comply and remain up to date with regulatory requirements and support our people to fulfil their potential. We have succeeded in finding new ways to deliver training during Covid-19, both to new recruits and to our existing employees, and have delivered over 37,000 hours of training over the year. To support our strategic objective of driving operational efficiency improvements throughout our business, we introduced Lean Six Sigma training towards the end of the financial year. Lean Six Sigma is a method that relies on our teams working together to improve performance by sharing best practice and empowering teams to continuously raise the bar. Not only does this target greater customer satisfaction from better service delivery, it also achieves greater employee satisfaction as non-value-added tasks are removed and tangible results are achieved. We have successfully trained 31 Yellow Belts (the entry level qualification) and, following the financial year end, a further nine have gone on to do Green Belt training. All are now focusing on business improvement projects in Operations.

This coming financial year, we are pleased to be launching an apprenticeship programme. This will not only bring new team members on board as they embark on their careers but will enable us to further support the development of our existing teams with the funding of training across business areas and leadership development. We are also launching a Rising Stars programme which will invest in high potential employees with tailored learning development plans and ongoing coaching. These employees will lead business improvement projects in line with the Lean Six Sigma training introduced in early 2021 (see our Strategy Review on page 20 and case study on page 47).

Employee engagement

To enable our Human Resources (HR) team to focus on strategic HR, particularly on culture and people development, we are working in partnership with Curve Group, an experienced HR outsourcing business, to manage HR administration, employee relations and recruitment. We will as a result be able to provide our line managers with dedicated support to manage any employee issues. We will also improve our candidates' experience by using fewer recruitment agencies as we focus on direct sourcing and internal promotions.

Not only do we want to attract the right people, we want them to stay. To better understand what affects our people and how we can improve their working life, we perform regular surveys using an online platform called Peakon. This year we moved the surveys from quarterly to bi-annual to enable us to put in place actions responding to the feedback we receive. As expected, with the level of change and challenge the business has experienced this year, we achieved a slightly lower overall score of 7.3/10, down from 7.7/10. We hope to be able to reverse this as we move ahead with new management and enhanced employee benefits. We have improved communication to our teams with monthly meetings for all employees and fortnightly blogs from our Chief Executive Officer, aiming to always be transparent with our people about the challenges we face and the opportunities available to us as a business. Introduced towards the end of 2020, we held six "Meet the Chief Executive" sessions in the last financial year. We continue to respond to feedback received and to focus on the areas that matter most to our people.

Ensuring our employees have the most appropriate benefits available to them is a critical part of our attraction and retention aims. From January 2021, in response to employee feedback, we reduced weekly working hours from 41.25 to 37, without changing salaries, which is equivalent to an 11.5% pay rise, and from 1 April 2021, we increased the holiday allowance by three days for all employees.

We continue to work with our dedicated HR system, the Hub, implemented last year, which provides a single comprehensive, robust and strategic people management solution to streamline processes and reduce manual administrative burden across the Group. This is a self-serve system where employees and their managers can maintain their own personal data.

We own the outcome

I've worked at Amigo for nine years in various areas of the business, working up from agent level to team manager. At the beginning of 2021, I was given the opportunity to take part in the Yellow Belt Lean Six Sigma (LSS) course which dramatically changed the way I looked at process. The biggest learning has been how powerful the voice of our customer is and how we need to ensure this is at the forefront of any changes we make within the business but importantly throughout our operational departments.

I am now helping to drive a number of Yellow Belt initiatives forward whilst taking part in the LSS Green Belt course. I'm most excited about sharing the knowledge and skills I have learnt throughout the LSS training to help others within the business develop their abilities to drive continuous change and to ensure we are offering the finest service for our customers.

Jodie Freeborn
Head of QA and Continuous Change

Our people - continued

Health and wellbeing

It has always been very important to us that we support our people in all aspects of their health and wellbeing. This has been made even more vital over the past year. We have provided employees with the equipment and support they need to enable them to work effectively and happily from home. We held regular pilates and keep fit classes remotely and used the HR Hub to provide tips on healthy eating, exercise and ways to manage physical and mental wellbeing during lockdown. We are listening to our people and will provide support and flexibility as Covid-19 restrictions lift.

As one of the leading causes of illness, mental health is an area of growing importance to our business. We have a robust programme of support in this area for our employees, whether the issue is work related or not. We have eight trained mental health first aider employees and all new starters attend a mental health awareness session as part of the Amigo Academy. We provide an Employee Assistance Programme which provides free, confidential, 24/7 support for all employees both online and over the phone, as well as providing face-to-face therapy sessions if required.

Diversity

To help deliver equality we are committed to supporting diversity and creating an inclusive workplace where all our people feel valued and able to fulfil their potential, regardless of their race, gender, age, religion or disabilities.

The importance of diversity, equality and non-discrimination is highlighted in our equality and diversity policy and we are proud that this is demonstrated through our culture, where decisions are based on individual ability and potential in relation to the needs of the business. We are committed to ensuring that our Board and senior management teams promote diversity and inclusivity.

We are a Disability Confident Committed employer. We aim to be inclusive in our recruitment, selection, promotion and development processes, ensuring full and fair consideration is given to all applications for employment made by disabled candidates. We are able to work with our occupational health providers in the event of any employee becoming disabled during their employment, to ensure the necessary support and appropriate adjustments are made to enable ongoing employment.

The table below shows our employee base at year end, split by gender, using the definition used in the Hampton-Alexander Review* (namely the most senior level of management (ExCo) plus those of its direct reports that are senior managers).

Role	Male	Female	Total
ExCo	7	0	7
Senior managers	8	3	11
Other employees	201	182	383
			401

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

This year the government has granted an extension to the reporting deadline for gender pay gap calculations due to the Covid-19 pandemic. We plan to calculate this for Amigo and publish our Gender Pay Gap Report on our corporate and consumer websites in advance of the October 2021 deadline.

We have the following controls in place to deliver an inclusive culture and diverse workforce:

- an equality and diversity policy which applies to all employees in Amigo;
- all our employees are required to complete a mandatory equality and diversity e-learning module annually;
- we seek a good balance of male and female employees through our recruitment and selection processes; and
- we are members of the Disability Confident scheme, the government's scheme to support disabled people in the workplace.

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.

Training stats over the year

Total hours of training delivered
37,000
Hours of upskill training 6,000
2020: 31,450

We delivered
4,300
hours of e-learning in the year and released 32 e-learning courses across the business
2020*: hours of e-learning: 2,650; e-learning courses delivered: 21

We delivered
26,000
hours of training to new employees through the Academy
2020: 28,000

* 2020 information captured from November 2019.

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, impact the community in which we operate, and have relevance for our customers and significance within the finance industry. We also want to minimise the impact we have as a business on our environment and we are committed to ensuring we operate in a sustainable and environmentally friendly way. Whilst the Covid-19 pandemic has made it harder for us to carry out our usual fundraising activities, it has highlighted the importance of supporting the most vulnerable in our society.

AmiGo give something back

We play an important role in the lives of our customers and our approach to charity has been built around this. We have relationships with four charity partners which support the vulnerable in our society as well as other local causes which we support on a more informal basis. Our charities support the homeless, the financially vulnerable and members of the military and their families. In March of this year, one of the charities we support, Michael House, presented Amigo with a wooden key symbolising the key part Amigo plays in helping to rebuild the lives of the previously homeless residents of Michael House.

This year, with Covid-19 impacting our ability to get out and volunteer, our fundraising has been focused on employee-led events with business matching. We have used key events in the calendar, such as Christmas and Easter, to generate employee engagement and donations with great success and support from our teams.

During the coming financial year, we plan to continue engaging Amigo employees with employee-led fundraising and events. We will also re-launch paid employee volunteering as the Covid-19 restrictions ease.

During the year:

- At Christmas four Amigo employees volunteered with Julia's House, a local children's hospice, to pack Christmas hampers in a Covid-safe way.
- The business donated to three charities on behalf of Amigo employees. Focusing on the needs of vulnerable communities, helping to support lower income families by supplying food and toys and ensuring local elderly residents weren't lonely at Christmas, the following donations were made:
  - Bournemouth food bank (food) – £1,170;
  - Bournemouth food bank (toys) – £690; and
  - Re-engage, a charity that supports older people who live alone – £1,110.
- Employee raffle to raise money to buy Easter eggs. £582 was raised which the business matched to £1,164. With this money we were able to donate 100 Easter eggs to Julia's House, 46 eggs to Re-engage and local elderly residents in Poole and Bournemouth, 37 eggs (plus a dog treat) to Michael House for each resident and staff member and 13 eggs to a paediatric unit in Poole Hospital. In addition to this we split almost £700 between Re-engage, Michael House and Julia's House.
- £41.1k in total was donated from employees and the business, which includes over £15.5k from employee payroll giving.

AmiGo green

As a business, we are conscious of the impact we have on our environment, which is why we aim to do what we do in the most sustainable and environmentally friendly way possible. The pandemic, with the majority of our people not in the office and periodic office closures, as well as Company-specific issues that have dominated this financial year, have meant that we have not been able to progress activity around our environmental goals as much as we would have liked to. As we return to a more normal working environment we will re-invigorate our efforts and continue to support our employees in making eco-friendly decisions, both at work and at home.

Read more on our environmental impact on pages 50 to 51.

Amigo's chosen charities support the most vulnerable in our community.

Environmental impact

Amigo has always nurtured a culture that does its best to look after the planet, as well as one another. We want to support our people in making decisions that minimise their impact on the environment.

This last year has shown that a change in our everyday activity can lead to a reduction in our global carbon emissions. The pandemic has provided a unique lens on what changes are needed to mitigate the risk of climate change and work towards achieving the goals set by the United Nations and reduce emissions by 2030. As we reopen our offices to all employees, we will assess what improvements we will be able to maintain whilst returning to a more normal working environment.

Energy efficiency

We entered the 2020/21 financial year having reported on our emissions for the first time in the previous year, setting the baseline for Amigo. Sadly, any plans for energy efficiency action were halted due to the Covid-19 pandemic.

Our offices were closed for a period during the national lockdown, but we were able to continue operating by supplying our employees with the necessary equipment to work from home. Naturally, this has meant that our emissions have reduced since our baseline year in 2020.

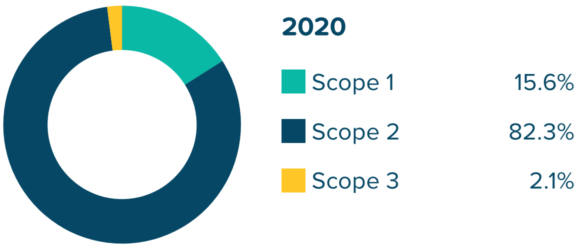
Greenhouse gas emissions

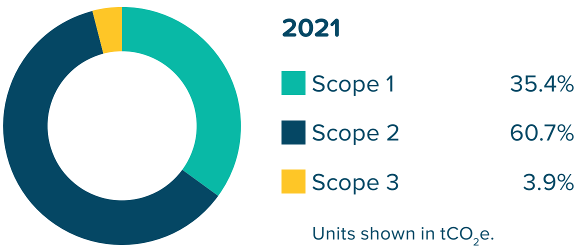
Our total emissions have accounted for 148.19 tonnes of CO_2e for the year ended 31 March 2021. The total quantity of energy used during the year ended 31 March 2021 resulting from the purchase of electricity, fuels used and mileage from Company transport was 391,353 kWh. All figures relate to emissions in the UK only; we do not currently have the data available for Amigo Ireland.

Energy from our second office in our Bournemouth location (before October 2020) was provided to us under a service charge, as this is a leased office space. For this reason, we have taken the average kWh based on the six months of data available for this office space.

Within our scope 3 emissions we have not accounted for our food waste this year. The kitchen, for the onsite café, was closed for most of the reporting year and therefore the amount (if recorded) would have been negligible. However, we have included our emissions related to business travel expensed, with employee-owned cars and private car hire being added to our scope 3 total.

When comparing our emissions to our baseline year, we can see a significant increase in Scope 1 emissions. When the offices reopened post-lockdown, the facilities team completed some maintenance on our air conditioning units in our head office, which resulted in a top up of refrigerants. As expected, both our electricity (scope 2) and water usage (scope 3) have decreased. The increase in our scope 3 emissions is due to the addition of business travel to our results.





Units shown in tCO_2e.

Methodology

Our emissions are reported in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol. We use an operational control approach to account for our emissions using the UK Government GHG Conversion Factors for Company Reporting (2020). Our GHG emissions are calculated using energy usage data provided by our energy suppliers, employee expense data and records of fuel use.

1

Scope 1
(Direct CO_2e emissions)

Owned transport

Company facilities

52.44
tonnes of CO_2e
(29.61 in 2020)

2

Scope 2
(Indirect CO_2e emissions)

Purchased electricity

89.96
tonnes of CO_2e
(156.66 in 2020)

3

Scope 3
(Associated scope 3 emissions)

Water

Business travel

5.78
tonnes of CO_2e
(4.03 in 2020)

148.19
total emissions tonnes of CO_2e
(190.3 in 2020)

- **Water supply and sewerage data, in our head office, from 6 November 2020 onwards is an estimate based on the previous six months' usage.**
- **Water usage in our second Bournemouth location has been calculated based on an average of cubic metres per person at head office, multiplied by the capacity of our second site.**

Environment intensity indicators

1.09↑ (0.86 in 2020)
kg of CO_2e per customer (number of customers: 136,000 as of 31 March 2021)

0.37↓ (0.52 in 2020)
tonnes of CO_2e per employee (average number of UK employees: 408 as at 31 March 2021)

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members. In doing this, section 172 requires a director 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;

(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 the factors set out above in discharging their duties under section 172. The key stakeholders we consider in this regard are our employees, our customers, and guarantors (both former and current), our shareholders, our creditors, the regulators, our brokers and suppliers and the local communities in which we are located. In addition, the Directors considered the need to balance the interests between the requirements of the majority and minority shareholders, when it was relevant.

The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

Stakeholder engagement

The Board is committed to effective engagement with all its stakeholders. The Board and its Committees regularly receive reports from management which consider issues concerning customers, the environment, communities, suppliers, brokers, employees, regulators and investors, which they consider in their discussions and in their decision making under section 172.

The Board and its Committees undertake deep dive reviews to further develop their understanding of key issues impacting all stakeholders. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate.

Some of the ways in which the Board has engaged directly with stakeholders over the year are set out on pages 43 to 49.

Customers

Our customers, both borrowers and their guarantors, are at the centre of what we do. During the year, Amigo ceased new lending, in response to: (i) the Covid-19 pandemic which impacted our customer base materially; (ii) continuing high level of complaints activity requiring the Company to reconsider its customer proposition; and (iii) consultation with the FCA. The Company undertook consultation exercises, by questionnaires and through focus groups, to better understand the different needs of our customers and the products they would like us to provide. The outputs were then used to generate discussions on the needs of such customers and how the best outcome could be achieved for them. The outcome of this workstream, together with onboarding the feedback from the FCA and the FOS and from that contained in a skilled person's review has resulted in the proposal to introduce a new customer proposition, detailed elsewhere throughout the Annual Report, as Amigo 2.0. The new products under consideration and the revised approach to customer service, particularly dealing with forbearance and collections issues, are intended to improve the end-to-end customer experience. More information on our customers is provided on page 45.

Employees

The Board receives updates from senior management on various metrics in relation to employees. The Company, like almost all businesses across the world, has had to adapt at pace to the change brought about by the Covid-19 pandemic. The impact on our employees has been immense, with nearly all working at home for considerable periods throughout the year. The Company has continued to carry out regular surveys of employee engagement through the year. During the year the Company has also had to address issues caused by a significant shift in activity from the traditional focus on lending and collecting customer's loans. Over the course of the year, as lending activity ceased, the level of work substantially increased due to the impact of Covid-19 forbearance measures introduced to help safeguard those using consumer credit, through the increase in claims activity directed at the Group and responding to the challenges put forward by the various regulatory bodies. The Directors have been directly involved with the review and implementation of changes to the organisation of the Group's operational structure to meet the changing and challenging circumstances. Further information on engagement with employees is provided on pages 46, 47 and 48.

Investors

The Board regularly receives updates on feedback from investors from senior management. In addition, various members of the Board have regular dialogue with institutional investors to discuss and provide updates about and seek feedback on the business, strategy, long-term financial performance, and pertinent aspects of the Directors' Remuneration. Unfortunately, one of the casualties of the Covid-19 pandemic was the chance for the Board and senior managers to meet face to face with shareholders at the AGM, as it was held virtually. The relationship with shareholders is ably supported by the experienced Investor Relations team. As well as the AGM, Amigo also held two general meetings in the year, both called because of requisition requests from the former majority shareholder. Whilst the Board won all the resolutions put before the two general meetings, it was clear that a significant proportion of the share register were dissatisfied with aspects of the stewardship of the Company. As a result, the then Board took the decision to completely refresh and renew itself by appointing new Directors. As at the year end, no Director had been in place for more than nine months. During the year, the Company experienced a substantive change in ownership of the Company's shares following the decision of the then majority shareholder to dispose of its entire shareholding. Most of the new shareholders taking the opportunity to come onto the share register would be described as "retail" investors. This has noticeably changed the dynamic of shareholder correspondence over the year. See page 53 for further details.

Regulators

Members of the Board regularly meet with the Group's regulators. There was significantly increased engagement with regulators during the year on matters concerning the ongoing relationship with the then majority shareholder, the closure of the formal sale process, the increase in complaints handling and the output from the sector-wide affordability review undertaken on guarantor lending. During the year, members of the Board actively engaged with the Financial Ombudsman Service in relation to its ongoing work on complaints generated on past lending.

Suppliers

Where appropriate, the Board receives updates from management regarding any issues concerning suppliers. Given the nature of the Amigo business, most supplier relationships are well managed within the business below Board level. However, on occasions, the Board is asked to consider issues or proposals relating to potential suppliers, for example, where outsourcing is considered, or in connection with the credit reference agencies with which we work.

Section 172 statement continued

Decision making

We set out below an example of how the Directors have had regard to the matters set out in section 172(1)(a)–(f) when discharging their duties under section 172 and the effect of the decisions taken by them.

Example 1: Temporary pause in lending

A significant decision taken during the year was the decision to continue with the temporary pause in lending, started in the previous year in response to the Covid-19 pandemic and the significant increase in complaints handling activity, which required the Company to reconsider its product offering. The decision is a good example of how the Board had to balance:

- the short and long-term needs of the business (decision to pause lending);
- the needs of our customers (offering payment holidays and deciding to not charge interest for a three month period); and
- regulators (implementing the payment holidays).

The financial consequences of the temporary pause in lending were assessed by the Board. The Board considered the operational consequences of the decision and the impact on the resources of the Company. The Board also took into account that resources released could be redeployed, after due training, to help with the collections process, which was operationally stressed due to the impact of Covid-19 on our customers.

Example 2: Amigo 2.0

A significant decision taken during the year was to accept that Amigo should not return to lending until it had reviewed the lending proposition and substantively updated the lending model to reflect a changed approach to assessing affordability across the consumer credit industry. The decision is a good example of how the Board had to balance:

- the short and long-term needs of the business (decision to suspend lending whilst the product was changed and to move away from repeat lending;
- the needs of our customers (ensuring the new product more directly incorporated an enhanced approach to assessing affordability and included a more responsible approach to assessing vulnerabilities throughout the lifecycle of the customers); and
- regulators and financial ombudsman (addressing the concerns of the regulator following the change in approach to assessing affordability and the application of the new approach to assessing affordability on a retrospective basis).

The financial consequences of moving to Amigo 2.0 were assessed by the Board. The Board considered the operational consequences of the decision, the impact on the resources of the Company and the impact on the long-term viability of the Company.

Example 3: Scheme of Arrangement

A significant decision taken during the year was the launch of a Scheme of Arrangement to address the liability arising due to redress and on upheld complaints received and projected to be received by the Company, in respect of loans that were adjudged to have been unfairly issued. The scale of the provision to cover the redress due to current and former customers was such that, without some form of moderation of the claims, the Company could not meet, in full, its obligations to its secured creditors and also the redress creditors. After extensive investigation and after seeking advice from leading industry advisors the Board determined the best way to avoid an insolvent wind down of the Company would be by using a Scheme of Arrangement to process the redress creditors arising from complaints. The decision is a good example of how the Board had to balance:

- the short and long-term needs of the business (to provide certainty on long-term liquidity to repay secured creditors whilst allowing the Company to return to normal operations, in the knowledge that historical claims would be dealt with fairly and appropriately);

- the needs of our customers (to ensure fair treatment for all redress customers, avoiding the possibility that only those customers who raised claims early would receive compensation and by allowing Amigo to return to lending to service new customer needs); and
- regulators and financial ombudsman (addressing the concerns of the regulator that the Company would not be able to process fairly and appropriately all customers who choose to raise a complaint).

The financial consequences of launching a Scheme of Arrangement were assessed by the Board. The Board considered the long-term and operational consequences of the decision and the impact on the resources of the Company. It also considered the impact of a failure of Amigo on customers who are not currently as well served by the mainstream consumer credit industry, as well as the long-term employment prospects of the employees and the many retail investors who have supported the Company following the disposal of the shares by the former majority shareholder in the year. The Board considered that to not put in place a Scheme of Arrangement would result in the need to initiate an insolvency-based process.

Corporate governance

Chair's introduction

A refreshed Board

I am pleased to introduce this report on 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 2020/21 financial year the business focus was very much on ensuring continuity and progression of the business in the face of a number of headwinds and maintaining an effective governance structure that was appropriate for the Company.

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

Throughout the year, the Board has made strenuous efforts to develop a Board membership which had the skills composition to deal with the serious and challenging issues facing the Company. Despite the numerous challenges faced through the year, the Company is pleased to have a completely new Board that brings with it a wider skill set to help take the Company forward.

A huge challenge for the Board has been the need to completely renew its membership. I replaced Stephan Wilcke as Chair, after he stepped down as Chair on 18 June 2020, following receipt of the necessary FCA approval on 13 October 2020. Gary Jennison, who was originally recruited as an Independent Non-Executive Director, was appointed as CEO, after the original chosen replacement for Hamish Paton declined to take on the CEO role at short notice. Over the remaining months of the year we recruited Mike Corcoran, to replace Nayan Kisnadwala, as CFO and two new Independent Non-Executive Directors, Maria Darby-Walker, as Chair of the Remuneration Committee, and Michael Bartholomeusz, as the Chair of the Risk Committee.

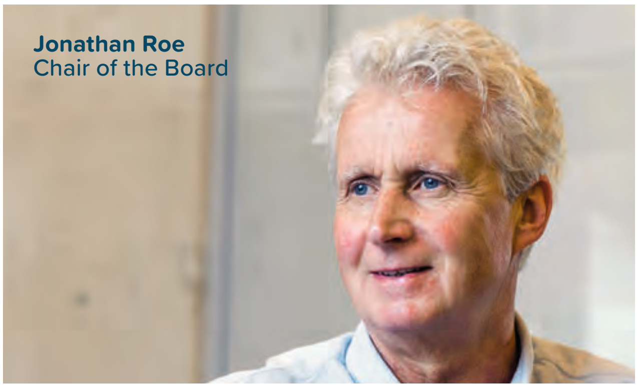
Overall, I am delighted with the quality of the new Directors that we have attracted. They all joined at a time when many candidates had withdrawn, citing the risks of the business and to their reputations. Every member of the Board has a common belief in the societal purpose that Amigo has and the role it can play in providing finance and hope to its customers. All the appointments in the year have settled into their roles and performed exceptionally, given the challenges facing Amigo. We continue to seek a new Chair of the Audit Committee and an additional Non-Executive Director who will bring in wider and more diverse experiences to the Board.

By any measures this has been a busy year for the Board as evidenced by the number of meetings for the Board and Committee (see page 63).

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
24 August 2021

Board of Directors and Company Secretary



Jonathan Roe
Chair of the Board

Maria Darby-Walker
Non-Executive Director

Michael Bartholomeusz
Non-Executive Director

Gary Jennison
CEO

Mike Corcoran
CFO

Roger Bennett
Company Secretary

Key
● Member ■ Chair

● ■ Audit ● ■ Nomination ● ■ Remuneration ● ■ Risk

Other Directors holding office in the year

Stephan Wilcke was a Non-Executive Director and Chair of the Company during the year until he resigned on 18 June 2020.

Roger Lovering was a Non-Executive Director of the Company during the year until he resigned on 31 October 2020. Following the departure of Stephan Wilcke on 18 June 2020, Roger was appointed as Acting Chair until his resignation as a Director.

Richard Price was a Non-Executive Director of the Company during the year until he resigned on 16 December 2020.

Hamish Paton was a Director and CEO of the Company during the year until he resigned on 31 July 2020.

Nayan Kisnadwala was a Director and CFO of the Company during the year until he resigned on 11 November 2020.

Jonathan Roe
Chair of the Board
Non-Executive Director

Age 65 Tenure <1 year
Committees ■ ■ ● ●

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 recently Non-Executive Chairman of Vanquis Bank for three and a half years, 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 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.

Maria Darby-Walker
Independent
Non-Executive Director

Age 56 Tenure <1 year
Committees ● ● ■ ●

Profile
Maria joined the Board as a Non-Executive Director on 12 October 2020 and became Chair of the Remuneration Committee following FCA approval on 20 January 2021.

Background and external appointments
Maria has over 30 years of experience advising the boards of leading brands on marketing, brand and corporate reputation, including within the financial services sector. Experienced at developing strategy, managing risk and organisational change, she helps businesses to create their narrative and proactively engage with their stakeholders; she has a strong focus on driving good culture, leadership and purposeful behaviour. Her client list has included: the FCA, Iglo/Birds Eye, Cadbury and Rio Tinto amongst other leading brands. Maria is also a Non-Executive Director of Personal Group Holdings plc, where she chairs the Remuneration Committee, and a Board Governor of the University of Central Lancashire. Maria is an Ambassador for Women on Boards, a member of Deloitte's Women on Boards Academy, and was voted one of Cranfield University's "100 Women to Watch" for FTSE board positions.

Brings to the Board
Maria has financial and regulatory experience and prior experience as Chair of the Remuneration Committee, combined with a commitment to open and transparent engagement with all stakeholders.

Michael Bartholomeusz
Independent
Non-Executive Director

Age 63 Tenure <1 year
Committees ● ● ● ■

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.

Background and external appointments
Michael is a qualified Chartered Accountant and has held senior management and board level positions with First National Bank plc, GE Capital Europe, AIG UK, KPMG, Prudential UK and Flood Re as well as at the British Friendly Society. He was Chief Risk Officer at AIG UK and Flood Re and the Regulatory and Conduct Risk Director at Prudential UK. He is currently Non-Executive Chair of the Board of ORIC International, an operational risk consortium for the (re)insurance and investment management sector, and an advisor to Ambiental Risk Analytics. Michael became Chair of the Risk Committee at Amigo, following approval by the Financial Conduct Authority under the Senior Managers Regime on 19 July 2021.

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

Gary Jennison
Chief Executive Officer

Age 64 Tenure <1 year
Committees n/a

Profile
Gary joined the Board as a Non-Executive Director on 17 August 2020 but then took up the role of CEO on 23 September 2020.

Background and external appointments
Gary has over 40 years of experience within the financial services sector, of which approximately 20 years have been at CEO or board level. These appointments covered a wide spectrum of the credit industry with positions at The Warranty Group, Secure Trust Bank, Barclays Bank, Lex Vehicle Leasing, GE Capital, Hitachi Credit, Lloyds Bowmaker, PayZone UK and Together Money. Since 2017, Gary has been Chairman of Orchard Funding Group, Lantern Debt Recovery Services, the Fry Group and the advisory board of Positive Momentum Partners. He was also a Non-Executive Director of Admiral Financial Services Limited.

Brings to the Board
Gary is a proven executive with a history of having worked in regulated financial services businesses and leading them through times of change. He has the necessary commitment, skills and experience to lead Amigo forward in the next chapter of its development.

Mike Corcoran
Chief Financial Officer

Age 61 Tenure <1 year
Committees n/a

Profile
Mike joined the Board as CFO on 11 November 2020.

Background and external appointments
Mike is a financial services CFO with extensive experience of working at board level within listed businesses and within heavily regulated environments and has held CFO roles at CDC Group plc, the Pension Protection Fund, CPP Group plc and DFC Global Corp as well as being International CFO of Franklin Templeton Investments where he spent nearly 20 years. Mike is a qualified Chartered Accountant.

Brings to the Board
Mike has successful turnaround experience and expertise in driving change management agendas. He was presented with the Institute for Turnarounds listed company of the year award for his work with CPP Group plc.

Roger Bennett
Company Secretary

Age 58 Tenure 2 years
Committees n/a

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 qualified as a Chartered Accountant in 1988 and 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.

Executive Committee (ExCo) members

In addition to Gary Jennison and Mike Corcoran, whose biographies are shown on page 59, the following senior managers sit on the Executive Committee:

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 Risk Officer

Profile
Paul Dyer joined Amigo as Chief Risk Officer in November 2020. 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 Masters degree with distinction in Innovation, Creativity, Leadership from CASS university.

Shaminder Rai
Chief Transformation Officer

Profile
Shaminder joined Amigo in January 2021 as Chief Transformation Officer. He has an exceptional record of change at pace and will lead operational process, technology and business change at Amigo. Shaminder is qualified in ACCA and Lean Six Sigma and has continuous improvement and business revolution expertise. Shaminder has been involved in turnaround situations as Head of Strategic Projects at Secure Trust Bank, as Business Change Director at Payzone and, most recently, as European Transformation Director at The Warranty Group and Assurant. Shaminder is also a Board member of the Nishkam school trust and was awarded the British Empire Award for his voluntary work with the school.

Jake Ranson
Chief Customer Officer

Profile
Jake joined Amigo in June 2021. As Chief Customer Officer he leads the marketing and distribution strategies that deliver Amigo's brand goal of widening mainstream financial inclusion and bringing about positive customer outcomes. Jake spent over a decade at Equifax where, as European Chief Marketing Officer, he led strategy, product, pricing and marketing and played a key role in delivering its transformation and reputation rebuild programmes. Jake also brings industry experience from ClearScore and most recently Freedom Finance where his product team won numerous awards for its work on widening access to affordable credit using Open Banking technology. Jake has a BA in history and postgraduate qualifications from the LSE and Ashridge.

Steve King, who was Chief Customer Officer and a member of the Executive Committee at the year end, left the business on 30 June 2021.

Naynesh Patel, who was Chief Analytics Officer and a member of the Executive Committee at the year end, left the business on 31 July 2021.

Corporate governance statement

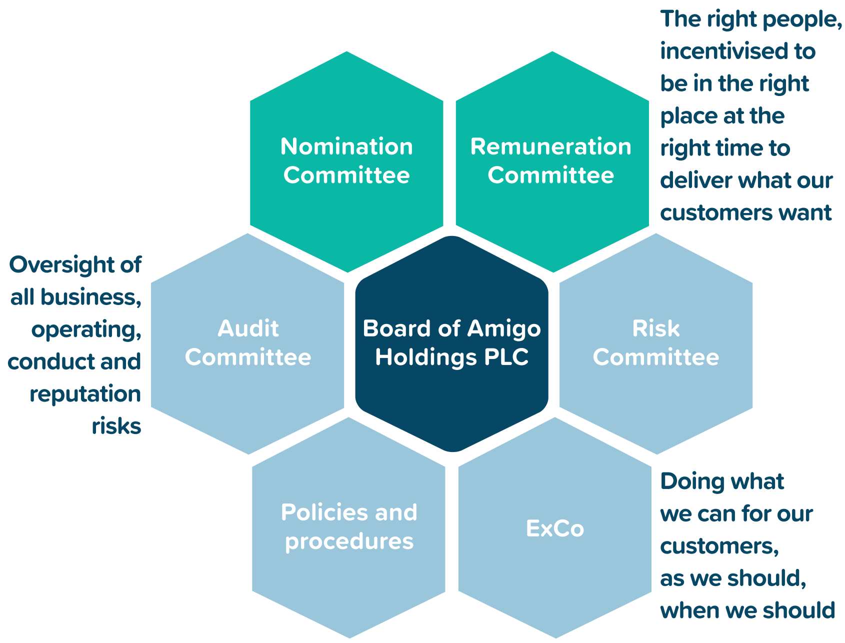
Statement of compliance with the 2018 UK Corporate Governance Code

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 2021, the Company has complied with the provisions set out in the UK Corporate Governance Code, except for the following matters:

- At least half of the Board, excluding the Chair, should be Independent Non-Executive Directors (Provision 11): Stephan Wilcke stepped down as a Director on 18 June 2020. This resulted in the number of Directors on the Board dropping from five to four, two of whom were Independent Non-Executive Directors. Of the two Independent Non-Executive Directors, one was the Acting Chair. Compliance with this provision of the UK Corporate Governance Code was achieved again on 31 July 2020, following Hamish Paton's resignation from the Board.
- The Remuneration Committee is required to have three Independent Non-Executive Directors and the Chair of the Committee should not be the Chair of the Board (Provision 32). When Stephan Wilcke stepped down as a Director on 18 June 2020, membership of the Remuneration Committee comprised two Independent Non-Executive Directors. The then Acting Chair of the Board, Roger Lovering, assumed joint responsibility for chairing the Committee with its other member, Richard Price. Jonathan Roe and Gary Jennison joined the Board and the Remuneration Committee from 1 August and 10 August 2020 respectively. This increased the number of Directors in the Committee to three Independent Non-Executive Directors, excluding the Acting Chair. At the year end the Remuneration Committee has three Non-Executive Directors and is chaired by Maria Darby-Walker.
- The Audit Committee is required to have three Independent Non-Executive Directors and the Chair of the Board should not be a member (Provision 24): When Stephan Wilcke stepped down as a Director on 18 June 2020, membership of the Audit Committee comprised two Independent Non-Executive Directors. The then Acting Chair of the Board, Roger Lovering, remained a member of the Audit Committee, which was chaired by Richard Price. Jonathan Roe and Gary Jennison joined the Board and the Audit Committee from 1 August and 10 August 2020 respectively. This increased the number of Directors in the Committee to three Independent Non-Executive Directors, excluding the Acting Chair. Gary Jennison stepped down as a member of the Audit Committee when he became CEO in September 2020. At the year end, the Audit Committee had three Non-Executive Directors, one of whom, Jonathan Roe, was also the Chair of the Board. The Committee is chaired on an interim basis by Michael Bartholomeusz. A process is underway to bring the composition of the Committee back into compliance with the UK Corporate Governance Code including the appointment of a new Chair of the Committee. This appointment is expected to complete following the approval of a new Scheme of Arrangement.

Leadership and effectiveness

Governance structure



Statement of compliance with the 2018 UK Corporate Governance Code continued

- Provision 5 of the UK Corporate Governance Code requires employee engagement through: (i) the appointment of a Director from the workforce; (ii) the creation of a formal workforce advisory panel; and/or (iii) a designated Non-Executive Director: In place of these methods, the Company has implemented a range of employee engagement initiatives as described on page 44. These are subject to proactive review to ensure their continued effectiveness. The Board regularly reviews feedback from staff surveys at Board meetings and acts on recommendations. The Board considers these initiatives to be effective, with actions taken as a result of employee feedback well received.
- The Company is required to undertake an annual evaluation and review of the Board (Provision 21): The Company has not undertaken a formal evaluation of the Board during the year because the Board considers that there would be no significant value in doing so as all Board members have been in office less than one year. The Company intends to carry out a full annual evaluation during the 2021/22 financial reporting period.

Role of the Board

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 66 and 67. 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 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 quarters ending in June and December, the half year ending in September and the full year ending in March, and would, if appropriate, also meet to approve the interim and final dividends in January and July.

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 held two sessions during the year focusing on strategy which, together with the Board members, also included key senior managers from the business. As well as meeting the ongoing solvency and conduct issues, the strategy sessions included an in-depth review of the current position of the market offering and considered options for meeting future customer demand. 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 52 to 55) 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 January and 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: concluding the formal sale process and strategic review announced in the prior year; the management of the escalating complaints situation; the ongoing financial and operational implications of the Covid-19 pandemic; the FCA

Meeting type	Total meetings in year	Jonathan Roe[1]	Maria Darby-Walker[2]	Michael Bartholomeusz[3]	Stephan Wilcke[4]	Roger Lovering[5]	Richard Price[6]	Gary Jennison[7]	Mike Corcoran[8]	Hamish Paton[9]	Nayan Kisnadwala[10]
Board – scheduled	10	7 of 7	5 of 5	4 of 4	3 of 3	6 of 6	7 of 7	7 of 7	4 of 4	3 of 3	6 of 6
Board – ad hoc	75	47 of 47	35 of 37	30 of 31	15 of 20	35 of 42	41 of 47	45 of 46	29 of 31	26 of 27	36 of 42
Audit	9	4 of 4	3 of 3	3 of 3	n/a	6 of 6	8 of 8	n/a	n/a	n/a	n/a
Risk	8	5 of 5	4 of 4	3 of 3	1 of 1	5 of 5	6 of 6	n/a	n/a	n/a	5 of 5
Remuneration	23	17 of 17	12 of 12	9 of 9	4 of 4	12 of 12	14 of 17	n/a	n/a	n/a	n/a
Nomination	17	9 of 9	4 of 4	2 of 2	3 of 3	14 of 14	12 of 15	6 of 6	n/a	n/a	n/a

1 Jonathan Roe was appointed as a Director on 1 August 2020.
2 Maria Darby-Walker was appointed as a Director on 21 October 2020.
3 Michael Bartholomeusz was appointed as a Director on 19 November 2020.
4 Stephan Wilcke stood down as a Director on 18 June 2020.
5 Roger Lovering stood down as a Director on 31 October 2020.
6 Richard Price stood down as a Director on 16 December 2020.
7 Gary Jennison was appointed as a Director on 17 August 2020.
8 Mike Corcoran was appointed as a Director on 11 November 2020.
9 Hamish Paton stood down as a Director on 31 July 2020.
10 Nayan Kisnadwala stood down as a Director on 11 November 2020.

investigation into affordability announced in May 2020; dealing with two separate attempts by the former majority shareholder to make changes to the management of the business; the development of an appropriate Scheme of Arrangement; and replacing the entire Board.

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 commitments.

Generally it is Company policy to hold meetings in person but with the restrictions imposed due to the Covid-19 pandemic nearly all meetings in the year have been held virtually. For those Directors who are unable to attend meetings in person, 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 review process undertaken by the Board requires members to rate their own performance and the performance of the Board through completion of a questionnaire. The review process for the year was disrupted due to the uncertainty of the Board composition as a result of resignations and appointments in the year and the formal sale process and as explained on page 62, the Board did not carry out a formal Board evalution as no Director had been in place for more than twelve months. The Board intends to re-engage with the formal Board evaluation process during 2021/22 using an external agency. The Board will look to implement the recommendations and actions arising from the review.

Areas covered by the review will include 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 to be reviewed annually by the Remuneration Committee in conjunction with their annual pay review and the payment of bonuses. As with the Board, nearly all members of the executive team changed in the year making the annual evaluation process not possible.

Training and support

The training needs of the Board and its Committees are regularly 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 (subject to Covid-19 restrictions) and are encouraged to familiarise themselves on aspects of the day-to-day business.

Statement of compliance with the 2018 UK Corporate Governance Code continued

Training and support continued

Newly appointed Directors receive an induction 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. Directors also have access to the services of the Company Secretary. The Group did not maintain directors' and officers' liability insurance throughout the whole year due to it not being available to the Company before the year end. At the year end the Group did hold directors' and officers' liability insurance.

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, anti-money laundering, anti-bribery and corruption, employment- related matters, health and safety, data protection and cybersecurity. In addition the Board received specific training on: the Market Abuse Regulation and its implications (provided by the Company's broker); and insolvency matters, including the orderly treatment of creditors (provided by the Company's legal and financial advisors).

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 to all contributors to the Annual Report and a detailed review by senior management of the overall content.

Board composition, structure and diversity

As at the year end the Board comprised the Independent Non-Executive Chair, two Executive Directors and two Independent Non-Executive Directors. The Chair was Jonathan Roe and the CEO was Gary Jennison. The Directors' biographies are on page 59. During the year, Executive Director and CEO Hamish Paton resigned from the Board on 31 July 2020 and was succeeded as CEO by Gary Jennison, who was appointed to the Board on 10 August 2020. Gary acted as Interim CEO until he was authorised to act as CEO by the FCA on 7 December 2020. Roger Lovering, Richard Price and Nayan Kisnadwala stepped down as Directors during the year and Maria Darby-Walker, Michael Bartholomeusz and Mike Corcoran joined the Board in the year. The dates of the changes in directorships are listed in the table on page 94.

In order to be compliant with the UK Corporate Governance Code, the Board is taking steps to recruit a new Chair for the Audit Committee and an additional Non-Executive Director.

Amigo's policy and approach to diversity at Board level is described in the Nomination Committee Report on page 72, while Amigo's commitment to diversity and inclusion within the workforce, and how it has been implemented, can be found on page 73.

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.

Stephan Wilcke, the previous Chair, 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 he remained independent during his time as Chair. Roger Lovering was the Senior Independent Director during the year, becoming Acting Chair following the departure of Stephan Wilcke. 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 require. The Company has not appointed a Senior Independent Director as at the year-end but the Board is actively seeking a suitable candidate for an appointment to the role.

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.

On 29 April 2020, the Board received a requisition notice from its then majority shareholder, Richmond Group Limited, requiring the Board to convene a General Meeting of the Company for the purpose of considering resolutions to remove all of the Company's Directors and appoint two named Directors in their place. At the General Meeting on 17 June 2020, over 90% of the minority shareholders that voted, voted against the resolutions.

On 27 August 2020, the Board received a formal notice from Richmond Group Limited, requiring the Board to convene a General Meeting of the Company for the purpose of considering resolutions to remove Roger Lovering and Nayan Kisnadwala as Company Directors and appoint a named Director in their place. At the General Meeting on 29 September 2020 all the proposed resolutions were defeated.

Board independence and Committee membership – Directors as at 31 March 2021

Name	Independent	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee
Jonathan Roe	Yes	●	■	●	●
Maria Darby-Walker	Yes	●	●	■	●
Michael Bartholomeusz	Yes	■[1]	●	●	■
Gary Jennison	No				
Mike Corcoran	No				

1 Interim Chair pending appointment of new Chair of the Audit Committee.

Key: ● Member ■ Chair

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 and replacement of Directors have been approved by the Board following disclosure by certain Directors, 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.

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 team which regularly corresponds with all shareholders.

For institutional shareholders and analysts

There is a regular dialogue with institutional shareholders 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 regular 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 is available to shareholders if they have concerns about governance issues which the normal channels of contact fail to resolve. The former Chair and the Executive Directors did meet with major shareholders during the year.

As noted elsewhere, the Board's relationship with Richmond Group Limited has been an important area of discussion at Board level during the year but since September 2020, Richmond Group Limited has not been a shareholder of the Company having sold its 60.6% shareholding during the year.

Relations with shareholders continued

Annual General Meeting (AGM)

Amigo will hold its third AGM in 2021. The notice of the AGM will be sent to shareholders at least 20 working 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.amigoplc.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. The Investor Relations team is happy to answer questions by email at 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.
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, 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.

Committee	Key function, responsibility and area of expertise
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 but due to the time pressures associated with considering such disclosive matters, may at times not include all Directors. The Disclosure Committee meets on an ad hoc basis and considers matters when appropriate during the year.

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

Member	Meetings	Attendance
Richard Price[1]	8	8
Roger Lovering[2]	6	6
Jonathan Roe[3]	4	4
Maria Darby-Walker[4]	3	3
Michael Bartholomeusz[5]	3	3

1 Richard Price resigned on 16 December 2020.
2 Roger Lovering resigned on 31 October 2020.
3 Jonathan Roe was appointed on 1 August 2020.
4 Maria Darby-Walker was appointed on 21 October 2020.
5 Michael Bartholomeusz was appointed on 19 November 2020.

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.

Increasingly over the year the Committee considered implications of the worsening complaints situation on the long-term financial viability of the business. The Committee had to also consider the implications of the failure of the proposed Scheme of Arrangement to be approved by the Court, on both 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 deliberation on Brexit and Covid-19 and, in conjunction with the Risk Committee, devoted time to the potential impact on impairment rates. Unfortunately, at the time of writing, the lasting economic and social ramifications of Covid-19 remain largely unknown, particularly in relation to unemployment, but the Committee has sought to identify the potential impact on the impairment rates used within the Amigo model.

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 my current and former members of the Committee for their hard work and commitment over the last year.

Michael Bartholomeusz
Interim Chair of the Audit Committee
24 August 2021

Committee composition

Richard Price chaired the Audit Committee up until his resignation on 16 December 2020. The other members of the Committee during the year were Roger Lovering, who resigned from his role on 31 October 2020, Jonathan Roe, who acted as Interim Chair until Michael Bartholomeusz took on the interim role, and Maria Darby-Walker. The Board is actively seeking to recruit a replacement Chair of the Committee. 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 viability statement included in the Annual Report and the adoption of the going concern basis as the appropriate basis on which to prepare Amigo's financial statements.

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.
- 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 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 nine meetings during the year. Attendance at these meetings by the Committee members is shown in the table on page 68. On each occasion the external auditor, CFO, Company Secretary and other senior members of the executive team attended, including the Chief Risk Officer. Attendance by representatives of Internal Audit occurred on an ad hoc basis when Internal Audit output was reviewed.

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 Chairs 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 development of the Internal Audit programme, especially in relation to affordability and conduct risk, oversight of the economic impact of Covid-19 on financial modelling, the ongoing monitoring of IFRS 9 and of the complaints provision. Given the aforementioned financial issues, the Committee will continue to monitor whether the going concern basis remains the correct basis on which to prepare the financial statements.

Key activities of the Audit Committee in 2020/21

The Committee met nine 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 2020 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 2020;
- reviewed and considered significant issues relevant to the unaudited Interim Report and Accounts to 30 September 2020;
- reviewed and considered significant issues relevant to the unaudited Quarterly Report and Accounts to 31 December 2020;
- 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;
- reviewed and assessed the methodology used for carrying the provisions to cover the cost of complaints given the proposed Scheme of Arrangement and, following rejection of the Scheme by the Court, the change in approach to the calculation of the provision for complaints at the year end;
- 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 Covid-19 forbearance provisioning undertaken;
- reviewed, considered and agreed the need for an impairment in the carrying value of subsidiaries within the Group;
- reviewed and considered accounting for Covid-19 forbearance measures, including the need for modification loss accounting and changes to income recognition;
- reviewed the external auditor's audit planning report for the year ended 31 March 2021 and findings from the 2020/21 interim audit work completed in the period. 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;
- 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, given the implications of the increased provisioning to cover the costs of complaints raised by customers and the failure of the Scheme of Arrangement to obtain the approval. 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 Amigo 2.0 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 2021 including confirmation of the application of Amigo's accounting policies and any material changes to financial reporting requirements;
- 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;
- 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:
  - management information assessment;
  - affordability;
  - collections;
  - complaints handling;
  - creditworthiness;
  - vulnerable customers;
  - financial control review;
  - payments review;
  - forbearance;
  - cyber and business continuity;
  - SMCR post-implementation; and
- reviewed and updated the terms of reference for the Committee.

Auditor effectiveness and independence

The Committee considered KPMG'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. KPMG'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 101 to 109.

The Committee has also considered the objectivity and independence of the external audit, noting both the statement of independence provided by KPMG and the absence of any known conflict of interest between Amigo and KPMG. The Committee's policy is that KPMG 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 last financial year KPMG did not provide any non-audit work. Details of audit fees paid to KPMG are provided in note 6 to the consolidated financial statements.

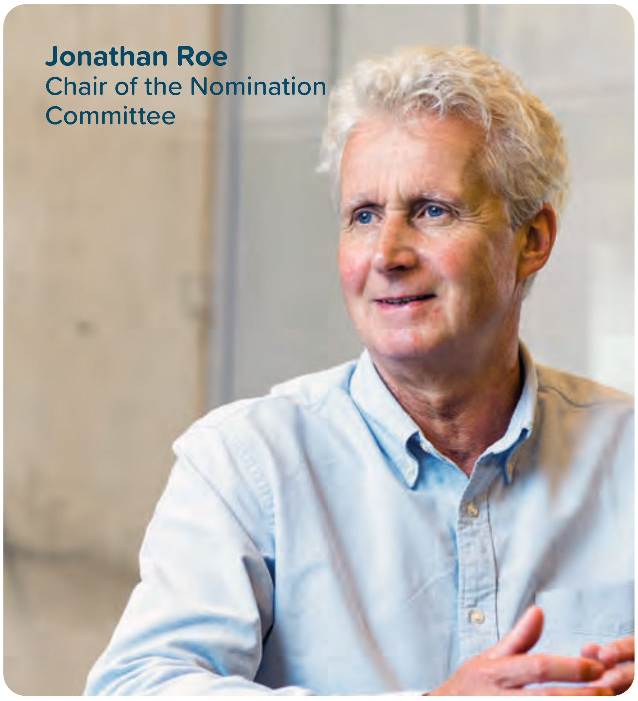
There was a tender of audit services in February 2017 when KPMG was appointed as auditor to the Group. The next tender of audit services is due in 2027.

Financial reporting

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

Issue	Relevant action
IFRS 9	• Determination of a "significant increase" in credit risk • Consideration of expected credit loss profiles • Development of Covid-19 overlay • 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 • Consideration of changes required to meet changes in regulatory requirements and environment over the period
Going concern	• Consideration of a risk to going concern resulting from an increase in financial commitments due to redress payable on upheld complaints • Consideration of short, medium and long-term funding requirements considering complaints and impact of Covid-19 on impairment levels • Consideration of whether the failure of the Scheme of Arrangement to deal with the costs of dealing with customer complaints would impact the future survival of the business and whether as a result going concern was the correct basis on which to prepare the financial report
Recoverability of parent company investment in subsidiaries	• Consideration 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
Modification loss accounting	• Consideration of impact of recognition of income through implementation of Covid-19 forbearance measures • Consideration of long-term implications of future collections for those on Covid-19 forbearance

Nomination Committee report



Member	Meetings	Attendance
Richard Price[1]	15	12
Roger Lovering[2]	14	14
Stephan Wilcke[3]	3	3
Jonathan Roe[4]	9	9
Maria Darby-Walker[5]	4	4
Michael Bartholomeusz[6]	2	2

1 Richard Price resigned on 16 December 2020.
2 Roger Lovering resigned on 31 October 2020.
3 Stephan Wilcke resigned on 18 June 2020.
4 Jonathan Roe was appointed on 1 August 2020.
5 Maria Darby-Walker was appointed on 12 October 2020.
6 Michael Bartholomeusz was appointed on 19 November 2020.

Overview

I am pleased to introduce our Nomination Committee Report for 2020/21, which explains the Committee's focus and activities during the year, which by anyone's standard has been a challenging period. 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. During the year the Committee underwent a number of changes and throughout this time it strove to ensure that the Company met the provisions of the UK Corporate Governance Code, although this was not always possible.

Committee composition

I took over as Chair of the Nomination Committee on 13 October 2020. Prior to this, the Nomination Committee was chaired by Roger Lovering, who continued on the Committee until he stepped down as a Director on 31 October 2020. Stephen Wilcke stood down as a member of the Committee when he stood down as a director in June 2020. Richard Price stood down as member of the Committee following his resignation as a Director of the Company in December 2020. Maria Darby-Walker and Michael Bartholomeusz are also both current members of the Committee. 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 seventeen meetings during the year. Attendance at these meetings by the Committee members is shown in the table on this page.

This has been a very challenging and turbulent year for the Committee. As mentioned above, I took over as Chair of the Committee following Roger Lovering's decision to stand down when my approval to act as Chair of the Board came through from the FCA. The replacement CEO for Hamish Paton also announced at the same time that he would not be joining the Company. Thus, the Committee needed to start a recruitment process for a CEO, as well as additional Independent Non-Executive Directors to replace both Roger Lovering and Richard Price.

We used independent recruitment consultant, Lomond Consulting, to lead the search for candidates.

On 29 April 2020, Richmond Group Limited asked for a General Meeting to be called at which it sought to remove all existing members of the Board. The resolutions to remove the Board and appoint an alternative Chair and CEO were not passed at the General Meeting, which took place on 17 June 2020. After the General Meeting we quickly recommenced the CEO recruitment process. After a false start, we were delighted to announce that Gary Jennison, a Non-Executive Director, had agreed to take up the position as CEO, subject to FCA approval.

Other key activities during the year included:

- reviewing the composition of the various Board Committees;
- supporting the appointment of Mike Corcoran as CFO;
- 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 introduction of the Senior Managers and Certification Regime, treatment of preferential creditors and Schemes of Arrangement; and
- reviewing the proposed appointment of Richmond Group Limited's Director nominees.

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

The Committee has been actively seeking to build the Board and identify skills shortages. 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.

The Committee has not undertaken an external evaluation of the Board this year, as the process was disrupted due to the uncertainty of the Board composition as a result of outside stakeholder agitation.

The Committee will undertake a thorough review in autumn 2021, once the majority of the Board has been in place for twelve months.

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 into senior management and Director roles. Maria Darby-Walker joined the Board in October 2020. The Committee has also identified another female candidate for the role of Non-Executive Director, who the Board hopes will accept the role once the Company emerges from its current difficulties. Once the issue regarding the future membership of Board members has been resolved, a key consideration of recruitment of new Board members will be to increase diversity (including gender and ethnicity) on the Board.

The Board currently consists of five people, which will expand with the appointment of a new Chair of the Audit Committee and an additional Non-Executive Director. The Board believes that Amigo would be best served by creating a diverse Board with a suitable range of skills, experience and knowledge across all the Board members.

The Hampton-Alexander Report and the Parker Review diversity recommendations will be a key consideration as we look to build the best Board for the future of Amigo. The Committee recognises that it has much work to do to meet these voluntary targets.

Jonathan Roe
Chair of the Nomination Committee
24 August 2021

Risk Committee report

Member	Meetings	Attendance
Richard Price[1]	6	6
Roger Lovering[2]	5	5
Stephan Wilcke[3]	1	1
Nayan Kisnadwala[4]	5	5
Jonathan Roe[5]	5	5
Maria Darby-Walker[6]	4	4
Michael Bartholomeusz[7]	3	3

1 Richard Price resigned on 16 December 2020.
2 Roger Lovering resigned on 31 October 2020.
3 Stephan Wilcke resigned on 18 June 2020.
4 Nayan Kisnadwala resigned on 11 November 2020.
5 Jonathan Roe was appointed on 1 August 2020.
6 Maria Darby-Walker was appointed on 12 October 2020.
7 Michael Bartholomeusz was appointed on 19 November 2020 and approved as Chair on 19 July 2021.

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 customers, managing the impact of Covid-19 and Covid-19 forbearance on the business, and dealing with the consequences of increased complaints activity against Amigo, including the possible impact and subsequent fallout from the failure of the proposed Scheme of Arrangement to receive Court sanction, together with the ongoing investigations by the FCA.

A key part of the Committee's work was to oversee the development of the risk management framework 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. We also had to consider the changing landscape in relation to complaints and the changing position of the FOS. In relation to lending to customers, we have taken into account the regulatory landscape plus the impact of Covid-19. Amigo has made a decision to reduce our risk appetite which includes continuing with the pause in lending started at the end of the previous financial year.

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 £177.9m cash on the balance sheet and net debt of £118.6m.

The Committee has continued to enhance and embed an appropriate risk culture as the Group evolves. Areas of focus have included building a robust Amigo 2.0 platform for a return to lending, business continuity planning 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 economic fallout from Brexit on our customer base. However, the Brexit impact risk has been almost completely overshadowed by the impact of Covid-19. This has had a massive adverse effect on many of our stakeholders, especially our customers and employees. Over 66,000 of our customers applied for and were granted a payment holiday during the period. Helping these customers and managing the default risk of these customers going forward will be critical to the business. In this regard, we have considered the appropriate scenarios and stress tests that should be applied and the potential impact on the business. Anecdotal evidence suggests some customers have benefited from the certainty of income provided by the furlough scheme. We have seen this in stronger debt repayments for many customers.

Increasingly over the year the Committee, in tandem with the Audit Committee, considered the implications of the worsening complaints. The Committee had to also consider the implications of the failure of the proposed Scheme of Arrangement to be approved by the Court.

The Committee considered the risk associated with the position of our then largest shareholder. This is discussed in greater detail on page 95. The risks of this significantly reduced over the year, as Richmond Group Limited sold its shares in the Company.

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. I would like to thank my colleagues and members of the Committee for their hard work and commitment over the last twelve months.

Michael Bartholomeusz
Chair of the Risk Committee
24 August 2021

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 consists of the Non-Executive Directors. The 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 eight times during the year. Attendance at Risk Committee meetings is set out on page 74.

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, 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 2020/21

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 31 to 36.

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:

- oversight of embedding of the Senior Managers and Certification Regime throughout Amigo;
- the ongoing review and identification of Group risks with action plans put in place to mitigate such risks, including strengthening the three lines of defence;
- a review of the risk appetite across the Group;
- oversight of the risk management system implementation and key reporting requirements;
- consideration of the changing regulatory environment, including the impact on reputational risk;
- oversight of quarterly credit risk reporting;
- enhanced monitoring of vulnerability, affordability, responsible lending and arrears management issues;
- considering the impacts and implications arising out of Covid-19 and Covid-19 forbearance measures;
- considering the impacts and implications arising out of the increased complaints activity;
- a regular review of the loss forecast data for input into provisioning under IFRS 9 for the impairment rate across the entire scope of the loan book; and
- considering the conduct risks of a return to lending by Amigo via Amigo 2.0.

Areas of focus in 2021/22

The Committee intends to continue to improve the Company's risk management framework during 2020/21. Key tasks include: a further review and enhancement of the Group risk management framework, further work to monitor the complaints provision and the FCA investigation into lending from November 2018, further development of the Group's risk register, further monitoring of Covid-19 implications and further enhancements to the newly implemented risk management system.

Directors' remuneration report

Maria Darby-Walker
Chair of the Remuneration Committee

Member	Meetings	Attendance
Richard Price[1]	17	14
Roger Lovering[2]	12	12
Stephan Wilcke[3]	4	4
Jonathan Roe[4]	17	17
Maria Darby-Walker[5]	12	12
Michael Bartholomeusz[6]	9	9

1 Richard Price resigned on 16 December 2020.
2 Roger Lovering resigned on 31 October 2020.
3 Stephan Wilcke resigned on 18 June 2020.
4 Jonathan Roe was appointed on 1 August 2020.
5 Maria Darby-Walker was appointed on 12 October 2020.
6 Michael Bartholomeusz was appointed 19 November 2020.

Report from the Chair of the Remuneration Committee

I assumed responsibility for chairing the Remuneration Committee on 20 January 2021 from Jonathan Roe, who acted as Interim Chair whilst my application for authorisation was granted by the FCA. Jonathan took on the responsibility for chairing the Committee from Richard Price and Roger Lovering, who acted as Joint Chairs from February 2020 while the search was made for a Chair of the Committee. I am pleased to present the Remuneration Committee Report for the year ended 31 March 2021. The Committee has a number of accountabilities including responsibility for assessing and administering the Directors' Remuneration 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 2020/21 and summarises how we intend to implement the Remuneration Policy in 2021/22.

Section 2 – Remuneration Policy: this section summarises how we intend to remunerate Executive and Non-Executive Directors over the life of the Policy, which was approved by shareholders at the AGM in 2019.

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 101 to 109, as specified by the UK Listing Authority and the Regulations.

Business context for 2020/21

The third year of Amigo as a public company has been a period of significant change and challenge for the business. Loss after tax was down 962.9% on a like-for-like basis, to a loss after tax of £(289.1)m. This was driven by the recognition of a complaints provision of £344.6m. The net loan book decreased by 47.0% during the year.

Director changes in the period

The tables immediately below lists the changes to Executive and Non-Executive Directors in the period. In considering the appointment and departure terms for these individuals, the Committee has sought to act fairly and not pay any more than is necessary, while wishing to ensure a successful transition between individuals for the benefit of Amigo and its stakeholders.

Changes in Executive Directors were:

- Hamish Paton was a Director and CEO of the Company for the period 29 July 2019 to 31 July 2020;
- Nayan Kisnadwala was a Director and CFO of the Company for the period 31 January 2019 to 11 November 2020;
- On 8 July 2020 we announced that Glen Crawford would be returning to the Company as CEO and an Executive Director on 1 August 2020, subject to regulatory approval. On 23 September 2020 Glen notified the Company that he no longer wished to re-join the Board and take up the position of Director and CEO;
- Gary Jennison was appointed as a Non-Executive Director of the Company on 17 August 2020; he then took on the position of CEO on 23 September 2020; and
- Mike Corcoran was appointed as a Director and CFO of the Company on 11 November 2020.

The remuneration matters relating to the above changes in Executive Directors are detailed in the Remuneration Report.

Changes in Non-Executive Directors were:

- In December 2019, Stephan Wilcke announced his intention not to seek re-election at the 2020 AGM, following which he stepped down as Chair of the Board and Independent Non-Executive Director on 18 June 2020;
- Jonathan Roe was appointed as a Non-Executive Director on 1 August 2020;
- Maria Darby-Walker was appointed as a Non-Executive Director on 12 October 2020;
- Roger Lovering resigned from his role as Acting Chair and Non-Executive Director on 31 October 2020.;
- Michael Bartholomeusz was appointed as a Non-Executive Director on 19 November 2020; and
- Richard Price resigned from his role as Non-Executive Director on 16 December 2020.

Any remuneration matters relating to the above changes are detailed in this report.

Remuneration decisions and outcomes for 2020/21

The Committee's activities focused on the application of the Policy in the year including adjustments to base pay with effect from 1 April 2020 and the formal details of any bonus plan, the outcomes of which are described below, as well as awards under the LTIP.

The awards of LTIP during the year were made after extensive revisions were made to strengthen the performance conditions. The revisions included adding an element to reflect performance against non-financial measures such as the maintenance of good conduct standards, diversity and inclusiveness and other ESG measures.

There was no annual bonus declared for the Executive Directors in the year, as set out on pages 88 and 89. Under the Policy, the CEO and CFO are eligible for consideration of a bonus award up to 50% of base salary, with 100% of any bonus earned subject to deferral into shares for three years.

As has been documented elsewhere in this report the Company did not achieve the core threshold performance criteria for the award of bonus entitlement under the arrangements laid out for 2021/22. Given the ongoing challenges facing the business, as well as the requirement of the Voluntary Requirement agreed with the FCA during the year, the Committee has not proposed to pay a bonus to either of the Executive Directors for the year.

Implementation of Policy in 2021/22

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

Maria Darby-Walker
Chair of the Remuneration Committee
24 August 2021

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. Our goal is 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.

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:

- **Attract and retain** – enable Amigo to attract and retain management of a high calibre with the necessary customer service focus, and financial and regulatory credentials required to deliver a sustainable business model and drive shareholder returns. 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 relative to the companies of a similar size and in similar sectors, without seeking to "match the median", to identify and mitigate the risk of losing strong performers.
- **Link variable pay to performance and the delivery of the agreed strategy** – provide management with the opportunity to earn competitive remuneration through annual and long-term variable pay 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. Different elements of executive pay are delivered over the short and longer term and are designed to ensure that a substantial proportion of the executives' remuneration is variable, performance related and shareholding based.
- **Align executives with shareholders** – ensure management's interests are aligned with those of shareholders by incentivising management to deliver the Group's long-term strategy of a sustainable, growing business and thus enhance shareholder value. A significant portion of reward is delivered in shares to create alignment of interests.
- **Drive sustainable ethical performance** – remuneration arrangements are designed to support the sustainable delivery of ethical performance and to prevent excessive risk taking.

Section 1 – Annual Report on Remuneration

1.1 Committee composition during the year

During the year, the Committee comprised:

- Richard Price, Richard Lovering, Maria Darby-Walker, Jonathan Roe and Michael Bartholomeusz.

There were 22 Committee meetings held during the year; details of attendance are shown in the table on page 63. All members 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 year ended 31 March 2021;
- discussed and approved both financial and strategic annual bonus amounts paid in May 2020 (including payments to the Deferred Bonus Plan), bonus metrics and targets and LTIP awards;
- discussed and approved remuneration for Gary Jennison as CEO and Mike Corcoran as CFO;
- approved the exit terms for Hamish Paton as CEO and Nayan Kisnadwala as CFO;
- approved the balanced scorecards (Executive Performance Plans) for the CEO and CFO and had visibility of Executive Performance Plans for ExCo;
- approved terms of appointment for senior management joining the business (Chief People Officer, Marketing Director, Chief Operations Officer, Commercial Data Director and Interim Complaints Director); and
- approved changes to the retention period for the original employee shareholders at the IPO and changes to the Deferred Bonus Plan holding period for participants.

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; 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 has taken advice from Willis Towers Watson (WTW). Total fees paid to WTW were £37,000, exclusive of VAT, in respect of advice provided to the Remuneration Committee in the year, charged on a time and materials basis.

1.3 Advisors and other attendees continued

The Committee considers WTW's advice independent and impartial, and is also satisfied that the WTW 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. WTW is a signatory of the Remuneration Consultants Group Code of Conduct.

Implementation of the Remuneration Policy in 2020/21

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 2019/20 with prior year comparatives.

	Gary Jennison[5]	Mike Corcoran[6]	Nayan Kisnadwala[7]		Hamish Paton[8]		Glen Crawford[9]	
	2020/21	2020/21	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Base salary[1]	329,487	127,769	588,607	322,041	320,490	278,260	120,000	117,051
Bonus[2]	—	—	—	95,790	—	—	—	3,250
Benefits[3]	31,260	20,407	78,601	46,347	38,323	55,581	—	—
Pension[4]	—	6,388	—	2,580	500	3,333	5,750	—
Total	**360,747**	**154,564**	**667,208**	**466,758**	**359,313**	**337,174**	**125,750**	**120,301**

1 This represents cash paid or receivable in respect of the period. Included within this figure are leaver payments for Nayan Kisnadwala (£319,350) and Hamish Paton (£110,769).

2 This is the total annual bonus in respect of the period.

3 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.

4 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: Nayan Kisnadwala (£6,652), Hamish Paton (£7,833), Glen Crawford (£5,000) and Gary Jennison (£15,692).

5 Gary Jennison was appointed as an Independent Non-Executive Director of the Company on 17 August 2020. He transitioned to the role of CEO and Executive Director on 23 September 2020, at which point his salary was £600,000 p.a.

6 Mike Corcoran was appointed as a Director of the Company on 11 November 2020.

7 Nayan Kisnadwala was appointed as a Director of the Company on 31 January 2019. He ceased to be a Director of the Company on 11 November 2020.

8 Hamish Paton was appointed as a Director of the Company on 29 July 2019. He ceased to be a Director of the Company on 31 July 2020.

9 Glen Crawford was acting as CEO designate from 1 August 2020 to 22 September 2020 with a salary of £600,000 p.a.; during this time he was not officially appointed as a Director of the Company. In the prior year he was a Director of the Company until his resignation on 14 June 2019.

1.5 Changes to Executive Directors

Hamish Paton tendered his resignation as CEO on 8 December 2019 and left the Group on 31 July 2020, which was followed by a period of garden leave until 31 August 2020. In line with his service agreement, Hamish continued to receive salary and benefits, including pension, until the end of his garden leave. At this point he received a payment of salary in lieu of the remainder of his notice period (which expired on 8 December 2020) amounting to £110,769. His outstanding incentive awards under the Amigo Holdings PLC 2019 Long Term Incentive Plan were treated in accordance with the Remuneration Policy. Hamish Paton was treated as a bad leaver in respect of his outstanding LTIP awards and as a consequence his LTIP awards were forfeited.

Nayan Kisnadwala resigned as CFO on 11 November 2020 and left the Group on 30 November 2020. At this point he received a payment of salary in lieu of the remainder of his notice period (which expired on 10 November 2021) amounting to £319,350. His outstanding incentive awards under the Amigo Holdings PLC 2019 Long Term Incentive Plan are treated in accordance with the Remuneration Policy. Nayan Kisnadwala was treated as a good leaver in respect of his outstanding awards and so shall continue to hold them until the normal vesting date. The outstanding awards shall be pro-rated as to time and performance. As at the year end, given the performance of the Company against the performance conditions, no entitlement to shares is expected at vesting. In addition, the Company released to him 787,551 shares held within the Deferred Bonus Plan, in respect of prior bonus payments payable to him.

Section 1 – Annual Report on Remuneration continued

1.5 Changes to Executive Directors continued

Gary Jennison was appointed as CEO, subject to FCA approval, on an annual basic salary of £600,000. This was considered to be appropriate in light of his experience in the sector and with his turnaround experience given the Company’s challenging situation. The remuneration reflected the need to quickly find a suitable replacement CEO and reflected the remuneration package offered to the previous candidate, who decided to not proceed with the appointment as CEO, at very short notice. For the period from 10 August 2020, Gary acted as a Non-Executive Director of the Company, on a basic annual remuneration fee of £70,000. On accepting the role of CEO, Gary’s remuneration fee as a Non-Executive Director ceased, without compensation. Gary is entitled to receive a pension contribution of 5% of basic salary and standard benefits, in line with the Directors’ Remuneration Policy (the “Policy”) detailed on pages 90 to 92. Gary’s maximum annual bonus opportunity is 50% of salary in accordance with the Policy. Gary will also be eligible for reimbursement of costs incurred by him for a period of two years or until he relocates to Bournemouth. The annual costs for rent paid by the Company on Gary’s behalf are approximately £33,600.

Mike Corcoran was appointed as CFO, subject to FCA approval, on an annual basic salary of £330,000. This was considered to be reasonable in light of his experience in the sector and with companies going through significant change. Mike was entitled to receive a pension contribution of 5% of basic salary and standard benefits, in line with the Policy. Mike’s maximum annual bonus opportunity is 50% of salary in accordance with the Policy. Mike will also be eligible for reimbursement of costs incurred by him for a period of two years or until he relocates to Bournemouth. The annual costs for rent paid by the Company on Mike’s behalf are approximately £19,000.

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 guarenteed pension in the event of severance or early retirement.

1.8 Bonus (audited)

Hamish Paton was not eligible to be considered for a bonus, having tendered his resignation in December 2019.
Nayan Kisnadwala was not considered for a bonus in accordance with the strategic scorecard set out below. No bonus was considered for Gary Jennison or Mike Corcoran for the period of their employment. Further details of the bonus scheme are set out in section 2 (Annual Bonus) on page 89.

Bonus – strategic scorecard

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

The financial performance measurement metrics for 2020 included the following targets: originations of £406m, an impairment ratio of less than 30.4%, maintenance of a cost:income ratio (excluding complaints) of 21.6% and normalised profit after tax of £86.9m. All financial performance targets for the year ended 2021 were withdrawn given the changes in personnel and the cessation of lending activity over the review period.

The Company currently does not have in place a bonus scheme which is tied directly to the performance of the share price. The Board believes that the LTIP provides adequate incentive to Directors and Senior Managers in relation to matching stakeholder interests with the long term interests of the Company.

The Company operates 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 inhouse environmentally sensitive approach. The Committee therefore do not believe it is beneficial to include a benchmark for environmental impact as a remuneration metric, other than within the LTIP.

1.8 Bonus (audited) continued

The Remuneration Committee adjudged Nayan Kisnadwala met, in aggregate, 30% of his performance targets. His scores against the strategic scorecard are detailed in the table below.

Measure	Weighting %	Performance %
Our strategic priorities	10%	10%
– Developed and agreed set of strategic priorities with the Board		
– Delivered improvement in funding options		
– Led the formal sale process and strategic review exercise		
Our customers and conduct	15%	5%
– Prior to changes to lending policy, strong growth in customer numbers		
– Reduced cost of acquisition		
– Some operational challenges that impacted customer experience		
Our people and culture	15%	5%
– Effective leadership of the finance function, building skills and capability		
– Mixed feedback from engagement survey although clear plan to address		
Our financial performance	50%	0%
– Challenging year financially with broad miss against key targets		
Individual	10%	10%
– Completion of development plan and ongoing self-development improvements		
– Ongoing support and coaching for his senior management team		
Total	**100%**	**30%**

Director	Maximum bonus (% of salary)	Actual bonus (% of salary)	Actual bonus £	Bonus deferred into shares %
Gary Jennison	0%	0%	—	0%
Mike Corcoran	0%	0%	—	0%

1.9 Long-term incentives

The Committee are of the view that awards of shares under the Company's approved Long Term Incentive Plan provide appropriate incentive to Executive Directors and better match the aspirations of shareholders to those of the Directors. In addition, the Committee carefully reviewed and modified the performance conditions used to evaluate future vesting of any awards made under the Long Term Incentive Plan, to ensure all stakeholders' interests were promoted appropriately.

Awards made in 2020/21 (audited)

The table below sets out the share awards made to the Executive Directors during 2020/21 under the Company's LTIP:

Director	Grant date	Award type	Basis upon which award was made (% of salary)	Face value[1] of award £	Performance period end date	Shares awarded
Gary Jennison	1 December 2020	Conditional	148% base salary	886,920	30 November 2023	9,500,000
Mike Corcoran	1 December 2020	Conditional	134% base salary	443,460	30 November 2023	4,750,000

1 The awards dated 1 December 2020 were calculated based on a value per share of £0.09336, being the average closing mid-price over the five trading days preceding the date of the award.

Corporate governance

Section 1 – Annual Report on Remuneration continued

1.9 Long-term incentives continued

Awards made in 2020/21 (audited) continued

The table below sets out the performance conditions attached to the awards made during the year to Executive Directors.

Performance condition	Applicable terms	Performance target range (threshold–max over the performance period)	Weighting (% of award)	Vesting schedule (% vesting, threshold–max)
EPS growth p.a.	EPS is the Company's earnings divided by the weighted average number of shares. EPS growth is the percentage change in EPS over the applicable performance period. The Committee consider EPS growth to be a good proxy for efficiency within the wider business.	Growth of 300% over EPS hurdle over the performance period. The EPS hurdle is 1p. Target for full vesting is 4p.	30%	0%–100%
Absolute TSR (ATSR)	Measures the growth in the potential value of an Amigo share over the performance period – that is, the amount the share price has appreciated plus the dividends paid. The Committee consider ATSR is appropriate given it reflects the actual value generation for shareholders over the performance period.	Growth of 233.3% over the ATSR over the ATSR hurdle over the performance period. The ATSR hurdle is 12p. Target for full vesting is 40p.	40%	0%–100%
Non-financial measures	Measures the effectiveness of the steps taken by the awardees to ensure Amigo adheres to the standards expected by all stakeholders. The Committee consider non-financial measures are an appropriate method to evaluate the contribution of the Executives to the wider good of the Company and society as a whole.	Test against internal targets for corporate culture, conduct risk matters, diversity and inclusiveness and other ESG measures. Benchmarked against external expectations over the performance period.	30%	0%–100%

In the event the period of performance is curtailed, the Committee would take into account the nature of the reason why the performance period was curtailed and would evaluate the vesting of any award based on actual performance achieved to the date of curtailment.

1.10 Other share awards (audited)

Save As You Earn (SAYE)

Hamish Paton was granted the option to purchase 28,266 shares in the Company at an exercise price of £0.6368 per share under Amigo's 2019 SAYE plan, with an option exercise date of 1 November 2022. The option lapsed when Hamish Paton left the Company on 8 July 2020.

Nayan Kisnadwala, Gary Jennison and Mike Corcoran did not participate in the SAYE during the year.

Share Incentive Plan (SIP)

During the year, Hamish Paton participated in the SIP and purchased 5,464 shares and was granted 5,464 matching shares. Hamish Paton ceased to be eligible to participate in the SIP upon his departure from the Company and forfeited his matching shares, in accordance with the rules of the SIP.

Nayan Kisnadwala, Gary Jennison and Mike Corcoran did not participate in the SIP during the year.

Section 1 – Annual Report on Remuneration continued

1.10 Other share awards (audited) continued

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.

Both Executive Directors joined the Company during the year. Both Directors have purchased shares since they have joined the Company and their shareholdings are as detailed in the table below. Bonuses are not payable in cash until the relevant Director's shareholding guideline has been met.

	Gary Jennison	Mike Corcoran
Shareholding guideline	200%	200%
Shareholding as at 31 March 2021	1,250,000	335,000
Current value (based on share price on 31 March 2021[1])	£199,250	£53,399
Current % of salary	33.2%	16.2%

1 This being the last trading day of the financial year. Mid-price £0.1594 per ordinary share of 0.25p in Amigo Holdings PLC.

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. During the year Nayan Kisnadwala held an external non-executive director role for Kuflink Group PLC.

1.12 Payments to former Directors

No payments were made to former Directors during the year in respect of their employment by the Company except that Glen Crawford worked as a consultant on behalf of the Company from 5 March 2020 to 4 June 2020 in relation to the formal sale process. During this time, he was paid a fee of £10,000 per calendar month.

1.13 Payments for loss of office

Hamish Paton received payment in lieu of notice of £110,769, relating to the notice period that followed his departure on 31 August 2020; his outstanding incentive awards under the Long Term Incentive Plan have been treated in accordance with the Remuneration Policy. Hamish was treated as a bad leaver in respect of his outstanding awards and the awards have been forfeited.

Nayan Kisnadwala received payment in lieu of notice of £319,350, relating to the notice period that followed his departure on 30 November 2020. His outstanding incentive awards under the Long Term Incentive Plan have been treated in accordance with the Remuneration Policy. Nayan has been treated as a good leaver in respect of his outstanding awards, the awards have been pro-rated as to time and performance and a portion of the awards have been forfeited but he will continue to hold the remainder until the normal vesting date.

Glen Crawford acted as CEO designate from 1 August 2020 until his departure on 23 September 2020; he did not receive any loss of office payment upon his departure.

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.

Section 1 – Annual Report on Remuneration continued

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 then twelve months.

The service contract for Gary Jennison, CEO, provides for a notice period of twelve months, by the Company or the individual.

The leaving terms wihin the service contract for Hamish Paton had been triggered by the resignation of Hamish in December 2019. His period of notice was reduced from twelve months by mutual consent to 31 August 2020.

The service contract for Nayan Kisnadwala, CFO, provided for a notice period of twelve months, from the Company or the individual.

The service contract for Mike Corcoran, CFO, provides for a notice period of twelve 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.

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

Director	Term of service
Jonathan Roe	3 months
Maria Darby-Walker	3 months
Michael Bartholomeusz	3 months
Gary Jennison	12 months
Mike Corcoran	12 months

The unexpired term of service contracts is based on all Director contracts being on a rolling basis unless notice has been given. As at the date of this report, no notice has been given in relation to Directors terminating their service contracts.

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. The Group is actively working towards a unified bonus plan for all employees.

The LTIP has been extended to some members of the senior management team below the Board.

1.18 Statement of consideration of shareholder views

In the prior year, the Committee consulted with its largest shareholders prior to publication of the Remuneration Policy. 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.

Section 1 – Annual Report on Remuneration continued

1.19 Single total figure of remuneration for Non-Executive Directors

Non-Executive Director single figure comparison (audited)

2020/21	Jonathan Roe[2]	Maria Darby-Walker[3]	Michael Bartholomeusz[4]	Gary Jennison[5]	Stephan Wilcke[6]	Roger Lovering[7]	Richard Price[8]
Fees[1]	116,667	39,135	30,038	6,205	17,035	37,552	42,217
Bonus	—	—	—	—	—	—	—
Benefits	—	—	—	—	—	—	—
Pension	—	—	—	—	—	—	—
Total	**116,667**	**39,135**	**30,038**	**6,205**	**17,035**	**37,552**	**42,217**

2019/20	Stephan Wilcke	Richard Price	Roger Lovering	James Benamor	Clare Salmon
Fees	77,250	59,225	64,375	11,510	52,539
Bonus	—	—	—	—	—
Benefits	—	—	—	—	—
Pension	—	—	—	—	—
Total	77,250	59,225	64,375	11,510	52,539

1 This represents cash paid or receivable in respect of the period.
2 Jonathan Roe was appointed as Director of the Company on 1 August 2020.
3 Maria Darby-Walker was appointed as Director of the Company on 12 October 2020.
4 Michael Bartholomeusz was appointed as Director of the Company on 19 November 2020.
5 Gary Jennison was appointed as an Independent Non-Executive Director of the Company on 17 August 2020. He transitioned to the role of interim CEO and Executive Director on 23 September 2020.
6 Stephan Wilcke resigned as a Director of the Company on 18 June 2020.
7 Roger Lovering took up the position of Acting Chair on 18 June 2020. He resigned as a Director of the Company on 31 October 2020.
8 Richard Price resigned as a Director of the Company on 16 December 2020.

1.20 Waiver of emoluments

Stephan Wilcke, Chair of the Board until 18 June 2020, waived his Non-Executive Director fee, which was then paid to charity.

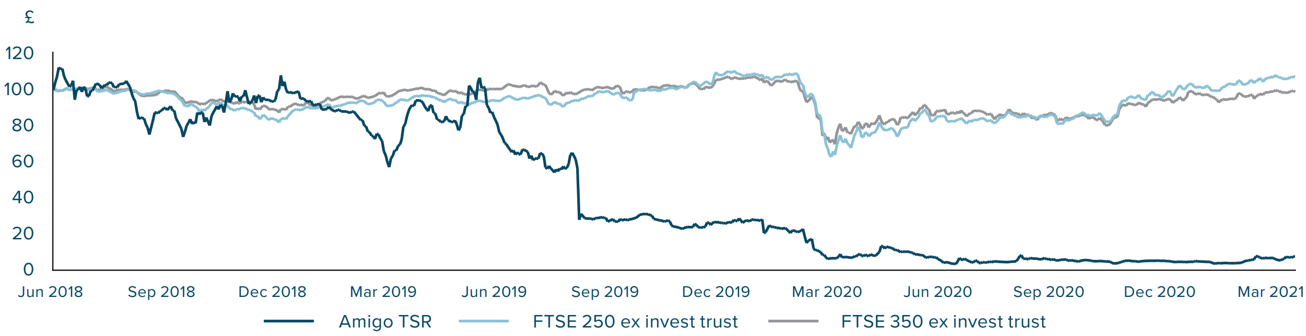
1.21 Non-Executive Director shareholding as at 31 March 2021

	Class of share	2021	2020
Jonathan Roe	Ordinary shares of 0.25p each	**180,000**	—
Maria Darby-Walker	Ordinary shares of 0.25p each	**107,569**	—
Michael Bartholomeusz	Ordinary shares of 0.25p each	**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 2020 and 29 July 2021. Non-Executive Directors do not have a shareholding guideline but they are encouraged to buy 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 2020. TSR has been measured against the FTSE 250 excluding Investment Trusts and the FTSE 350 excluding Investment Trusts.



Corporate governance

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 period since IPO, 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
2019/20	Hamish Paton	337,174	0%	n/a
2020/21	Hamish Paton	359,313	0%	n/a
2020/21	Glen Crawford	125,750	0%	n/a
2020/21	Gary Jennison	360,747	0%	n/a

1.24 Change in CEO remuneration compared to employees (audited)

The table overleaf 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 2020/21 combined CEO remuneration for Hamish Paton (for the period 1 April to 31 July 2020), Glen Crawford (for the period 1 August to 22 September 2020) and, subsequently, Gary Jennison (from 23 September 2020 to 31 March 2021) to the CEO remuneration for Glen Crawford (for the period 1 April to 14 June 2019) and Hamish Paton (from 29 July 2019 to 31 March 2020) in 2019/20. Due to the changes of CEO, the Committee considers the percentage change figures in the table below are not representative of the year-on-year change in remuneration that the Committee would expect to set for a single individual. This year, the increases to CEO salary and benefits are primarily due to the increase in base salary from £400,000 to £600,000 for Glen Crawford and Gary Jennison. Taxable benefits are primarily the costs of temporary accommodation agreed for both Hamish Paton and Gary Jennison; the increase seen is due to Hamish's benefits being over a four month period, with Gary's being over approximately six months.

	Annual percentage change from 2019/20		
	Salary	Bonus	Taxable benefits
CEO	95%	(100)%	25.2%
All colleagues	8.7%[1]	31.1%[2]	17.9%[3]

1 Calculated based on wages and salaries expense per average number of employees for the period.
2 Calculated based on average bonus expense per employee for the period.
3 Calculated based on average taxable benefits expense per employee for the period. The average cost of colleague benefits has increased slightly over the year, driven predominantly by an increase in benefit provision cost.

No figures are included for other Directors' as they joined the Board in 2020 and therefore have no 2019 comparator figure.

Section 1 – Annual Report on Remuneration continued

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 2020/21 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 2020/21 includes the pay for both Gary Jennison and Hamish Paton in the year (similarly the figure for 2019/20 includes the pay for both Glen Crawford and Hamish Paton in the year).

Year	Method	25th percentile pay ratio	Median percentile pay ratio	75th percentile pay ratio
2020/21	Option A (total 2021 pay for role of CEO)	**24:1**	**21:1**	**17:1**
2019/20	Option A (total 2020 pay for role of CEO)	19:1	15:1	12.1

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 2021.

The ratio changed substantially in the year due to the need to attract the right candidate with the appropriate skillset to help deal with the challenges facing the Company. Given the cessation of new lending, the Committee determined the likelihood for earning bonus was substantially reduced, leading to a need to significantly increase the basic salary. Correspondingly, the maximum level of bonus was reduced from 150% to 50%.

The Committee accepts that the increase in base remuneration for the CEO was significantly higher than the general rate of base salary increase for the wider workforce but the Committee believe the increase in CEO remuneration was justified in the circumstances in order to attract the appropriate candidates for the role at a difficult time for the Company.

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	659,209	845,810
25th percentile	24,262	25,872
50th percentile	27,458	29,574
75th percentile	35,235	38,201

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 2019/20 and 2020/21 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.

	2019/20	**2020/21**
Total spend on employee remuneration	£18.0m	**£21.1m**
Profit distributed by way of dividends/share buyback	£50.1m	**£nil**
Loss before tax	£(37.9)m	**£(283.6)m**
Average headcount	405	**427**
Average loss before tax per employee	£(93,662)	**£(663,785)**

Section 1 – Annual Report on Remuneration continued

1.27 Application of the Remuneration Policy in 2020/21

Throughout the year, Amigo has been working on simplifying remuneration arrangements across the business. In particular, measures were taken to increase the uniformity of payment arrangements across the Group which, when taken in conjunction with the exercise to create clear banding across employees in the Group, has resulted in more transparent measurement for remuneration. The changes are intended to make it easier to retain and recruit employees across the business.

The Committee considered the need to balance retention, performance and risk when making awards under the LTIP to the Executive Directors and other senior managers during the year. The awards were made with the objective of further aligning the attitudes and culture of the awardees with those of shareholders, customers and other stakeholders by the application of two clear performance targets: growth in EPS, and absolute total shareholder return, and the replacement of the relative total shareholder return metric with non-financial measures. The Committee believes that changing the performance measures to introduce non-financial measures will help to deliver a more rounded performance target which matches incentives to deliver performance to the risks of delivering that performance. The targets are intended to provide an interlinking matrix to drive responsible performance and manage risk across the business. The Committee also introduced a mechanism to ensure that any vesting of awards would be subject to scrutiny by the Committee before vesting and that all awards are made subject to malus and clawback provisions for poor behaviours.

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. Other factors taken into account to measure the success of the changes made to remuneration include the improvement in the staff retention rate over the year and the driving of appropriate business behaviours across the various departments.

Due to the challenging circumstances facing the business, the Committee undertook a review of its Executive and Non-Executive Director remuneration arrangements during the year. The Remuneration Committee is satisfied that the Remuneration Policy has performed in line with expectations to date and accordingly there has been no substantive engagement or consultation with shareholders or the wider workforce about executive remuneration. However, the Committee accepted that due to the challenges facing the Company, remuneration levels were increased substantially when appointing new Directors in the year.

The Remuneration Committee is able to consider corporate performance on environmental, social and governance (ESG) issues when setting Executive Directors' remuneration. The Remuneration Committee has ensured that the incentive structure for senior management does not raise ESG risks by inadvertently motivating irresponsible behaviour. Please see pages 49 to 51 for further information on the Group's environmental and social issues.

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 simple structure of our 2019 policy, market-aligned fixed pay with annual cash, three-year performance share incentives and 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.

Section 1 – Annual Report on Remuneration continued

1.28 Statement of implementation of Remuneration Policy in 2021/22

The table below sets out the detail of how we propose to implement the Executive Directors' Remuneration Policy in 2021/22:

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

Element	Summary of Policy implementation in 2021/22
Base salary	CEO: £600,000 CFO: £330,000
Annual bonus	Maximum: • CEO: 50% of salary • CFO: 50% of salary 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): Performance measures and weightings are as set out on page 82. The Committee has yet to determine the targets for 2020/21 due to uncertainty in the underlying economic environment.
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, critical illness cover for £100,000 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 CEO received temporary accommodation costs of £14,550.82. The CFO received temporary accommodation costs of £5,336.79.

Other key Policy features: shareholding guidelines and post-exit shareholding requirements will operate in 2021/22 as per the Remuneration Policy.

The table below sets out the detail of how we propose to remunerate the Non-Executive Directors in 2021/22:

NED fees	Non-Executive Chair: £175,000 Other Non-Executive Director basic fee: £70,000 Senior Independent Director fee: £5,000 Audit Committee Chair: £12,500 Remuneration Committee Chair: £12,500 Risk Committee Chair: £12,500

1.29 Statement of voting at the 2020 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	122,142,001	89.19%	14,800,835	10.81%	136,942,836	6,357,482

Section 2 – Remuneration Policy

This part of the report sets out a summary of the Group's Remuneration Policy for the remuneration of Executive and Non-Executive Directors as approved by shareholders on 12 July 2019 at the AGM. The full Policy can be found on pages 90 to 92 of the Annual Report and Accounts 2019. The Remuneration Policy took effect from this date and may operate for up to three years.

2.1 Policy table for Executive Directors

Element	Summary of Remuneration Policy
Salary	**Operation** Base salaries are set taking into account: • the individual's skills, experience and current remuneration package; • the size and scope of the role; • salary and total remuneration levels at similar sized companies; and • remuneration of other executives and Group employees. Salary increases will generally be effective from 1 April. **Opportunity** There is no set maximum salary; however, increases will generally be in line with or below the average salary increase awarded to employees. Increases may be made above this level in exceptional circumstances, such as where: • an individual is brought in on a lower salary with the intention of increasing the salary level gradually dependent on performance in the role; • there is a material increase in the size and scope of the role; and • market practice has evolved to mean that the salary is no longer considered to be competitive. **Performance assessment** Personal performance will be taken into account when considering base salary increases.
Annual bonus	**Operation** Performance is assessed over one year. 100% deferred into Company shares for three years until the shareholding guideline of 200% has been met. Once the shareholding guideline has been met, only 50% of the annual bonus will be deferred into shares for three years with the other 50% paid in cash following year end. **Opportunity** Maximum bonus: • The ongoing maximum annual bonus policy will be limited to 150% of base salary. Threshold bonus will pay out from 25% of maximum. On-target bonus will pay out at 50% of maximum. **Performance assessment** Performance measures, weightings and targets will be set annually. At least 50% of the bonus will be based on financial performance measures. 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. Clawback and malus conditions apply.

Section 2 – Remuneration Policy continued

2.1 Policy table for Executive Directors continued

Element	Summary of Remuneration Policy
Long-term incentive	**Operation** Annual awards of performance shares. Performance period of three years with a two year post-vesting holding period. **Opportunity** Maximum ongoing award: • 200% of salary. 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 made under the LTIP will vest at 25% of maximum for threshold performance. **Performance assessment** Performance measures, weightings and targets are set annually. At least 70% of the LTIP will be based on financial and TSR measures. 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. Clawback and malus conditions apply.
Pension	**Operation** Defined contribution scheme or cash award at the Committee's discretion. **Opportunity** Pension contributions aligned to majority of wider UK workforce at 5% of base salary and/or cash in lieu in the event of contribution in excess of agreed HMRC contribution rates or lifetime allowance limits reached.
Benefits	**Operation** 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. 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). **Opportunity** There is no limit to the value of benefits provided. The value is dependent on the cost to the Company of providing the benefit.
Shareholding guidelines	200% of base salary to be accumulated over a five year period.
Post-exit shareholding requirement	One year post-cessation shareholding requirement of up to 200% of salary for all Executive Directors.

Section 2 – Remuneration Policy continued

2.2 Policy table for Non-Executive Directors

Summary of Remuneration Policy for Non-Executive Directors

Element	Summary of Remuneration Policy
Operation	Non-Executive Directors receive a basic fee for their Board services. Additional fees are paid in relation to additional responsibilities including: • the role of Senior Independent Director; and • chairing the Audit, Remuneration and Risk Committees. The Chair of the Board receives a separate fee for this role (inclusive). 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. Fees are reviewed annually. Expenses incurred in the course of duties may be reimbursed by the Company.
Opportunity	Current fee levels are set out in the Annual Report on Remuneration. • Non-Executive Director fees are set taking into account market practice levels. • The fee of the Chair of the Board is set taking into account the individual’s circumstances, skills and experience. • Individual Directors’ fees are limited to an aggregate of £1,000,000 in the Company’s Articles of Association.

Performance assessment
n/a

Directors' report

The Directors present their report and audited accounts for the year ended 31 March 2021.

Additional disclosures

The Strategic Report is a requirement of the UK Companies Act 2006 and can be found on pages 1 to 55 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	18
Stakeholder engagement	43–48
Employment of disabled persons	48
Greenhouse gas emissions	50

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	44
LR 9.8.4R (1)	Capitalised interest	126
LR 9.8.4R (4)	Long-term incentive schemes	142–143
LR 9.8.4R (5)	Emoluments	84
LR 9.8.4R (10) and (11)	Related party contracts	140

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

Detail	Page
Going concern and viability statement	39-42
Governance	56–98
Credit, market and liquidity risks	30–38

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 other than operated by a subsidiary based in Dublin, Amigo Loans Ireland Ltd.

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 pages 39 to 42.

Results and dividends

The results for the year are set out in the financial statements on pages 101 to 161.

The Company did not pay a half year dividend in the period (2020: 3.10p per share). In light of the material increase in the provision in respect of complaints over the full year results to 31 March 2021, and Covid-19, the Board decided that it is prudent to conserve capital in the business and did not recommend a final dividend, making a total dividend for the year of nil p per share (2020: 3.10p per share).

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 scale of the losses incurred in 2020/21, largely as a result of providing for the costs of dealing with customer complaints without a Scheme of Arrangement, the Directors are of the view that no dividend can be paid in the short to medium term.

Events since the balance sheet date

As reported on page 26 of this Annual Report, the High Court did not approve the Scheme of Arrangement at the hearing held on 19 May 2021. Following the issue of the outcome of the hearing on 25 May 2021, the Company has been working with the FCA to identify a way forward which may involve the consideration of a new Scheme of Arrangement proposal.

Directors

The names and biographical details of the current Directors and the Board Committees of which they are members are set out on pages 58 to 60.

In respect of the period between 31 March 2020 and 22 July 2021, the following persons were Directors of the Company:

Current Directors

Name	Role	Appointment date
Jonathan Roe[1]	Independent Non-Executive Chair	1 August 2020
Gary Jennison[2]	CEO	17 August 2020
Mike Corcoran	CFO	11 November 2020
Maria Darby-Walker	Independent Non-Executive Director	12 October 2020
Michael Bartholomeusz	Independent Non-Executive Director	19 November 2020
Directors resigned in the year		
Stephan Wilcke[4]	Independent Chair	20 April 2016
Hamish Paton[3]	CEO	29 July 2019
Roger Lovering[5]	Independent Non-Executive Director	20 April 2016
Nayan Kisnadwala[6]	CFO	31 January 2019
Richard Price[7]	Independent Non-Executive Director	20 April 2016

1 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 Was originally appointed as a Non-Executive Director on 17 August 2020 and was authorisedby the FCA as CEO on 7 December 2020.
3 Resigned as a Director on 31 July 2020.
4 Resigned as a Director on 18 June 2020.
5 Resigned as a Director on 31 October 2020.
6 Resigned as a Director on 11 November 2020.
7 Resigned as a Director on 16 December 2020.

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 and, until it ended on 27 August 2020, the Relationship Agreement entered into between the Company and Richmond Group Limited, as more fully described on page 96. 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. Richmond Group Limited had the right to appoint up to two Non-Executive Directors (and remove those Directors) under the terms of the Relationship Agreement which ended on 27 August 2020, subject to the satisfaction of appropriate regulatory and corporate governance requirements.

For the period whilst the Company had a controlling shareholder, any election or re-election of any Director determined by the Company to be independent under the UK Corporate Governance Code was required to be approved by separate majority resolutions of the shareholders of the Company and shareholders entitled to vote on the election of Directors who are not controlling shareholders.

Articles of Association

The Articles of Association of the Company were adopted by special resolution on 28 June 2018.

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.

Whilst preparing the financial statements for the year ended 31 March 2020, the Board became aware that the Group's borrowings may have inadvertently exceeded the borrowing limit permitted under the Articles of Association as a result of an increase in the provision for customer complaints. At the AGM held on 29 September 2020, the Company shareholders approved to increase the borrowing limit to a level appropriate for the current and future needs of the business. The shareholders agreed to ratify any prior technical breach of the Articles of Association.

The Board will put proposals, to shareholders at the forthcoming AGM, to remove the current limit on the level of borrowings set as a factor of reserves and replace it with a general authority to borrow money. Shareholders will also be asked to ratify any prior technical breach of the Articles of Association in relation to borrowings in the prior period.

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 61 to 67.

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 2021 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.

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 2021, 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 2021, 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.

Pursuant to an underwriting agreement entered into between the Company, certain Directors, the Richmond Group Limited, (i) J.P. Morgan Securities plc, (ii) RBC Europe Limited and (iii) Macquarie Capital (Europe) Limited (each as underwriters), Glen Crawford, Stephan Wilcke, Nicholas Beal and certain employees of the Company (the "Selling Shareholders") were restricted from the sale or transfer of their shares until the expiry of a 365 day lock-up period which lapsed on 4 July 2019.

For a period of three years following the date of admission, the Selling Shareholders (excluding Richmond Group Limited) were restricted from transferring their shares without the consent of the Company, save that after the first anniversary of the date of admission, the Selling Shareholders could elect to transfer up to one-third of their shares by notifying the Company in writing.

On any time after the second anniversary, the Selling Shareholders could elect to transfer in aggregate: (i) up to one-third of their shares; and (ii) any of the one-third shares permitted to be but not transferred on or at any time after the first anniversary of the date of admission, in each case by notifying the Company in writing. On the third anniversary of admission, all restrictions on remaining Selling Shareholders were due to lapse. On 6 October 2020 all remaining restrictions on Selling Shareholders were waived by the Company.

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.

Substantial shareholders

As at 31 March 2021, 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 Mgt	Private client broker	135,620,913	28.53%
MIC Capital Partners	Fund manager	38,232,498	8.04%
Interactive Investor	Private client broker	37,919,425	7.98%
Bybrook Capital LLP (held by Contract for Difference)	Fund manager	36,755,541	7.73%
J.P. Morgan Securities PLC	Service provider	30,862,541	6.49%
Halifax Share Dealing	Private client broker	27,129,697	5.71%
Barclays Wealth	Private client broker	18,121,257	3.81%
AJ Bell Securities	Private client broker	17,019,300	3.58%

The Company has not been notified by any of the Private client brokers, holding shares as at 31 March 2021, that any one individual or organisation holding shares through them, has a reportable shareholding in excess of 3% of the Company’s issued share capital. During the period between 31 March 2021 and 23 August 2021, the Company was notified under DTR 5 of the following changes to holdings of its issued share capital:

- on 26 May 2021, MIC Capital Partners reduced its shareholding to below 3%;
- as of 3 August 2021, J.P. Morgan Securities PLC, had a notified shareholding of 9.66%;
- as of 14 May 2021, Bybrook Capital LLP, had a notified equivalent shareholding, held through a CFD of 12.01%; and
- as of 5 May 2021, Wolfgang Grabher, had a notified shareholding of 3.31%.

Relationship with Richmond Group Limited

On 29 June 2018, in advance of the IPO, the Company entered into a relationship agreement with Richmond Group Limited, its then majority shareholder and a company controlled by James Benamor (the founder of the business), and certain Directors, senior managers and employees (the “Relationship Agreement”) to ensure that the Company was capable of operating and making decisions independently and for the benefit of shareholders as a whole.

The Relationship Agreement terminated if Richmond Group Limited or its associates ceased to hold 10% or more of the voting rights attaching to the issued share capital of the Company. This threshold was crossed on 27 August 2020 when Richmond Group Limited informed the Company that its holding was below 10%.

Shareholder with significant influence

Prior to total disposal of its shareholding, the Company’s largest shareholder, Richmond Group Limited, possessed sufficient voting power to have a significant influence over certain matters requiring shareholder approval, including the election of Directors, dividend policy, remuneration policy and approval of significant corporate transactions. The position of the largest shareholder was not always aligned with the opinion and interests of management, the Company or the Company’s minority shareholders.

Whilst the Company sought to foster effective engagement with, and encourage participation from, its shareholders and its largest shareholder in particular, it had not always been possible to reach agreement with the largest shareholder.

The Company seeks to engender a culture where it is responsive to views of its shareholders. During the year, the then Chair and Senior Independent Director sought regular engagement with the largest shareholder to understand its views on governance and performance against 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 two General Meetings and an Annual General Meeting. Voting at all three meetings took place by way of proxy due to the restrictions on shareholder attendance put in place due to Covid-19.

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 29 September 2020, 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 2021 AGM. The Company did not repurchase any of its shares during the financial year 2020/21.

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 29 September 2020, 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 2021 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 76 to 92.

Share Incentive Plan (SIP): 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 (SAYE) 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.

Save As You Earn (SAYE) 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.

Long Term Incentive Plan (LTIP): 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 76 to 92.

Deferred Bonus Plan (DBP): 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 39, the Directors have reviewed the projected cash flows and other relevant information and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, despite the Group's net liability balance sheet position as at 31 March 2021. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements. The going concern assumption is adopted on the basis that one of the realistic alternatives to insolvency and cessation of trade being considered by the Group comes to fruition, for example, an alternative Scheme of Arrangement being sanctioned. A High Court sanction is outside of the control of the Group. This represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

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 is 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.

The Company does not believe the sell down by Richmond Group Ltd, the former majority shareholder, of its entire shareholdings, constitutes a change of control as no single party increased its shareholdings above 50% of the issued share capital of the Company. As at the signing date, the largest notified shareholding postion, held through a financial instrument (a Contract for Difference), was equivalent to c.12.01% of the issued share capital of the Company. The Company does not regard an insolvent balance sheet as a default event under the terms of the Senior Secured Notes.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment loss of office or employment, other than LTIP awards following a takeover.

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 2021.

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.

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.

The Board is recommending to shareholders the appointment of KPMG LLP as auditor of the Company and a resolution authorising the Directors to set KPMG LLP's remuneration will be proposed at the forthcoming AGM.

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 24 August 2021.

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 conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements on the same basis. 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 pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

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;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Michael Corcoran
Director
24 August 2021

Financial statements

KPMG

Independent auditor's report

to the members of Amigo Holdings plc

1. Our opinion is unmodified

We have audited the financial statements of Amigo Holdings plc (the "Company") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 27 February 2017. The period of total uninterrupted engagement is for the five financial years ended 31 March 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Emphasis of Matter – Provision for complaints

We draw attention to notes 1 and 19 to the financial statements concerning the provision for customer complaints. As explained in those notes, the complaints provision of £344.6m has been estimated assuming that no scheme is implemented, as there is not sufficient objective evidence that the future approval of an alternative Scheme of Arrangement will occur.

The total amount that will ultimately be paid by the Group in relation to obligations arising from customer complaints is subject to significant uncertainty and the ultimate cost will be dependent on several factors, including whether the Company can implement a Scheme of Arrangement to limit the overall liability to complainants. Note 2.3.2 discloses the range of reasonably possible outcomes in respect of this uncertainty.

Our opinion is not modified in respect of this matter.

We identified the customer complaints provision as a key audit matter (see section 4 of this report).

Overview		
Materiality: Group financial statements as a whole	£1.2m (2020: £2.2m) 0.7% (2020: 0.8%) of Group total revenue	
Coverage	100% (2020: 100%) of Group loss before tax	
Key audit matters		**vs 2020**
Recurring risks	Going concern	▲
	Customer complaints provision	▲
	Expected credit losses on customer loans and receivables	►
	Recoverability of parent Company's investment in Subsidiary	►
	The impact of IT access controls and change management on the effectiveness of the control environment	►

Financial statements

3. Material uncertainty related to going concern

Key audit matter	The risk	Our response
Going concern *Refer to pages 70-71 (Audit Committee Report) and page 113 (basis of preparation of financial statements)* We draw attention to note 1 to the financial statements which indicates that the ability of the Group and Company to continue as a going concern is significantly impacted by the severity of the complaints position and the possibility of further action by the Financial Conduct Authority. The Board continues to consider a number of options which it considers to represent realistic alternatives to liquidation including an alternative scheme of arrangement which would require court approval. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	***Disclosure quality*** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. There is little judgement involved in the Directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	Our procedures included: — **Assessing transparency:** We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities. Our assessment of the director's going concern assessment also included: — **Evaluating Directors' assessment:** We read and evaluated the plans that the Board reviewed in forming its assessment of going concern. These plans take into account the decision of the High Court on the proposed Scheme of Arrangement and subsequent external advice received. The plans include assumptions on an alternative Scheme of Arrangement being approved, and take into account the extent to which the Directors can control the timing and outcome of this; — **Enquiry of regulator:** We made enquiries with the regulator with particular focus on the proposed Scheme of Arrangement, the level of customer complaints and the status of the ongoing Financial Conduct Authority investigation. In addition we attended the Creditors meeting and the High Court sessions held in May 2021; — **Funding assessment:** We evaluated the Group and Company's financing facilities, including the available terms and covenants associated with these facilities; — **Data and assumptions:** We assessed and challenged the relevance and reliability of the underlying data and the assumptions on which the assessment is based – including consistency with each other and related assumptions used in other areas; — **Historical comparisons:** We compared the Group's historical forecasts against actual cash flows achieved in previous years to ascertain their historical accuracy; — **Our sector experience:** We challenged the key assumptions used in the Director's forecasts such as future complaint redress and collections to ensure they were realistic, plausible and consistent with our other audit work; and — **Sensitivity analysis:** We challenged the Group's sensitivities over the level of available financial resources indicated by the financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively; in particular we assessed key assumptions such as the plans for an alternative Scheme of Arrangement. **Our results** We found the going concern disclosure in note 1 with a material uncertainty to be acceptable (2020 result: acceptable).

4. Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those 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. Going concern is a significant key audit matter and is described in section 3 of our report. We summarise below the other key audit matters (unchanged from 2020), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	The risk	Our response
Customer complaints provision (£344.6 million; 2020: £117.5 million) *Refer to pages 70-71 (Audit Committee Report), Note 2.3 (Critical accounting assumptions) and Note 19 (Notes to the financial statements).*	**Subjective estimate:** The Group has seen a significant increase in the number of customer complaints in relation to lending practices and redress payments paid to customers. Following the High Court ruling in May 2021, the judgement of the Board is that there is not sufficient objective evidence that the successful alternative Scheme is achievable and therefore the estimate of the customer complaints provision has been made assuming no such scheme. The customer complaints provision is highly judgemental; in particular, there is subjectivity in the following key assumptions and estimates: — volume of expected future complaints; — uphold rates; and — average redress amount. The effect of these matters is that, as part of our risk assessment, we determined that the customer complaints provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. **Disclosure quality:** The financial statements (note 2.3) discloses sensitivity analysis illustrating the impact of the reasonably possible alternative assumptions. The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks in estimating the provision, including the approval or otherwise of an alternative scheme of arrangement. The risk for our audit is whether or not those disclosures adequately address the uncertainties within the estimate, and if so, whether those uncertainties are fundamental to the users' understanding of the financial statements. If so, we draw attention to the disclosure in our audit report by the inclusion of an "emphasis of matter" paragraph	Our procedures included: — **Control design:** We evaluated the processes and controls over the data integrity of the inputs into the complaints provision model, the approval of complaint outcomes and the assessment of the reasonableness of key assumptions. Our testing identified weaknesses in the design of these controls. As a result we expanded the extent of our detailed procedures as set out below. — **Our sector experience**: We critically assessed the methodology and assumptions used by the Group to calculate the customer complaints provision by comparing the assumptions to our knowledge of the Group's recent conduct experience; — **Challenge of key assumptions**: — We benchmarked the level of potential complaints to other market participants who have faced similar conduct issues and we have re-run data extraction scripts to validate the population of potential claimants — Our own market conduct specialists looked at a sample of reject/uphold decisions made by the Group in the year. We used their results, and other available data, to challenge the uphold rates used by the Group in their initial calculation. As a result of that challenge management reassessed the rates used and the provision. We compared the revised calculation to our own assessment. — For average redress amounts we have checked a sample to settlement letters and bank statements or customer loan statements, and also utilised our own market conduct specialists to recalculate the amounts of settlement for a sample of payments in the year. — **Inspection of regulatory and legal matters**: We inspected correspondence with the Financial Conduct Authority and external legal advisors to identify any regulatory observations or legal matters which impact the customer complaints provision; — **Accounting judgement:** We considered the director's judgement that the complaints provision should not be based on a future alternative scheme of arrangement, as there is insufficient evidence that the successful alternative Scheme is achievable, under relevant accounting standards. — **Independent re-performance:** We recalculated the provision based on the key assumptions (volume of expected future complaints, uphold rates and average redress amount per claim) and input data; — **Tracing adjustments:** We traced adjustments made as a consequence of the Group's re-calculations and our procedures through to final reported numbers; and — **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the estimation uncertainty associated with the customer complaints provision, including and ensuring the sensitivity disclosures in Note 2.3.2 appropriately reflect uncertainty inherent in the assessment of the provision, as well as reasonably plausible changes in key assumptions. This included assessing whether reasonable possible outcomes that could have resulted in a higher provision were made clear. **Our results** We found the Group's customer complaints provision to be acceptable, and the disclosure of the associated estimation uncertainty to be acceptable (2020 result: acceptable). We have included an emphasis of matter in respect of the complaints provision in section 2 of this report (2020: no emphasis of matter)

Key audit matter	The risk	Our response
Expected credit losses on customer loans and receivables (£82.0 million; 2020: £106.8 million) *Refer to pages 70-71 (Audit Committee Report), Note 2.1 (accounting policy) and Note 15 (Notes to the financial statements).*	**Subjective estimate:** The estimation of expected credit losses (ECL) on customer loans and receivables involves significant judgement and estimates. The Group has not identified significant correlation between ECL and macro-economic variables (MEVs). Instead, it models a range of economic shock scenarios to estimate the impact of a spike in unemployment as a result of Covid 19. It has developed a matrix that captures the impacts of downside shocks combined with shock durations. Weightings are applied to the scenarios in the matrix to calculate the ECL. The key areas where we identified significant management judgement include: — Probability of default (PD): The calculation of PDs relies primarily on historic data and as such, there is subjectivity as to whether greater forward-looking data should be incorporated. Also, customer behaviour can change and there is inherent uncertainty relating to customer behaviour following the Covid-19 pandemic and the gradual removal of government support measures; — Determining the shock scenarios and duration of shocks used, and the probability weightings applied to each scenario; — Staging and Covid 19 overlay: The Group calculates staging overlays for those coming off Covid 19 payment holidays as well as uplifting to reflect increased default rates. There is limited data regarding customer behaviour following Covid-19 payment holidays and therefore estimation uncertainty is high. There are also high levels of subjectivity regarding which risk flags (used to identify the riskiest loans) should be relevant and therefore included in the IFRS 9 model. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 2) disclose the sensitivity estimated by the Group.	Our procedures included: — **Test of details:** We performed the following procedures: — tested the key inputs and assumptions impacting the Group's overall ECL calculation to assess their reasonableness. This included performing a sensitivity analysis to assess the significance of the probability of default assumption and assessing the key assumptions against the Group's historical experience; and — performed recalculations of the ECL measured across the whole population. — **Our expertise:** We consulted our own economic specialists to assist us in assessing the Group's rationale for identifying no correlation with MEVs and performed our own analysis to establish whether there was any correlation between MEVs and historical default rates;. We used our credit risk specialists to critically assess the application of forward-looking assumptions applied to the ECL model. — **Application of methodology:** We performed the following procedures: — inspected the Group's papers on technical decisions, including the appropriateness of SICR thresholds; — inspected and challenged the Group's assessment of SICR monitoring; and — challenged the appropriateness of the Group's qualitative staging criteria using industry norms and our knowledge of the entity and the industry in which it operates. — **Our credit risk expertise:** We involved our credit risk specialists in evaluating the ECL model and underlying PD, Loss Given Default and Exposure at Default models, as well as management overlays. We used our knowledge of the Group and our experience of the industry that the Group operates in to independently assess the appropriateness of the Group's IFRS 9 models and key components. — **Assessing transparency:** We evaluated whether the disclosures (including sensitivities) appropriately and adequately reflect and address the uncertainty which exists when determining the Group's overall ECL. **Our results** We found the Group's assessment of the expected credit losses on customer loans and receivables to be acceptable. (2020: acceptable)

4. Other key audit matters: our assessment of risks of material misstatement (cont.)

Key audit matter	The risk	Our response
Recoverability of parent Company's investment in Subsidiary (£72.0 million; 2020: £178.9 million) *Refer to pages 70-71 (Audit Committee Report), page 154 (accounting policy and financial disclosures).*	**Market based valuation** The carrying amount of the Parent Company's investments in subsidiaries (in the Parent only balance sheet) are significant and at risk of irrecoverability, due to the rising level of claims, regulatory action and uncertainty about the Group's future. These are internal trigger events that require consideration to be given to impairment. Accounting Standards require the carrying value of the investment to be written down to the higher of Value in Use (VIU) and fair value less cost of disposal. The Director's calculation of VIU show it to be below fair value. The share price at 31 March 2021 was 15.94p and was readily available. This gives a market capitalisation of £75.8m. The Group has adjusted this value down by 5% to allow for cost of disposal. This led to a year end valuation of £72.0m. We determined that the recoverable amount of the cost of investment in subsidiaries had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 2a) disclose the sensitivity estimated by the Company.	Our procedures included: — **Valuation:** We agreed the year end market price to external sources. We considered the appropriateness of the adjustment for cost of disposal by comparison to deals where companies are taken into private ownership; — **VIU calculation:** We read the VIU computations to assess whether they valued the subsidiaries at a lower value than market price; and — **Assessing transparency:** We have challenged the adequacy of the disclosures about the degree of estimation sensitivity and the variability in the share price. **Our results:** We found the carrying value of the Company's investments in subsidiaries, the related impairment charge and the disclosure of sensitivities to be acceptable (2020: acceptable).
The impact of IT access controls and change management on the effectiveness of the control environment	**Data capture:** As with many financial service companies, the Group is highly dependent on IT systems for the processing and recording of significant volumes of transactions. We regard this area as a key audit matter owing to the high level of IT dependency within the Group as well as the associated complexity and the risk that automated controls are not designed and operating effectively. There is a risk that if the general IT controls ("GITCs") are not sufficient then inappropriate access could be gained to IT applications and inappropriate changes made to the application itself or to the integrity of related automated controls. In addition, GITCs which are not sufficient could also affect the integrity of data stored on the IT systems and the effectiveness of automated and manual controls which use this data. In the prior year, we noted change management and the associated user access controls were not effective in ensuring that only approved changes to applications and underlying data are authorised and made appropriately.	Our procedures included: — **Risk assessment:** We performed a risk assessment of the GITC environment to assess whether it was sufficient to support an approach whereby we could test and place reliance on certain automated controls. As a consequence and based on this risk assessment procedure, we have not relied on GITCs or application controls. Instead we focused on testing the relevant data elements as detailed below. — **Test of detail:** We used sample testing to agree relevant data elements used in the financial reporting process (including customer and transactional data) to appropriate supporting evidence. As we did not place reliance on the GITC environment we increased our sample sizes for this testing; and where we performed substantive testing over areas such as certain data feeds and data calculations, we increased our sample sizes because we did not place reliance on relevant GITCs **Our results:** Our testing identified weaknesses in the design, implementation and operation of change management and associated user access controls. As a result we expanded the extent of our detailed testing, as set out above, similar to last year. This work was completed satisfactorily. (2020: Similar result).

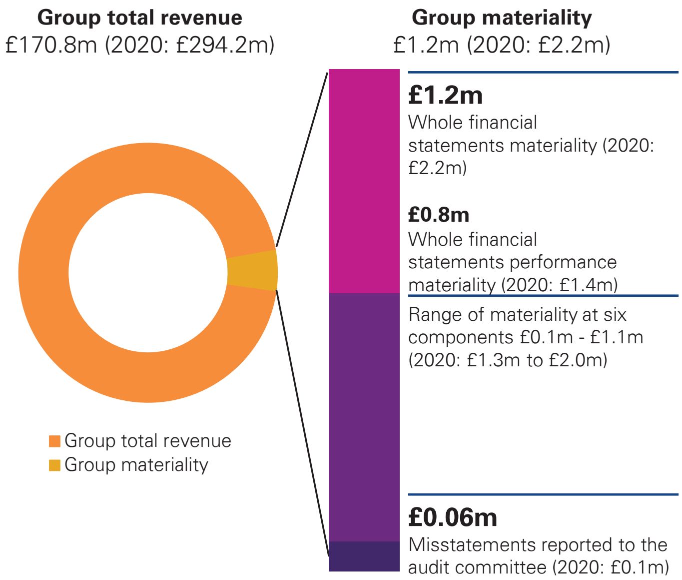
5. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1.2 million (2020: £2.2 million), determined with reference to a benchmark of total revenue (of which it represents 0.7%-(2020: 0.8%)).

We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group loss before tax.

Materiality for the parent company financial statements as a whole was set at £0.4 million (2020: £1.3 million) based on total assets.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.



Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £0.8m (2020: £1.4m) for the group and £0.3m (2020: £0.8m) for the parent Company.

In addition, we applied materiality of £1 (2020: £1) to Directors' remuneration for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.06m (2020: £0.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds .

Of the group's nine (2020: nine) reporting components, we subjected six (2020: eight) to full scope audits for group purposes and none (2020: one) to specified risk-focused audit procedures.

The components within the scope of our work accounted for 100% (2020: 100%) of Group revenue, Group loss before tax and Group net assets.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality and performance materiality levels set out above .

The Group team established the component materialities, which ranged from £0.1 million to £1.1 million (2020: £1.3 million to £2.0 million), having regard to the mix of size and risk profile of the Group across the components

The work on all of the components (2020: all), including the audit of the parent company, was performed by the Group team. Our audit of the Group was undertaken to the materiality level specified above and was all performed remotely.

6. Going concern basis of preparation

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated in section 3 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated the Director's assessment of going concern is set out section 3 of our report.

Our conclusions based on this work:

— we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting and their identification therein of a material uncertainty over the Group and Company's ability to continue to use of that basis for the going concern period; and

— the related statement under the Listing Rules set out on page 39 is materially consistent with the financial statements and our audit knowledge.

7. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— enquiring of Directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;

— reading Board and other Executive Committee minutes;

— understanding remuneration incentive schemes and performance targets for management and Directors including share-based payments for management remuneration; and

— using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as those described in this report: namely expected credit loss and customer complaints. On this audit we do not believe there is a fraud risk related to revenue recognition as interest income is system driven and non-complex in nature involving minimal management judgement.

Further detail in respect of the customer complaints provision and expected credit losses on customer loans and receivables is set out in the key audit matter disclosures in section 4 of this report.

We also performed procedures including:

— identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included assessing the appropriateness of journal users, searching for high risk descriptions or lack there of, those linked to specific accounts and duplicate entries; and

— assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

7. Fraud and breaches of laws and regulations – ability to detect (cont.)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: conduct and regulatory risk, anti-bribery, anti-money laundering and certain aspects of Company legislation recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

The ongoing FCA investigations and customer complaints provision is set out in the other key audit matter disclosures in section 4 of this report.

For the ongoing FCA investigation matters discussed in note 1 we assessed disclosures against our understanding from regulatory correspondence and discussions with the Board and management.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

8. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the Directors' confirmation within the long-term viability statement (page 40) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the long-term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the long- term viability statement, set out on page 40 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

8. We have nothing to report on the other information in the Annual Report (cont.)

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the Directors' statement that they consider that the annual report and financial statements 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;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

— with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:

  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and

— in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

9. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

10. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 99, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

11. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Edmonds (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15, Canada Square,
Canary Wharf,
London,
E14 5GL
24 August 2021

Consolidated statement of comprehensive income
for the year ended 31 March 2021

	Notes	**Year to 31 Mar 21 £m**	Year to 31 Mar 20 £m
Revenue	4	**170.8**	294.2
Interest payable and funding facility fees	5	**(27.5)**	(30.7)
Interest receivable		**0.1**	—
Impairment of amounts receivable from customers[1]		**(60.7)**	(113.2)
Administrative and other operating expenses	7	**(44.5)**	(59.4)
Complaints expense	19	**(318.8)**	(126.8)
Total operating expenses		**(363.3)**	(186.2)
Strategic review, formal sale process and related financing costs	8	**(3.0)**	(2.0)
(Loss) before tax		**(283.6)**	(37.9)
Tax (charge)/credit on (loss)	11	**(5.5)**	10.7
(Loss) and total comprehensive (loss) attributable to equity shareholders of the Group[2]		**(289.1)**	(27.2)

The loss is derived from continuing activities.

Loss per share

Basic (loss) per share (pence)	13	**(60.8)**	(5.7)
Diluted (loss) per share (pence)	13	**(60.8)**	(5.7)

Dividends per share

Proposed final dividend (pence)	21	**—**	—
Total dividend for the year (pence)	21	**—**	3.10
Dividend per share paid in the year[3] (pence)	21	**—**	10.55

The accompanying notes form part of these financial statements.

1 This line item includes reversals of impairment losses or impairment gains, determined in accordance with IFRS 9. In the year, £3.2m of previously recognised impairment gains were reversed primarily due to the recognition of the expected cost to repurchase charged off loans previously sold to a third party – see note 19 for further details (2020: £9.8m reversal of impairment losses).

2 There was less than £0.1m of other comprehensive income during any other period, and hence no consolidated statement of other comprehensive income is presented.

3 On 19 October 2020 Amigo announced that it had entered into an Asset Voluntary Requirement with the Financial Conduct Authority (FCA), meaning prior approval by the FCA is required to permit the transfer of assets outside of the Group in certain circumstances, including dividends to shareholders. The Board has not proposed a final dividend payment for the year ended 31 March 2021, given the Group had negative equity as at year end. Total cost of dividends paid in the period was £nil (2020: £50.1m).

Consolidated statement of financial position
as at 31 March 2021

	Notes	31 Mar 21 £m	31 Mar 20 £m
Non-current assets			
Customer loans and receivables	14	**125.5**	296.5
Property, plant and equipment		**1.1**	1.5
Right-of-use lease assets	20	**1.0**	1.1
Intangible assets		**—**	0.1
Deferred tax asset	12	**—**	6.6
		127.6	305.8
Current assets			
Customer loans and receivables	14	**225.1**	367.1
Other receivables	16	**1.6**	1.4
Current tax assets		**—**	21.7
Derivative asset		**0.1**	0.1
Cash and cash equivalents (restricted)[1]		**6.3**	—
Cash and cash equivalents		**177.9**	64.3
		411.0	454.6
Total assets		**538.6**	760.4
Current liabilities			
Trade and other payables	17	**(15.9)**	(13.5)
Borrowings	18	**(64.4)**	—
Lease liabilities	20	**(0.3)**	(0.3)
Complaints provision	19	**(344.6)**	(105.7)
Restructuring provision	19	**(1.0)**	—
Current tax liabilities		**(0.8)**	—
		(427.0)	(119.5)
Non-current liabilities			
Borrowings	18	**(232.1)**	(460.6)
Lease liabilities	20	**(0.9)**	(1.1)
Complaints provision	19	**—**	(11.8)
		(233.0)	(473.5)
Total liabilities		**(660.0)**	(593.0)
Net (liabilities)/assets		**(121.4)**	167.4
Equity			
Share capital	21	**1.2**	1.2
Share premium		**207.9**	207.9
Merger reserve		**(295.2)**	(295.2)
Retained earnings		**(35.3)**	253.5
Shareholder equity		**(121.4)**	167.4

The accompanying notes form part of these financial statements.

1 Cash and cash equivalents (restricted) of £6.3m materially relates to restricted cash held in the AMGO Funding (No.1) Ltd bank account due to the requirement under the waiver on the securitisation facility to use collections from securitised assets to reduce the outstanding facility balance.

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

Michael Corcoran
Director
24 August 2021

Company no. 10024479

Financial statements

Consolidated statement of changes in equity
for the year ended 31 March 2021

	Share capital £m	Share premium £m	Merger reserve[1] £m	Retained earnings £m	Total equity £m
At 31 March 2019	1.2	207.9	(295.2)	330.6	244.5
IFRS 16 opening balance sheet adjustment[2]	—	—	—	(0.3)	(0.3)
At 1 April 2019	1.2	207.9	(295.2)	330.3	244.2
Total comprehensive loss	—	—	—	(27.2)	(27.2)
Dividends paid	—	—	—	(50.1)	(50.1)
Share-based payments	—	—	—	0.5	0.5
At 31 March 2020	1.2	207.9	(295.2)	253.5	167.4
Total comprehensive loss	—	—	—	(289.1)	(289.1)
Share-based payments	—	—	—	0.3	0.3
At 31 March 2021	**1.2**	**207.9**	**(295.2)**	**(35.3)**	**(121.4)**

The accompanying notes form part of these financial statements.

1 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.

2 On 1 April 2019, the Group adopted IFRS 16. A right-of-use asset of £0.6m and a lease liability of £0.9m were recognised as a result on 1 April 2019, with the balancing amount being taken to retained earnings.

Consolidated statement of cash flows
for the year ended 31 March 2021

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
(Loss) for the period	**(289.1)**	(27.2)
Adjustments for:		
Impairment expense	**60.7**	113.2
Complaints expense	**318.8**	126.8
Restructuring provision	**1.0**	—
Tax charge/(credit)	**5.5**	(10.7)
Interest expense	**27.5**	30.7
Interest receivable	**(0.1)**	—
Interest recognised on loan book	**(185.3)**	(304.9)
Profit on senior secured note buyback	**—**	0.7
Share-based payment	**0.3**	0.5
Depreciation of property, plant and equipment	**1.1**	0.5
Operating cash flows before movements in working capital	**(59.6)**	(70.4)
(Increase) in receivables	**(0.9)**	(0.2)
(Decrease)/increase in payables	**(0.3)**	0.8
Complaints cash expense	**(64.6)**	(9.3)
Tax refunds/(tax paid)	**23.6**	(26.8)
Interest paid	**(22.8)**	(28.8)
Proceeds from parent undertakings	**—**	0.9
Repayment of parent undertakings	**—**	(0.9)
Net cash (used in) operating activities before loans issued and collections on loans	**(124.6)**	(134.7)
Loans issued	**(0.4)**	(347.4)
Collections	**402.5**	594.0
Other loan book movements	**(0.6)**	9.8
Decrease/(increase) in deferred brokers' costs	**10.8**	0.3
Net cash from operating activities	**287.7**	122.0
Investing activities		
Purchases of property, plant and equipment	**(0.5)**	(1.3)
Net cash (used in) investing activities	**(0.5)**	(1.3)
Financing activities		
Purchase of senior secured notes	**—**	(85.9)
Dividends paid	**—**	(50.1)
Lease principal payments	**(0.2)**	(0.1)
Proceeds from external funding	**—**	174.4
Repayment of external funding	**(167.2)**	(109.9)
Net cash (used in) financing activities	**(167.4)**	(71.6)
Net increase in cash and cash equivalents	**119.8**	49.1
Effects of movement in foreign exchange	**0.1**	—
Cash and cash equivalents at beginning of period	**64.3**	15.2
Cash and cash equivalents at end of period	**184.2**[1]	64.3

The accompanying notes form part of these financial statements.

1. Current year total cash is inclusive of £6.3m restricted cash.

Notes to the consolidated financial statements
for the year ended 31 March 2021

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 and its registered office is Nova Building, 118–128 Commercial Road, Bournemouth, United Kingdom BH2 5LT.

The principal activity of the Company is to act as a holding company for the Amigo Loans Group of companies. The "principal" activity of the Amigo Loans Group is to provide individuals with guarantor loans from £1,000 to £10,000 over one to five years.

These consolidated Group and Company financial statements have been prepared on a going concern basis and approved by the Directors in accordance with international accounting standards 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 adopted pursuant to Regulation (EC) No 1606/2002. 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.

The consolidated Group and Company financial statements for the year ended 31 March 2021 were approved by the Board of Directors on 24 August 2021. The entity's owners do not have the power to amend financial statements after issuance.

The Group's principal accounting policies used in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, which have been consistently applied to all years presented unless otherwise stated, are set out below.

Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed 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 these financial statements. The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Following the ruling on 25 May 2021 in which the High Court did not approve the proposed Scheme of Arrangement despite the positive creditors vote, the Board continues to consider all options for the Group. The Board believes that under all reasonably possible scenarios, without an appropriate Scheme of Arrangement to deal with the complaints, the expected volumes of complaints from current and past customers would exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024. Accounting standards require an entity to prepare financial statements on a going concern basis unless the Board either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. At the date of approval of these financial statements, the Board continues to consider a number of options which represent realistic alternatives to liquidation or the cessation of trade. In doing so it has undertaken a rigorous assessment of financial projections, considering the Group's funding position and the scenarios explained below:

- a Scheme scenario in which it is assumed that an alternative Scheme is subsequently approved by the High Court;
- a severe but plausible downside Scheme scenario in which it is assumed an alternative Scheme is subsequently approved by the High Court, but other assumptions are stressed;
- a managed wind down of Amigo Loans Ltd in a Scheme, whereby cash redress is made available to creditors from the residual collections of the existing loan book following repayment of the senior secured notes; and
- a no Scheme scenario, in which an alternative Scheme is not approved by the High Court. As noted above, in such a scenario, the Directors believe the expected volumes of complaints from current and past customers would exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current secured borrowings as they fall due in January 2024.

Funding

The going concern assessment considers the Group's projected liquidity position from existing committed financing facilities throughout the forecast period. The Group is funded through senior secured notes and a securitisation facility. The Group had an unrestricted cash balance of £177.9m as at 31 March 2021, and current cash is around £205m. The Group also has the following committed sources of funding:

- a £250m securitisation facility, of which £64.4m is drawn as at 31 March 2021. On 25 June 2021, the Group announced it had agreed with its securitisation lenders a further extension of the waiver period end date from 25 June 2021 to 24 September 2021 and a further reduction in the facility size to £100m. The terms of the waiver amendment remove the obligation of the lender to make any further advances to the Group and require collections from securitised assets to be used to repay any outstanding facility balances; and
- senior secured notes of £234.1m which are repayable in January 2024. The notes have no financial maintenance covenants.

Scheme scenario

The Scheme projections prepared for the going concern assessment are derived from the Group's 2021/22 budget as approved by the Board in March 2021 with certain assumptions refined to reflect more recent information. The Scheme scenario assumes that:

- an alternative Scheme of arrangement is approved by the High Court. This would limit the cash redress liability in respect of upheld customer complaints within a Scheme;
- complaints volumes and uphold rates within a Scheme are consistent with the assumptions that underpin the complaints provision reported in the financial statements for the financial year ended 31 March 2021 (see note 2.3.1 of the financial statements);
- write downs of customer balances in respect of upheld customer complaints are also consistent with the redress assumptions in the complaints provision (see note 2.3.1 of the financial statements);

1. Accounting policies continued

1.1 Basis of preparation of financial statements continued

Scheme scenario continued

- the FCA grants approval for the Group to recommence lending and lending recommences within the period, albeit at significantly reduced levels compared with pre-Covid-19 originations;
- the securitisation facility enters early amortisation on the assumption that the Group is unable to restructure the facility to the satisfaction of the lender at the end of the waiver period, being 24 September 2021;
- credit losses, and therefore customer collections, remain within moderately stressed levels; and
- no dividend payments during the forecast period.

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Severe but plausible downside Scheme scenario

The Directors have prepared a severe but plausible downside Scheme scenario covering the same forecast period, being at least the next twelve months from the date of approval of these financial statements, which assumes an alternative Scheme of Arrangement is approved by the High Court and includes sensitivities that consider the potential impact of:

- a higher volume of future claims and an increased uphold rate in respect of all claims within a Scheme. Whilst this sensitivity does not increase the cash liability which is assumed to be capped in an alternative Scheme, the number of customers receiving balance write downs will increase, thus impairing the recoverability of the loan book, reducing future collections and stressing the Group's liquidity position; and
- increased credit losses as a result of a deterioration in the macroeconomy due to Covid-19 and the inability of an increased number of the Group's customers to continue to make payments.

There are very few remaining actions under direct control of the Group that the Board can introduce to mitigate the impact on liquidity of the above sensitivities. Lending has already been paused for more than a year, no dividends have been paid during that period and none are included in any of the financial projections, and discretionary costs have already been limited, including a restructuring of the cost base executed shortly after 31 March 2021.

This severe but plausible downside Scheme scenario indicates that the Group's available liquidity headroom would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Managed wind down scenario

The Board's current view remains that a Scheme of Arrangement presents the best outcome for customers. A range of possible Scheme options is currently being considered by the newly established creditors' committee. One of the options under consideration is a Scheme accompanied by a managed wind down of Amigo Loans Ltd. The structure of a Scheme in a managed wind down would be such that total cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down resulting in a delayed payment to redress creditors and greater variability in the total cash redress available.

In a managed wind down of Amigo Loans Ltd, the existing management of the Group would remain in control of decision-making functions. No third party would obtain control of any of the decision-making functions of the companies in the Group. Furthermore, the wind down of the business of Amigo Loans Ltd would not result in a change in the ownership structure within the Group.

The managed wind down projections are consistent with the Scheme scenario save for the following changes in key assumptions which reflect the expected structural and behavioural differences specific to a managed wind down:

- the structure of a Scheme in a wind down is such that the cash redress is only known and payable once the Amigo Loans Ltd loan book is fully paid down;
- customer collections are stressed by 10% from the Scheme scenario on the assumption that customer apathy will increase in a publicised managed wind down; and
- lending recommences within the period, at the same levels as the Scheme scenario, however, owing to the wind down of Amigo Loans Ltd, new lending is launched from new legal entities within the Group.

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

No Scheme scenario

The Board recognises that an alternative Scheme of Arrangement such as that considered in the Scheme and managed wind down scenarios requires a second positive creditor vote and a High Court sanction. All outcomes remain uncertain and outside the direct control of the Group. In a scenario where this is not achieved and cash redress to customers is not capped by the terms of a Scheme the Board believes the expected volume of complaints from current and past customers would either exhaust, or at least significantly reduce, the Group's available liquid resources; leaving the Group with insufficient liquid resources to repay its non-current borrowings as they fall due in January 2024. This is reflected in the Group's Consolidated Statement of Financial Position, which includes a complaints provision based on the best estimate of the full settlement of all current and future complaints (see note 19 of the financial statements). In such circumstances the Board believes that there would be no realistic alternative other than to enter a formal insolvency process.

FCA investigation

Additionally, in June 2020, the Financial Conduct Authority (FCA) launched an investigation into the Group's creditworthiness assessment process, and the governance and oversight of this process. This investigation will cover the period from 1 November 2018 to date. Such investigations can take up to two years to finalise but could be concluded within the next twelve months. The potential impact of the investigation on the business is extremely difficult to predict and quantify, and hence the potential adverse impact of the investigation has been considered separately and not included in the scenarios laid out above. There are a number of potential outcomes which may result from the FCA investigation, including the imposition of a significant fine and/or the requirement to perform a mandatory back-book remediation exercise. The Directors consider that should they be required to perform a back-book remediation exercise it could

1. Accounting policies continued

1.1 Basis of preparation of financial statements continued

reasonably be expected to exhaust, or at least significantly reduce, the Group's available liquid resources. Additionally, other lesser but still significant adverse outcomes could significantly reduce the Group's available liquidity headroom and thus the Group would need to source additional financing to maintain adequate liquidity and to continue to operate.

Conclusion

The Board continues to actively pursue options which represent realistic alternatives to liquidation or the cessation of trade, such as the alternative Scheme of Arrangement considered in the Scheme and managed wind down scenarios. The long term viability of the Group is reliant on the Group receiving permission from the FCA to recommence lending, either within Amigo Loans Ltd or other entities within the Group, and originations reaching a level that will sustain a loan book of sufficient size to allow the Group to meet its liabilities as they fall due, and is dependent on the Group's ability to raise further capital to support future lending. However, in each of the Scheme and managed wind down scenarios above the financial projections indicate that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months. Accordingly, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the Board also recognises that at the date of approval of these financial statements significant uncertainty remains. An alternative Scheme requires a second positive creditor vote and a High Court sanction which is outside the control of the Group. Additionally, both the final outcome of the FCA investigation and FCA approval of new lending remain highly uncertain. These matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 new wholly owned and controlled subsidiary of the Group in the year included in the consolidated financial statements for the year ended 31 March 2021. The Group intends to review complaint claims through this vehicle and, where appropriate, to pay cash redress to customers that have been affected by historical issues in the UK business.

The Group's securitisation facility was established in November 2018 (see note 18 for further details on the facility). The structured entity AMGO Funding (No. 1) Ltd was set up in this process; the Group has 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 a 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

1. Accounting policies continued

1.2 Amounts receivable from customers continued

i) Classification continued

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.

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 solely payments of principal and interest (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.

ii) Impairment

IFRS 9 includes a forward-looking "expected credit loss" (ECL) model in 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.

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 Group performs separate credit and affordability assessments on both the borrower and guarantor. After having passed an initial credit assessment, most borrowers and all guarantors are contacted by phone and each is assessed for their creditworthiness and ability to afford the loan. In addition, the guarantor's roles and responsibilities are clearly explained and recorded. This is to ensure that while the borrower is primarily responsible for making the repayments, both the borrower and the guarantor are clear about their obligations and are also capable of repaying the loan.

When a borrower misses a payment, both parties are kept informed regarding the remediation of the arrears. If a missed payment is not remediated within a certain timeframe, collection efforts are switched to the guarantor and if arrears are cleared the loan is considered performing.

The Covid-19 pandemic presents significant economic uncertainty. The Group assessed that its key sensitivity was in relation to expected credit losses on customer loans and receivables. Given the significant uncertainty around the duration and severity of the impact of the pandemic on the macroeconomy and in particular unemployment, a matrix of nine scenarios consisting of three durations (three, six and twelve months) and three severities (moderate, high and extremely high) has been modelled. Refer to note 2.1.1 for further detail on 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 plans, 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.

The Group has offered payment holidays to customers in response to Covid-19. These measures were introduced on 31 March 2020. The granting of a payment holiday, or the extension of a payment holiday at the customer's request, does not automatically trigger a significant increase in credit risk. Customers granted payment holidays are assessed for other indicators of SICR and are classified as stage 2 if other indicators of a SICR are present. This is in line with guidance issued by the International Accounting Standards Board (IASB) and Prudential Regulation Authority (PRA) which noted that the extension of government-endorsed payment holidays to all borrowers in particular classes of financial instruments should not automatically result in all those instruments being considered to have suffered a significant increase in credit risk. At the time a customer requests an extension to a payment holiday, the Group has no additional information available than was present at the original grant date for which to make an alternative assessment over whether there has been a significant increase in credit risk; extensions are granted on request. See note 2.1.2 for further detail on SICR considerations for Covid-19 payment holidays and note 2.4 for judgements and estimates applied by the Group on the calculation of a modification loss resulting from the granting of these payment holidays. As at 31 March 2021, the Group has been able to analyse data relating to customer behaviour and payment patterns when these payment holidays finish; this has resulted in the application of a management overlay to the impairment provision calculation (see note 2.1.4 for further details).

1. Accounting policies continued

1.2 Amounts receivable from customers continued

v) Derecognition

Historically, the Group offered, to certain borrowers, the option to top up existing loans subject to internal eligibility criteria and customer affordability. The Group pays out the difference between the customer's remaining outstanding balance and the new loan amount at the date of top-up. The Group considers a top-up to be a derecognition event for the purposes of IFRS 9 on the basis that a new contractual agreement is entered into by the customer replacing the legacy agreement. The borrower and guarantor are both fully underwritten at the point of top-up and the borrower may use a different guarantor from the original agreement when topping up.

vi) Modification

Aside from top-ups and Covid-19 payment holidays, no formal modifications are offered to customers. In some instances, forbearance measures are offered to customers. These are not permanent measures; there are no changes to the customer's contract and the measures do not meet derecognition or modification requirements. See policy 1.11 for more details on the Group's accounting policies for modification of financial assets.

vii) 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.

viii) 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. Therefore, with the exception of Covid-19 payment holidays, these changes are neither modification nor derecognition events. 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.

Throughout the Covid-19 pandemic, payment holidays have been offered to all customers who indicated to the Group they were experiencing potential payment difficulties. The granting of these payment holidays has been treated as non-substantial modification events. See note 2.4 for more 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 (see note 2.2 for further details). Revenue is also presented net of modification losses recognised in the period, where no historic event suggesting a significant increase in credit risk has occurred on that asset (see notes 1.11.1.e and 2.4 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.

1.5 Interest payable and funding facilities

Interest expense and income is recognised as it accrues in the consolidated statement of comprehensive income using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instruments and recognised over the behavioural life of the liability. 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. Accounting policies continued

1.7 Taxation continued

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.

1.10 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 2.3 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 balance sheet 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.

1.11 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, senior secured notes in the form of high yield bonds and the Group's securitisation facility.

1.11.1 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.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

1. Accounting policies continued

1.11 Financial instruments continued

1.11.1 Financial assets continued

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) represents restricted cash held in the structured entity AMGO Funding (No. 1) Ltd bank account which will be used to reduce the outstanding securitisation facility balance. The Group has agreed with its securitisation lenders a waiver period to 24 September 2021. Given the current suspension of all new lending activity at Amigo, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. The terms of the waiver remove the obligation of the lender to make any further advances to the Group and require collections from securitised assets to be used to repay any outstanding note balances. The impact of ECLs on restricted cash has been evaluated and it is immaterial.

d) Derivative assets

Derivative assets held for risk management purposes are recognised on a fair value through profit and loss (FVTPL) basis, with movement in fair value being included under interest expenses in the consolidated statement of comprehensive income.

e) 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 1.11.1.f) 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.

f) 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.

g) Write-off

Customer loans and receivables are written off the balance sheet 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.

1.11.2 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. Accounting policies continued

1.12 Securitisation
The Group securitises certain financial assets via the sale of these assets to a special purpose entity, which in turn issues 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 Group benefits to the extent that the surplus income generated by the transferred assets exceeds the administration costs of the special purpose vehicle (SPV), the cost of funding the assets and the cost of any losses associated with the assets and the administration costs of servicing the assets. Risks retained include credit risk, repayment risk and late payment risk. See note 25 for further details.

Due to the potential impact of Covid-19 on asset performance in the securitisation facility, the group negotiated a waiver period on asset performance triggers, the deed of amendment was signed on 24 April 2020 which covered a three month period during the anticipated peak of the Covid-19 pandemic to 24 July 2020. On 17 August 2020 Amigo announced the further extension of the securitisation facility performance trigger waiver period to 18 December 2020. The facility size was reduced from £300m to £250m reflecting the lower funding requirement due to the pause on lending. On 27 November 2020, the Group announced it had agreed with its securitisation lenders a further extension of the waiver period end date from 18 December 2020 to 25 June 2021 to permit time for both parties to fully understand and assess the impact of Covid-19 on the business, whilst maintaining the facility. On 25 June 2021, the Group confirmed a further extension to the waiver period end date from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity at Amigo, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. All cash generation arising from customer loans held within the facility is restricted and will continue to be used during the extended waiver period extension to further reduce the outstanding balance of the facility.

1.13 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.

1.14 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 amortisation 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.

The Group and Company did not make any material adjustments during the year.

1.15 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, with Amigo Loans Ireland Limited's first loans paid out in February 2019. 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.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

1. Accounting policies continued

1.16 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.

1.17 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. 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.

1.18 Items presented separately within the consolidated statement of comprehensive income

Complaints expense and strategic review, formal sale process and related financing costs are presented separately on the face of the consolidated statement of comprehensive income. These are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results.

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.vii).
  - Multiple economic scenarios – the probability weighting of nine scenarios to the ECL calculation (note 2.1.3).
  - Application of a management overlay – due to wide scale take up of Covid-19 payment holidays, the emergence of delinquent assets (stage 2 and 3) has been temporarily delayed. A judgemental overlay has been applied to the impairment provision to approximate the potential short-term impact on the ageing of the loan book (note 2.1.4).
- IFRS 9 – modification of financial assets:
  - Assessment of Covid-19 payment holidays as a non-substantial modification (note 2.4.1).
  - Assessment of whether a modification loss is an indicator of a significant increase in credit risk (note 2.4.2).
- Complaints provisions:
  - Judgement is involved in determining whether a present constructive obligation exists and in estimating the probability, timing and amount of any outflows (note 2.3.2).
  - Following the ruling on 24 May 2021 in which the High Court did not approve the proposed Scheme of Arrangement despite the overwhelmingly positive creditors' vote, the Board continues to consider all options for the Group, including a potential alternative Scheme of Arrangement. Significant judgement is applied in determining if there is sufficient certainty over the potential outcome of the Scheme to estimate the future complaints redress liabilities on the basis of a successful Scheme outcome (note 2.3.1).
- Going concern:
  - Judgement is applied in determining if there is a reasonable expectation that the Group adopts the going concern basis in preparing these financial statements (note 1.1).
  - IAS 1 requires the preparation of financial statements on a going concern basis unless the Board either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. At the date of approval of these financial statements, the Board continues to consider a number of options, including a potential other Scheme of Arrangement, which represent realistic alternatives to liquidation or the cessation of trade. Hence, it has been deemed there is a reasonable expectation that the Group is a going concern. However, due to significant uncertainty around terms of a potential new Scheme and whether it would be sanctioned by the High Court, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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).
  - Calculation of the management overlay which has been applied to the impairment provision (note 2.1.4).

2. Critical accounting assumptions and key sources of estimation uncertainty continued

Estimates continued

- IFRS 9 – modification of financial assets:
  - Estimating the change in net present value of the projected future cashflows arising from Covid-19 payment holidays on a cohort basis (note 2.4.2).
  - Estimating expected Covid-19 payment holiday duration (note 2.4.2).
  - Estimating the change in net present value of projected future cash flows arising upon payment holiday extensions (note 2.4.2).
- Complaints provisions:
  - Calculation of provisions involves management's best estimate of expected future outflows, the calculation of which evaluates current and historical data, and assumptions and expectations of future outcomes (note 2.3.2).
- Effective interest rate (note 2.2):
  - Calculation of the effective interest rate includes estimation of the average behavioural life of the loans and the profile of the loan payments over this period (note 2.2).
- Valuation of the investment in subsidiaries held by parent company Amigo Holdings PLC (note 2a of Company financial statements).
- Carrying amount of current and deferred taxation assets and liabilities:
  - The Group's current loss-making position and the current uncertainty over the Group's future profitability means that it is no longer considered probable that future taxable profits will be available against which to recognise deferred tax assets. No tax assets have been recognised in respect of losses in the current period (notes 11 and 12).

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 divided into portfolios of assets with shared risk characteristics including whether the loan is new business, repeat lending or part of a lending pilot as well as considering if the customer is a homeowner or not. These portfolios of assets are further divided by contractual term and monthly origination vintages.

The allowance for ECLs is calculated using three components: a probability of default (PD), a loss given default (LGD) and the exposure at default (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.

The Group assesses the impact of forward-looking information on its measurement of ECLs. The Group has analysed the effect of a range of economic factors and identified the most significant macroeconomic factor that is likely to impact credit losses as the rate of unemployment. Given the significant uncertainty around the duration and severity of the Covid-19 pandemic on the macroeconomy and in particular unemployment a matrix of nine scenarios consisting of three durations (three, six and twelve months) and three severities (moderate, high and extremely high) has been modelled and probability weighted to determine the ECL provision (see note 2.1.3).

2.1.2 Assessment of significant increase in credit risk (SICR)

To determine whether there has been a significant increase in credit risk 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 space 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 (equivalent to 30 days), which is aligned to the rebuttable presumption of more than 30 days past due. This is the primary quantitative information considered by the Group in a 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. Each quarter a flag governance meeting is held, to review operational changes which may impact the use of operational flags in the assessment of a significant increase in credit risk.

The Group has offered payment holidays to customers in response to Covid-19; at the date a payment holiday is granted, the arrears status of the loan is paused for the duration of the payment holiday, up to a maximum of six months. In normal circumstances, a customer's request for a payment holiday (i.e. breathing space) would trigger a SICR in line with the Group's payment status flag approach to staging.

The granting of exceptional payment holidays in response to Covid-19 does not automatically trigger a significant increase in credit risk. As such, these customers are not being automatically moved to stage 2 and lifetime ECLs within the Group's impairment model. Customers granted Covid-19 payment holidays are assessed for other potential indicators of SICR, which are incremental to the Group's existing staging flags. This assessment includes a historical review of the customer's payment performance and behaviours. Following this review, those customers that have been granted a Covid-19 payment holiday and are judged to have otherwise experienced a SICR are transitioned to stage 2.

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.1 Credit impairment continued

2.1.2 Assessment of significant increase in credit risk (SICR) continued

Covid-19 payment holidays were granted to certain customers from 31 March 2020 onwards; at the date a payment holiday is granted, the arrears status of the loan is paused for the duration of the payment holiday, up to a maximum of six months. The total population of stage 1 assets for which a Covid-19 payment holiday has been granted has been assessed from a staging perspective to determine whether there has been an indication of a significant increase in credit risk (see note 2.1.2). Where it is determined that customers applying for Covid-19 payment holidays have experienced a significant increase in credit risk the assets have been transitioned from stage 1 to stage 2 via a staging overlay.

2.1.3 Forward-looking information

The Group assesses the impact of forward-looking information on its measurement of ECLs. The Group has analysed the effect of a range of economic factors and identified the most significant macroeconomic factor that is likely to impact credit losses as the rate of unemployment.

The Group has modelled a range of economic shock scenarios to estimate the impact of a spike in unemployment as a result of the Covid-19 pandemic. In doing so, consideration has also been given to the potential impact of deep fiscal and monetary support measures that have been implemented by the government to support the economy during this time. Given the lack of reliable external information the range of scenarios include a variety of both severities and durations which are probability weighted. In response to the significant uncertainty around the duration and severity of the pandemic on the macroeconomy a matrix of nine scenarios has been modelled. The probability weightings allocated to the nine scenarios are included in the table below. These scenarios are weighted according to management's judgement of each scenario's likelihood.

The severity of the economic shock has been estimated with reference to underlying expectations for customer payment behaviour for accounts which are up to date or one contractual payment past due. The moderate, high and extremely high severities represent increases of 25%, 50% and 100% respectively, in the propensity for these accounts to miss payments and fall into arrears for the full duration of the economic shock.

	Moderate (33%)	High (33%)	Extremely high (33%)
Three-month duration (33%)	Moderately severe impact of an initial three month spike in the rate of unemployment	High severity of an initial three month spike in the rate of unemployment	Extremely high severity of an initial three month spike in the rate of unemployment
Six-month duration (33%)	Moderately severe impact of the increase in unemployment but with an extended duration of six months	High severity of the increase in unemployment but with an extended duration of six months	Extremely high severity of the increase in unemployment but with an extended duration of six months
Twelve-month duration (33%)	Moderately severe impact of the increase in unemployment and assuming that the deterioration in unemployment continues to increase for a full year	High severity of the increase in unemployment and assuming that the deterioration in unemployment continues to increase for a full year	Extremely high severity of the increase in unemployment and assuming that the deterioration in unemployment continues to increase for a full year

The following table details the absolute impact on the current ECL provision of £82.0m if each of the nine scenarios are given a probability weighting of 100%.

	Moderate	High	Extremely high
Three month duration	-6.2m	-4.4m	-0.9m
Six month duration	-4.7m	-1.3m	+5.3m
Twelve month duration	-2.9m	+2.4m	+12.7m

The table above demonstrates that in the first scenario with a moderate severity and an impact of an initial three month spike in the unemployment rate, the ECL provision would decrease by £6.2m. In the worst case scenario with the greatest severity assuming this deterioration continues for a duration of twelve months the ECL provision would increase by £12.7m. The scenarios above demonstrate a range of ECL provisions from £75.8m to £94.7m.

In the financial statements for the year-ended 31 March 2021 severity weightings used were 33% for moderate, high and extremely high scenarios (2020: 75%, 20% and 5%).

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.

2.1.4 Application of a management overlay to the impairment provision calculation

A significant proportion of customers have taken up Covid-19 payment holidays, many of them for the maximum duration of six months. Notwithstanding the staging overlay, the effective pause in payments and arrears status for a material cohort of customers for this duration resulted in a short-term reduction in the ageing of the loan book with fewer assets hitting the stage 2 backstop (two contractual payments past due) and stage 3 status. At 31 March 2021, the majority of payment holidays granted had concluded and, as expected, this cohort of customers has driven a material increase in the number of loans hitting the stage 2 backstop and stage 3 status. The cohorts of customers that have exited Covid-19 payment holidays to date have demonstrated a higher propensity to hit the stage 2 backstop than the cohorts of customers that have not applied for a Covid-19 payment holiday. At 31 March 2021 there remains a material cohort of customers with active Covid-19 payment holidays, for which there remains a short-term reduction in the ageing of the loan book. To address this temporary shortfall in the ageing a management overlay has been applied to uplift the stage 2 and 3 components of the provision. The management overlay estimates the possible incremental provision which required had the remaining population of active Covid-19 payment holidays demonstrated the same arrears levels as the cohort of customers that have exited payment holidays at the reporting date. As at 31 March 2021, the management overlay increased the impairment provision by £6.0m.

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.2 Effective interest rates

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 capitalised and recognised over the expected behavioural life of the loan as part of the effective interest rate method. The key judgement applied in the effective interest rate calculation is the behavioural life of the loan.

The historical settlement profile of loans, which were initially acquired through third-party brokers, is used to estimate the average behavioural life of each monthly cohort of loans. Settlements include early settlements and historically have also included top-ups as they are considered derecognition events (see note 1.2v). The average behavioural life is then used to estimate the effective interest on broker originations and thus the amortisation profile of the deferred costs.

Broker costs are predominantly calculated as a percentage of amounts paid out and not as a fixed fee per loan. Therefore, in determining the settlement profile of historical cohorts, settlement rates are pay-out weighted to accurately match the value of deferred costs with the settlement of loans.

2.3 Complaints provisions

2.3.1 Key judgements – Scheme of Arrangement

On 21 December 2020, the Group announced its intention to agree a Scheme of Arrangement to address customer redress claims with the aim that all customers are treated equitably. The vehicle ALL Scheme Ltd (“SchemeCo”) was incorporated on 6 January 2021 and is a wholly owned subsidiary through which the Group intends to review claims and, where appropriate, pay redress to customers that have been affected as a result of historical issues in the UK business. The Group’s original proposal for a Scheme of Arrangement was not sanctioned at the High Court hearing held on 24 May 2021 despite receiving support from the majority of Scheme creditors who voted.

Subsequently the Board continues to consider all options including the pursuit of an alternative Scheme of Arrangement to the one which was not approved. It is the Board’s view, in light of the anticipated alternative – a possible insolvency in which customers due redress are likely to receive no cash – that subject to further regulatory discussions, a successful alternative Scheme is achievable. However, the Directors acknowledge that the ultimate success of the Scheme is not wholly within their control not least because at the reporting date the approval of an alternative Scheme of Arrangement remains subject to reaching the key milestones of a second successful creditor vote and a High Court sanction.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets requires that the measurement of provisions are not adjusted for future events, such as the approval of an alternative Scheme of Arrangement, unless there is sufficient objective evidence that the future event will occur. Each of the aforementioned factors are ultimately outside of the Group’s control and represent a significant source of uncertainty with regard to the ultimate success of an alternative Scheme. Hence, in line with IAS 37, it has been determined that the complaints provision will be measured by calculating a total redress liability assuming that there is no scheme in place, as there is not sufficient objective evidence that the future approval of an alternative Scheme of Arrangement will occur.

2.3.2 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 and the assumption that there is no Court approved Scheme of Arrangement (see note 19 for further detail).

Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the redress payments that may arise from past events requires 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.

The key assumptions in these calculations which involve significant, complex management judgement and estimation relate primarily to the projected costs of potential future complaints, where it is considered more likely than not that customer redress will be appropriate. These key assumptions are:

- Future estimated volumes – estimates of future volumes of complaints;
- Uphold rate (%) – the expected average uphold rate applied to future estimated volumes where it is considered more likely than not that customer redress will be appropriate; and
- Average redress (£) – the estimated compensation, inclusive of balance adjustments and cash payments, for future upheld complaints included in the provision.

These assumptions remain subjective due to the uncertainty associated with future complaint volumes and the magnitude of redress which may be required. Complaint volumes may include complaints under review by the Financial Ombudsman Service, complaints received from CMCs or complaints received directly from customers.

Following the announcement of the proposed Scheme of Arrangement on 21 December 2020 these assumptions became more challenging to estimate as customer and CMC behaviour was temporarily influenced by the proposed Scheme of Arrangement. Whilst the proposed Scheme was not sanctioned by the High Court on 19 May 2021, the creditor meeting on 12 May 2021, in which the Group received a total of 78,732 votes, provides some indication of the potential future propensity for past and present customers to raise a complaint. Whilst the vote provides a useful reference point for the potential population of future claims, this estimate remains highly uncertain. If an alternative Scheme is not successfully approved, it is unclear to what extent future complaint volumes would be impacted by increased customer awareness generated by the engagement with customers as part of the creditor vote process and increased publicity connected to the unsuccessful outcome of the first proposed Scheme, as well as any additional publicity relating to any potential future Scheme. Additionally, throughout Amigo’s progress towards a Scheme, substantial work has gone into reviewing and enhancing our future claims handling methodologies, aligning with the expectations of our regulator and re-setting expectations of how claims will be assessed moving forward regardless of whether a potential new Scheme is successful.

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.3 Provisions continued

2.3.2 Complaints provision - estimation uncertainty continued

As at 31 March 2020, the complaints provision was £117.5m; the increase of 193.3% to £344.6m at 31 March 2021 is primarily due to a 104.3% increase in volume of complaints provided for and a 43.2% increase in estimated uphold rate. Also partially contributing to the increase in FOS invoice costs from £650 to £750 each.

The following table details the effect on the complaints provision considering incremental changes on key assumptions, should current estimates prove too high or too low. Sensitivities are modelled individually and not in combination.

Assumption	Assumption used	Sensitivity applied	Sensitivity	
Future complaint volumes[1]	88,069	+/- 5%	+57.1m	-57.1m
Average uphold rate per customer[2]	65%	+/- 20 ppts	+91.4m	-91.4m
Average redress per valid complaint[3]	£4,451	+/- £1,000	+81.1m	-81.1m

1. Future estimated volumes. Sensitivity analysis shows the impact of a 5% change in the number of complaints estimated in the provision.
2. Uphold rate. Sensitivity analysis shows the impact of a 20 percentage point change in the applied uphold rate on both the current and forward-looking elements of the provision.
3. Average redress. Sensitivity analysis shows the impact of a £1,000 change in average redress on the provision.

The table above shows the increase or decrease in total provision charge resulting from reasonably possible changes in each of the key underlying assumptions. The Board considers that this sensitivity analysis covers the full range of reasonably possible alternatives assumptions.

It is possible that the eventual outcome may differ materially from the current estimate and could materially impact the financial statements as a whole, given the Group's only activity is guarantor-backed consumer credit. This is due to the risks and inherent uncertainties surrounding the assumptions used in the provision calculation.

The complaints provision has been estimated assuming that there is no Scheme in place, as there is not sufficient objective evidence that the future approval of an alternative Scheme will occur. However, a potential future Scheme remains a plausible outcome. In this scenario, it is likely that the total redress liability would be materially lower than the amount recognised under IAS 37 because cash redress would be capped at a level approved by the Scheme creditors, which is expected to be substantially lower than the total cash liability of £240.0m included in the £344.6m provision. For example, the cash element contribution proposed under the terms of the original Scheme proposal, which was not sanctioned by the High Court, was £15.0m. The component of customer redress relating to the write down of existing loan balances would not be impacted by any potential Scheme of Arrangement. Amigo is still considering all options, of which one option is a potential alternative Scheme. The final proposed terms of a potential alternative Scheme remain unknown.

The Group has disclosed a contingent liability with respect to the FCA investigation announced on 29 May 2020. The investigation is with regards to the Group's creditworthiness assessment process, the governance and oversight of this, and compliance with regulatory requirements. The FCA investigation is covering lending for the period from 1 November 2018 to date. The Group was informed on 15 March 2021 that the FCA had decided to extend the scope of its current investigation so that it can investigate whether the Group appropriately handled complaints after 20 May 2020 and whether the Group deployed sufficient resource to address complaints in accordance with the Voluntary Requirement ("VReq") announced on 27 May 2020 and the subsequent variation announced on 3 July 2020. The FCA investigation will consider whether those complaints have been handled appropriately and whether customers have been treated fairly in accordance with Principle 6 of the FCA's Principles for Business. The Group will continue to co-operate fully with the FCA. There is significant uncertainty around the impact of this investigation on the business, the assumptions underlying the complaints provision and any future regulatory intervention. See note 19 for further details.

2.4 Modification of financial assets

2.4.1 Assessment of Covid-19 payment holidays as a non-substantial modification

From 31 March 2020, Covid-19 relief measures were formally introduced; on request depending on their individual circumstances, initial payment holidays with durations of one, two or three months were offered. At the end of the payment holiday the customer's monthly instalments revert to the contractual instalment with the term of the loan effectively extended by the duration of the payment holiday. Following the FCA's announcement of the extension to customer payment holidays for personal loans for up to six months, the Group's payment holiday policy was revised. If a customer applied for a payment holiday extension, the payment holiday automatically renewed on a monthly basis, up to a maximum of six months.

The customer had the option to opt out and end the payment holiday at any time. For the first three months of the payment holiday no interest accruals were applied to customer balances; from four to six months interest began to accrue again on the loan. As a result of the Group's interest cap, the reintroduction of interest accruals between months four and six of a payment holiday does not increase the total interest payable by the customer over the life of the loan. Rolling monthly extensions were predominantly granted from 1 July 2020 onwards.

No capital or interest is forgiven as part of the payment holiday despite no interest accruing during the first three months of the payment holiday; the customer is still expected to repay the loan in full.

The Group has assessed Covid-19 payment holidays from both a qualitative and quantitative perspective; the Group is not originating new assets with substantially different terms and the original asset's contractual cash flows is deferred, leading to what is deemed a non-substantial estimated reduction in loan carrying amounts. Hence, the initial granting of a Covid-19 payment holidays are accounted for as non-substantial modification of financial assets under IFRS 9. When a customer is offered an extension to their original payment holiday up to a total of six months in length, this is considered a second non-substantial modification event. Assets have not been derecognised as the modifications are not substantial; instead, modification losses have been recognised in the period. The impact of Covid-19 payment holiday modifications is discussed in note 6.

2.4.2 Measurement of modification losses

The Group has estimated modification losses arising from Covid-19 payment holidays on a cohort basis. Future contractual cash flows are forecast collectively in cohorts based on the remaining contractual term. The cash flow forecasts are then further segmented by month of modification (being payment holiday start date or date of extension) and payment holiday duration.

2. Critical accounting assumptions and key sources of estimation uncertainty continued

2.4 Modification of financial assets continued

2.4.2 Measurement of modification losses continued

Following the introduction of automatic rolling extension of payment holidays up to a maximum of six months, a key judgement is the expected payment holiday duration. Customers on payment holidays of one and two month initial durations can first extend to a backstop of a three month payment holiday. Should the customer apply for an extension to their original payment holiday beyond the three month backstop, the payment holiday will automatically extend on a monthly basis up to a maximum of six months unless the customer opts out. As at 31 March 2021, it has been assumed that one and two month payment holidays will extend to the three month backstop and all customer payment holidays three months and over will continue to extend to six months.

Forecast cash flows are lagged by the relevant payment holiday duration and discounted using the original effective interest rate to calculate net present value of each cohort. The difference between the net present value of the revised cash flows and the carrying value of the assets is recognised in the consolidated statement of comprehensive income as a modification loss.

Customers granted Covid-19 payment holidays are assessed for other potential indicators of SICR. This assessment includes a historical review of the customer's payment performance and behaviours. Following this review, those customers that have been granted a Covid-19 payment holiday and are judged to have otherwise experienced a SICR are transitioned to stage 2 within the Group's impairment model (note 1.2.iii). Where the modification loss relates to customers that have been transitioned from stage 1 to stage 2 as a result of this assessment, the modification loss has been recognised as an impairment in the consolidated statement of comprehensive income.

If the customer was already in arrears, suggesting a significant increase in credit risk event prior to them being granted a payment holiday; the modification loss relating to these customers is also recognised in impairment. The remainder of the modification loss has been recognised in revenue (see note 6 for further details).

3. Segment reporting

The Group has two operating segments based on the geographical location of its operations, being the UK and Ireland. 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. The Group's segments comprise Ireland (Amigo Loans Ireland Limited and Amigo Loans International Limited) and UK businesses (the rest of the Group). The table below illustrates the segments reported in the Group's management accounts used by ExCo as the primary means for analysing trading performance. The table below presents the Group's performance on a segmental basis for the year to 31 March 2021 in line with reporting to the chief operating decision maker:

Year ended 31 March 2021	Year to 31 Mar 21 £m UK	Year to 31 Mar 21 £m Ireland	**Year to 31 Mar 21 £m Total**
Revenue	168.5	2.3	**170.8**
Interest payable and funding facility fees	(27.5)	—	**(27.5)**
Interest receivable	0.1	—	**0.1**
Impairment of amounts receivable from customers	(60.1)	(0.6)	**(60.7)**
Administrative and other operating expenses	(43.2)	(1.3)	**(44.5)**
Complaints expense	(318.8)	—	**(318.8)**
Total operating expenses	(362.0)	(1.3)	**(363.3)**
Strategic review, formal sale process and related financing costs	(3.0)	—	**(3.0)**
(Loss)/profit before tax	(284.0)	0.4	**(283.6)**
Tax charge on (loss)/profit[1]	(5.3)	(0.2)	**(5.5)**
(Loss)/profit and total comprehensive (loss)/income attributable to equity shareholders of the Group	(289.3)	0.2	**(289.1)**

	31 Mar 21 £m UK	31 Mar 21 £m Ireland	**31 Mar 21 £m Total**
Gross loan book[2]	419.2	3.7	**422.9**
Less impairment provision	(81.0)	(1.0)	**(82.0)**
Net loan book[3]	338.2	2.7	**340.9**

1 The tax charge for Ireland is primarily reflective of the write-off of a corporation tax asset in the period. The tax charge for the UK primarily relates to the write-off of tax assets net with impact of the release of a tax provision no longer required.

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.

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; hence the split between UK and Ireland has not been presented. The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

3. Segment reporting continued

Year ended 31 March 2020	Year to 31 Mar 20 £m UK	Year to 31 Mar 20 £m Ireland	Year to 31 Mar 20 £m Total
Revenue	292.7	1.5	294.2
Interest payable and funding facility fees	(30.7)	—	(30.7)
Impairment of amounts receivable from customers	(111.8)	(1.4)	(113.2)
Administrative and other operating expenses	(57.1)	(2.3)	(59.4)
Complaints expense	(126.8)	—	(126.8)
Total operating expenses	(183.9)	(2.3)	(186.2)
Strategic review, formal sale process and related financing costs	(2.0)	—	(2.0)
(Loss) before tax	(35.7)	(2.2)	(37.9)
Tax credit on (loss)	10.4	0.3	10.7
(Loss) and total comprehensive (loss)/income attributable to equity shareholders of the Group	(25.3)	(1.9)	(27.2)

	31 Mar 20 £m UK	31 Mar 20 £m Ireland	31 Mar 20 £m Total
Gross loan book[1]	742.7	7.2	749.9
Less impairment provision	(105.4)	(1.4)	(106.8)
Net loan book[2]	637.3	5.8	643.1

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.

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 21 £m	Year to 31 Mar 20 £m
Interest under amortised cost method	**197.7**	294.2
Modification of financial assets (note 6)	**(27.2)**	—
Other income	**0.3**	—
	170.8	294.2

Other income primarily relates to income obtained following Court action in Amigo's favour.

5. Interest payable and funding facility fees

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Senior secured notes interest payable	**17.8**	18.2
Funding facility fees	**0.4**	1.3
Securitisation interest payable	**2.8**	6.1
Complaints provision discount unwind (note 19)	**2.0**	—
Other finance costs	**4.5**	5.1
	27.5	30.7

Non-utilisation fees within the £27.5m are £0.9m. 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.

Included within other finance costs for the period is £0.7m of written-off fees in relation to the Group's prior revolving credit facility (RCF) (31 March 2020: £2.2m). These were previously capitalised and were being spread over the expected life of the Group's RCF. The facility was cancelled in May 2020. Also included are fees relating to the Group's securitisation facility; following renegotiation of the waiver period in place over the facility on 14 August 2020 it was deemed a substantial modification of the terms of the facility occurred. Hence, all previously capitalised fees of £1.2m, relating to the facility have been written off, and subsequent fees have been charged to the consolidated statement of comprehensive income. Non-utilisation fees of the securitisation facility are also included in other finance costs.

6. Modification of financial assets

Covid-19 payment holidays and any subsequent extensions have been assessed as non-substantial financial asset modifications under IFRS 9 (see note 2.4 for further details).

The amortised cost of loan balances pre-modification for all payment holidays granted in the year to 31 March 2021 was £268.5m. Total modification losses of £38.3m were recognised during the period, of which £30.0m was recognised in revenue and £8.3m as part of the impairment charge. £2.8m of the initial modification losses were released in the period relating to accounts that had settled, charged off or had a complaint upheld and subsequently no longer required a modification. Hence, total modification losses as at 31 March 2021 recognised within the consolidated statement of comprehensive income are £35.5m. The remaining loss applied to the gross loan book at the year-end is £14.0m (see note 14).

The majority of payment holidays were granted in the first half of the year, with modification losses recognised for current payment holiday extensions and new payment holidays granted in each subsequent quarter. The modification losses represent the change in the gross carrying amounts (i.e. before impairment allowance) of the financial assets. The net impact of modification on the ECL allowances associated with these assets as at 31 March 2021 was a charge of £6.8m, being modification losses of £8.3m offset with a £1.5m decrease in impairment caused by reduced post-modification carrying amounts (see note 14 for loan loss provision reconciliation).

Of the £268.5m amortised cost of loan balances that were non-substantially modified in the year, the gross carrying amount for which twelve month ECLs were applied and calculated was £205.7m whilst the carrying amount where lifetime ECLs were applied was £62.8m. Where the modification losses relate to customer loans that have been transitioned from stage 1 to stage 2 within the Group's impairment model (see note 1.2.iii for staging criteria), the modification losses have been recognised as an impairment in the consolidated statement of comprehensive income. The remainder of the modification losses have been recognised in revenue.

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Modification (loss) recognised in revenue	**(27.2)**	—
Modification (loss) recognised in impairment	**(8.3)**	—
Total modification (loss)	**(35.5)**	—

7. Operating expenses

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Advertising and marketing	**0.4**	14.5
Communication costs	**1.1**	2.6
Credit scoring costs	**1.7**	3.2
Employee costs	**21.1**	18.0
Legal and professional fees	**13.4**	7.0
Print, post and stationery	**0.8**	3.5
Bank charges	**1.2**	2.0
Other[1]	**4.8**	8.6
	44.5	59.4

Other operating expenses include:	**Year to 31 Mar 21 £m**	Year to 31 Mar 20 £m
Fees payable to the Company's auditor and its associates for:		
– audit of these financial statements	**0.2**	0.1
– audit of financial statements of subsidiaries	**0.7**	0.5
– audit-related assurance services[2]	**0.3**	0.2
Depreciation of property, plant and equipment	**1.1**	0.5
Depreciation and interest expense on leased assets	**0.3**	0.3
Defined contribution pension cost	**0.6**	0.6

1 Other costs have decreased largely due to a reduction in all operations throughout the year as lending has been paused throughout the Covid-19 pandemic.

2 Other assurance services include interim reviews of quarterly financial statements.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

8. Strategic review, formal sale process and related financing costs
Strategic review, formal sale process and related financing costs are disclosed separately in the financial statements because the Directors consider it necessary to do so to provide further understanding of the financial performance of the Group. They are material items of expense that have been shown separately due to the significance of their nature and amount.

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Strategic review and formal sale process costs	**3.0**	2.0
	3.0	2.0

The costs above relate to advisor and legal fees in respect of the strategic review and formal sale process announced on 27 January 2020 and its termination was announced on 8 June 2020.

9. Employees

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Employee costs		
Wages and salaries	**16.6**	15.2
Social security costs	**2.0**	1.7
Cost of defined contribution pension scheme (note 23)	**0.6**	0.6
Share-based payments (note 22)	**0.3**	0.5
Restructuring provision[1] (note 19)	**1.0**	—
Other (termination payments)	**0.6**	—
	21.1	18.0

1 The restructuring provision relates to expected costs of staff 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 21 UK	**Year to 31 Mar 21 Ireland**	**Year to 31 Mar 21 Total**	Year to 31 Mar 20 UK	Year to 31 Mar 20 Ireland	Year to 31 Mar 20 Total
Employee numbers						
Operations	**305**	**13**	**318**	266	14	280
Support	**103**	**6**	**109**	121	4	125
	408	**19**	**427**	387	18	405

Operations roles are customer supporting roles such as pay-out, collections and complaints handling teams. Support teams include but are not limited to: IT, HR, finance and legal.

Average headcount increased by 22 reflecting the Group's focus on collections, Covid-19 payment holiday support and complaints handling throughout the year. Amigo's customer loans and receivables balance has reduced from £663.6m to £350.6m year-on-year (note 14). This decline has led to changes in resource requirements across several areas of the business; hence, a restructuring provision has been recognised for the expected cost of redundancies announced on both the 25 February 2021 and 31 March 2021.

10. 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. Details of the remuneration, shareholdings and pension contributions of the Directors, and reasons explaining the year-on-year increase in remuneration are included in the Directors' Remuneration Report on pages 76 to 92.

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Key management emoluments including social security costs	**1.8**	1.4
Company contributions to defined contribution pension schemes/salary in lieu of pension	**—**	—
Termination payments	**0.4**	—
	2.2	1.4

During the year retirement benefits were accruing for three Directors (2020: two) in respect of defined contribution pension schemes. .

The highest paid Director in the current year received remuneration of £766,691 inclusive of national insurance payments, of which £319,350 related to loss of office payments (2020: £520,704 inclusive of 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 (2020: £2,580).

11. Taxation

The applicable corporation tax rate for the period to 31 March 2021 was 19.0% (2020: 19.0%) and the effective tax rate is negative 1.9% (2020: (28.2)%). The Group previously recognised a deferred tax asset in respect of the transition from IAS 39 to IFRS 9 relating to tax deductions available against future taxable profits for a period of ten years from transition. The Group's current loss-making position and the current uncertainty over the Group's future profitability means that it is no longer considered probable that future taxable profits will be available against which to recognise deferred tax assets. Consequently, no tax assets have been recognised in respect of losses in the current period and a tax charge has been recognised in the period primarily relating to the write-off of the existing deferred tax asset.

Amigo received tax refunds totalling £23.6m from HMRC during the period increasing the cash position and reducing net borrowings respectively. £7.1m of the refund relates to loss relief for carried back losses, and the remainder relates to repayment of prior payments on account.

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
Corporation tax		
Current tax on (loss) for the year	**—**	(7.4)
Adjustments in respect of previous periods	**(0.9)**	(3.4)
Total current tax charge/(credit)	**(0.9)**	(10.8)
Deferred tax		
Origination and reversal of temporary differences	**(0.1)**	0.9
Adjustments in respect of prior periods	**6.5**	(0.1)
Effect of change in tax rate	**—**	(0.7)
Taxation charge/(credit) on (loss)	**5.5**	(10.7)

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 21 £m	Year to 31 Mar 20 £m
(Loss) before tax	**(283.6)**	(37.9)
(Loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(54.0)**	(7.2)
Effects of:		
Expenses not deductible for tax purposes	**0.7**	0.6
Transfer pricing adjustment	**0.1**	0.1
Adjustments to tax charge in respect of prior periods	**5.6**	(3.5)
Effect of change in tax rate	**—**	(0.7)
Current-year losses for which no deferred tax asset is recognised	**53.1**	—
Total tax charge/(credit) for the year	**5.5**	(10.7)
Effective tax charge	**(1.9)%**	(28.2)%

The UK corporation tax rate was proposed in the Budget announcement on 31 March 2021 to increase from 19.0% to 25.0% by 1 April 2023. This change has not been enacted at date of signing.

It was also announced that it will be possible to carry back losses against profits incurred in the three years leading up to the period in which the loss was incurred, rather than the current one year; there will be a £2.0m cap on the amount that can be carried back more than one year for each relevant accounting period in which a loss is made, which will apply on a Group basis. Therefore, once this change in legislation is enacted, the Group will recognise a current tax asset of approximately £0.4m relating to carrying back current year losses against FY18/19 profits.

12. 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. The Group's current loss-making position and the current uncertainty over the Group's future profitability means that it is no longer considered probable that future taxable profits will be available against which to recognise deferred tax assets. 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.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

12. Deferred tax continued

	31 Mar 21 £m	31 Mar 20 £m
At 1 April 2020/1 April 2019	**6.6**	6.8
Adjustments in respect of prior periods	**—**	0.1
Restated opening at 1 April 2020/1 April 2019	**6.6**	6.9
(Charge) to the consolidated statement of comprehensive income	**(6.6)**	(0.3)
At 31 March 2021/31 March 2020	**—**	6.6

The deferred tax (liability)/asset is made up as follows:

	31 Mar 21 £m	31 Mar 20 £m
Short-term timing differences	**—**	(0.1)
IFRS 9 transitional adjustments	**—**	6.7
	—	6.6

13. Loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share calculates the effect on loss per share assuming conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are 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 the schemes' 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 21 Pence	31 Mar 20 Pence
Basic (loss) per share	**(60.8)**	(5.7)
Diluted (loss) per share[1]	**(60.8)**	(5.7)
Adjusted (loss) per share (basic and diluted)[2]	**(58.9)**	(5.7)

1 The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted loss per share.

2 Adjusted basic (loss) per share and earnings for adjusted basic (loss) per share are non-GAAP measures.

13. Loss per share continued

The Directors are of the opinion that the publication of the adjusted (loss) 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 21 £m	31 Mar 20 £m
(Loss) for basic EPS	**(289.1)**	(27.2)
Senior secured note buyback	**—**	(0.3)
Strategic review, formal sale process and related financing costs	**3.0**	2.0
Write-off of revolving credit facility (RCF) fees	**0.7**	2.2
Write-off of unamortised securitisation fees	**1.2**	—
Tax provision release	**(2.5)**	(2.9)
Tax asset write-off	**7.8**	—
Less tax impact	**(0.9)**	(0.7)
(Loss) for adjusted basic EPS[1]	**(279.8)**	(26.9)
Basic weighted average number of shares (m)	**475.3**	475.3
Dilutive potential ordinary shares (m)[2]	**0.5**	2.2
Diluted weighted average number of shares (m)	**475.8**	477.5

1 Adjusted basic (loss) per share and earnings for adjusted basic (loss) per share are non-GAAP measures.

2 Although the Group has issued further options' under the employee share schemes, upon assessment of the dilutive nature of the options, some options are not considered dilutive as at 31 March 2021 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.

14. 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 21 £m	31 Mar 20 £m
Stage 1	**311.5**	601.1
Stage 2	**61.4**	106.8
Stage 3	**50.0**	42.0
Gross loan book	**422.9**	749.9
Deferred broker costs[1] – stage 1	**7.2**	16.5
Deferred broker costs[1] – stage 2	**1.4**	2.9
Deferred broker costs[1] – stage 3	**1.1**	1.1
Loan book inclusive of deferred broker costs	**432.6**	770.4
Provision[2]	**(82.0)**	(106.8)
Customer loans and receivables	**350.6**	663.6

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.

2 Included within the provision is a judgemental management overlay of £6.0m (see note 2.1.4 for further details).

As at 31 March 2021, £180.3m of loans to customers had their beneficial interest assigned to the Group's special purpose vehicle (SPV) entity, namely AMGO Funding (No. 1) Ltd, as collateral for securitisation transactions (2020: £309.2m). See note 25 for further details of this structured entity.

Ageing of gross loan book (excluding deferred brokers' fees and provision) by days overdue:

	31 Mar 21 £m	31 Mar 20 £m
Current	**315.5**	606.8
1–30 days	**41.4**	83.5
31–60 days	**16.0**	17.6
>60 days	**50.0**	42.0
Gross loan book	**422.9**	749.9

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

14. Customer loans and receivables continued

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 2021	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount at 1 April 2020	601.1	106.8	42.0	749.9
Deferred broker fees	16.5	2.9	1.1	20.5
Loan book inclusive of deferred broker cost at 1 April 2020	617.6	109.7	43.1	770.4
Changes in gross carrying amount attributable to:				
Transfer of loans receivable to stage 1	16.0	(15.6)	(0.4)	—
Transfer of loans receivable to stage 2	(31.2)	32.1	(0.9)	—
Transfer of loans receivable to stage 3	(34.7)	(11.0)	45.7	—
Passage of time[1]	(82.9)	(12.9)	2.0	(93.8)
Customer settlements	(121.6)	(13.0)	(2.7)	(137.3)
Loans charged off	(21.9)	(24.7)	(35.5)	(82.1)
Modification loss relating to Covid-19 payment holidays (note 6)	(13.5)	(0.3)	(0.2)	(14.0)
Net new receivables originated	0.2	—	—	0.2
Net movement in deferred broker fees	(9.3)	(1.5)	—	(10.8)
Loan book inclusive of deferred broker costs as at 31 March 2021	**318.7**	**62.8**	**51.1**	**432.6**

Year ended 31 March 2020	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount at 1 April 2019	683.4	70.0	29.6	783.0
Deferred broker fees	18.2	1.9	0.8	20.9
Loan book inclusive of deferred broker costs at 1 April 2019	701.6	71.9	30.4	803.9
Changes in gross carrying amount attributable to:				
Transfer of loans receivable to stage 1	10.1	(9.9)	(0.2)	—
Transfer of loans receivable to stage 2	(57.7)	57.9	(0.2)	—
Transfer of loans receivable to stage 3	(22.4)	(5.2)	27.6	—
Passage of time[1]	(75.5)	(11.2)	(0.7)	(87.4)
Customer settlements	(101.3)	(8.9)	(1.0)	(111.2)
Loans charged off	(37.7)	(24.1)	(27.4)	(89.2)
Net new receivables originated	202.2	38.2	14.3	254.7
Net movement in deferred broker fees	(1.7)	1.0	0.3	(0.4)
Loan book inclusive of deferred broker costs as at 31 March 2020	617.6	109.7	43.1	770.4

1 Passage of time relates to amortisation of loan balances over the course of the financial year, due cash payments partially offset by interest accruals.

As shown in the table above, the loan book inclusive of deferred broker cost decreased from £770.4m to £432.6m at 31 March 2021. This was primarily driven by the effect of passage of time (loan balances amortising throughout the period), customer settlements and minimal originations in the year.

The following tables explain the changes in the loan loss provision between the beginning and the end of the period:

Year ended 31 March 2021	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Loan loss provision as at 31 March 2020	55.1	20.1	31.6	106.8
Changes in loan loss provision attributable to:				
Transfer of loans receivable to stage 1	1.4	(2.3)	(0.3)	(1.2)
Transfer of loans receivable to stage 2	(2.8)	10.6	(0.7)	7.1
Transfer of loans receivable to stage 3	(3.1)	(2.3)	34.4	29.0
Passage of time[1]	(7.6)	(1.7)	1.5	(7.8)
Customer settlements	(11.1)	(2.4)	(2.2)	(15.7)
Loans charged off	(2.2)	(7.6)	(26.4)	(36.2)
Management overlay (note 2.1.4)	(0.5)	1.3	5.2	6.0
Modification loss relating to Covid-19 payment holidays (note 6)	(1.2)	(0.2)	(0.1)	(1.5)
Net new receivables originated	—	—	—	—
Remeasurement of ECLs	(7.0)	(1.4)	3.9	(4.5)
Loan loss provision as at 31 March 2021	**21.0**	**14.1**	**46.9**	**82.0**

14. Customer loans and receivables continued

Year ended 31 March 2020	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Loan loss provision as at 31 March 2019	29.3	17.4	28.7	75.4
Changes in loan loss provision attributable to:				
Transfer of loans receivable to stage 1	0.4	(2.5)	(0.2)	(2.3)
Transfer of loans receivable to stage 2	(2.5)	14.3	(0.2)	11.6
Transfer of loans receivable to stage 3	(0.9)	(1.3)	26.8	24.6
Passage of time[1]	(3.3)	(2.8)	(0.7)	(6.8)
Customer settlements	(4.5)	(2.2)	(1.0)	(7.7)
Loans charged off	(1.6)	(6.0)	(26.6)	(34.2)
Net new receivables originated	24.9	7.2	10.8	42.9
Remeasurement of ECLs	13.3	(4.0)	(6.0)	3.3
Loan loss provision as at 31 March 2020	55.1	20.1	31.6	106.8

1 Passage of time relates to amortisation of loan balances over the course of the financial year, due cash payments partially offset by interest accruals.

As shown in the above tables, the allowance for ECL decreased from £106.8m at 31 March 2020 to £82.0m at 31 March 2021. The overall provision has reduced in line with the amortisation of the loan book in the absence of any meaningful originations.

The following table splits the gross loan book by arrears status, and then by stage respectively for the year ended 31 March 2021.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Up to date	289.2	26.3	—	315.5
1–30 days	22.3	19.1	—	41.4
31–60 days	—	16.0	—	16.0
>60 days	—	—	50.0	50.0
	311.5	**61.4**	**50.0**	**422.9**

Net modification losses of £35.5m have been recognised in the year due to the impact of granting Covid-19 payment holidays (see notes 2.4 and 6 for further details). As at 31 March 2021, £14.0m of the recognised losses remain. £10.5m of this relates to up to date accounts, £3.0m to 1–30 days, £0.3m to 31–60 days and £0.2m to >60 days.

The following table splits the gross loan book by arrears status, and then by stage respectively for the year ended 31 March 2020.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Up to date	568.3	38.5	—	606.8
1–30 days	32.8	50.7	—	83.5
31–60 days	—	17.6	—	17.6
>60 days	—	—	42.0	42.0
	601.1	106.8	42.0	749.9

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.

Customer loans and receivables	**31 Mar 21 £m**	31 Mar 20 £m
Due within one year	**218.9**	353.8
Due in more than one year	**122.0**	289.3
Net loan book	**340.9**	643.1
Deferred broker costs[1]		
Due within one year	**6.2**	13.3
Due in more than one year	**3.5**	7.2
Customer loans and receivables	**350.6**	663.6

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.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

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 21		31 Mar 20	
	Fair value hierarchy	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets not measured at fair value[1]					
Amounts receivable from customers[2]	Level 3	**350.6**	**340.6**	663.6	620.7
Other receivables	Level 3	**1.6**	**1.6**	1.4	1.4
Cash and cash equivalents (restricted)	Level 1	**6.3**	**6.3**	—	—
Cash and cash equivalents	Level 1	**177.9**	**177.9**	64.3	64.3
		536.4	**526.4**	729.3	686.4
Financial assets measured at fair value					
Derivative asset	Level 2	**0.1**	**0.1**	0.1	0.1
		0.1	**0.1**	0.1	0.1
Financial liabilities not measured at fair value[1]					
Other liabilities	Level 3	**(15.9)**	**(15.9)**	(13.5)	(13.5)
Senior secured notes[3]	Level 1	**(232.1)**	**(187.6)**	(231.3)	(165.7)
Securitisation facility	Level 2	**(64.4)**	**(64.5)**	(230.0)	(238.6)
Bank loans	Level 2	**—**	**—**	0.7	0.7
		(312.4)	**(268.0)**	(474.1)	(417.1)

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 a reasonable approximation of fair value.

2 The unobservable inputs in the fair value calculation of amounts receivable from customers are expected credit losses, forecast cash flows and discount rates. As 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 2021, the gross principal amount outstanding was £234.1m. 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, with the exception of the derivative asset which is held at fair value through profit or loss (FVTPL).

The fair value of the securitisation facility is estimated in the current year using a net present value calculation using discount rates derived from contractual interest rates, with cash flows assuming weekly principal repayments in line with the terms of the waiver on the facility, until the date the facility is forecasted to be repaid in full. The prior year calculation assumed no principal repayments occurred until the maturity date.

The Group's activities expose it to a variety of financial risks, which can be categorised as credit risk, conduct risk, liquidity risk, interest rate risk, foreign exchange rate risk and market 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 financial performance. Financial risk management is overseen by the Group Risk Committee.

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.

a) Amounts receivable from customers
Whilst Amigo currently has only a single product in a single market, there is a limited concentration of risk to individual customers with an average customer balance outstanding of £3,110 (2020: £3,378). The carrying amount of the loans represents the Group's maximum exposure to credit risk.

The Group carries out an affordability assessment on both borrower and guarantor before a loan can be paid out. As a separate exercise using the knowledge and data from its 16 year presence in the guarantor loan sector, each potential loan undergoes a creditworthiness assessment based on the applicant's and guarantor's credit history. No formal collateral or guarantees are held against loans on the basis that the borrower and guarantor are technically and in substance joint borrowers.

15. Financial instruments continued

Credit risk continued

a) Amounts receivable from customers continued

The Group manages credit risk by actively managing the blend of risk in its portfolio to achieve the desired impairment rates in the long term. The Group aims to achieve the desired risk in the portfolio by managing its scorecards and the maximum amount borrowers are able to borrow depending on their circumstance and credit history. Factors considered in monitoring the overall impairment rates include the total value of the loan, the homeowner status of the guarantor, whether loans are new or repeat loans and whether these are lending pilot loans. Using the data and expected loss curves for the different scorecards the business can vary its origination levels to target an expected loss rate and impairment level and manage the consolidated statement of financial position risk.

Credit risk exposure at origination has been minimal in the year due to a pause on new lending due to the uncertainty surrounding the Covid-19 pandemic being in place for the majority of the financial year.

Credit risk is also managed post-origination via ongoing monitoring and collection activities. When payments are missed, regular communication with both the borrower and guarantor commences. We will contact the borrower and guarantor from day one to advise them of the missed payment and seek to agree a resolution with the borrower. If we're unable to resolve with the borrower, then we will turn to the guarantor for payment after 14 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).

Lending pilots have historically been designed to test new criteria and relationships that allow the Group to lend to applicants who would have been rejected under the core scorecards, thereby increasing the scope of individuals that the Group can help access affordable finance, who otherwise would be unable to access credit from mainstream providers. The credit loss history for each lending pilot is intrinsically limited. The Group monitors performance to determine which pilots perform at an acceptable risk level over time, with a view to integrating successful pilots into core lending or alternatively rejecting them where performance of lending pilots is below the level required for the Group to meet its internal risk appetite.

The business monitors the proportion of the consolidated statement of financial position within the homeowner guarantor, non-homeowner guarantor and lending pilot categories. At 31 March 2021 and 31 March 2020, the mix of business within the categories was as follows:

Consolidated statement of financial position	**31 Mar 21 £m**	31 Mar 20 £m
Gross book value arising from originations with homeowner	**172.7**	305.2
Gross book value arising from originations with non-homeowner	**195.7**	342.4
Gross book value arising from originations from lending pilots	**54.5**	102.3
	422.9	749.9

In addition, should a customer enter into a repayment plan, the Group does not reschedule the terms for its internal reporting. Instead the business calculates the arrears level with reference to the original terms. At 31 March 2021, on a volume basis 7.3%, 0.3%, 8.5% and 0.3% of the gross loan book were on Covid-19 payment holidays, breathing space, long-term and short term payment plans respectively (2020: 0%, 1.7%, 4.8% and 0.4%).

Originations were minimal in the year due to a pause in all new lending, except to key workers (all stopped in November 2020), driven by uncertainty surrounding the Covid-19 pandemic and increased focus on resolving complaints related issues. Originations relating to the circumstances monitored are as follows:

Lending originations	**31 Mar 21 £m**	31 Mar 20 £m
New origination with homeowner guarantor	**0.1**	81.6
New origination with non-homeowner guarantor	**0.1**	136.4
Repeat origination with homeowner guarantor	**0.1**	35.0
Repeat origination with non-homeowner guarantor	**0.1**	47.6
Lending pilots	**—**	46.8
	0.4	347.4

Covid-19

The Covid-19 pandemic has created significant economic uncertainty in the UK and the rest of the world, which has increased the credit risk for the Group's customer loans and receivables. Covid-19 payment holidays were granted to certain customers from 31 March 2020 onwards; at the date a payment holiday is granted, the arrears status of the loan is paused for the duration of the payment holiday, up to a maximum of six months. In the year, Covid-19 payment holidays were granted to a total of over 66,000 customers, with around 10,000 active payment holidays as at 31 March 2021. The cohorts of customers that have exited Covid-19 payment holidays to date have demonstrated a higher propensity to experience a significant increase in credit risk event than the cohorts of customers that have not applied for a Covid-19 payment holiday. Further details can be found in notes 2.1.4, 2.4 and 14.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

15. Financial instruments continued
Credit risk continued
b) Bank counterparties
Counterparty credit risk arises as a result of cash deposits placed with banks and the use of derivative financial instruments with banks and other financial institutions which are used to hedge against interest rate risk.

This 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.

Securitisation vehicles

In the ordinary course of business, the Group enters into transactions that result in the transfer of the right to receive repayments in respect of certain customer loans and receivables to a securitisation vehicle. In accordance with the accounting policy set out in note 1.12, the transferred customer loans and receivables continue to be recognised in their entirety as Amigo retains substantially all the risks and rewards of ownership. The Group benefits to the extent that the surplus income generated by the transferred assets exceeds the administration costs of the special purpose vehicle (SPV), the cost of funding the assets and the cost of any losses associated with the assets and the administration costs of servicing the assets. Refer to note 25 for further details on the structure. Risks retained include credit risk, repayment risk and late payment risk.

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 securitisation entity is an orphaned SPV under full control of the Group, where returns are impacted by Group funding decisions, and variable returns are impacted by changes in the amount of receivables transferred to the orphaned entity, the amount borrowed, etc. Hence, control is held over the entity and the results are consolidated into the Group in full.

The facility size reduced from £300m to £250m on 14 August 2020. Due to the potential impact of Covid-19 on asset performance in the securitisation facility, the group negotiated a waiver period on asset performance triggers, the deed of amendment was signed on 24 April 2020 which covered a three month period during the anticipated peak of the Covid-19 pandemic to 24 July 2020. On 17 August 2020 Amigo announced the further extension of the securitisation facility performance trigger waiver period to 18 December 2020. The facility size was reduced from £300m to £250m reflecting the lower funding requirement due to the pause on lending. On 27 November 2020, the Group announced it had agreed with its securitisation lenders a further extension of the waiver period end date from 18 December 2020 to 25 June 2021 to permit time for both parties to fully understand and assess the impact of Covid-19 on the business, whilst maintaining the facility. On 25 June 2021, the Group confirmed a further extension to the waiver period end date from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. All cash generation arising from customer loans held within the facility is restricted and will continue to be used during the extended waiver period extension to further reduce the outstanding balance of the facility. At the period end, the Group had £6.3m of restricted cash which was subsequently used to reduce the drawn down balance. Any customer loan agreement with an upheld complaint held within the securitisation vehicle is repurchased for cash of equivalent value. The amount drawn on the facility has fallen from £230.0m net of unamortised fees to £64.4m at 31 March 2021.

The following table shows the carrying value and fair value of the assets transferred to securitisation vehicles and the related carrying value and fair value of the associated liability. The difference between the value of assets and associated liabilities is primarily due to subordinated funding provided to the SPV. The collateral is not able to be sold or repurposed by the SPV; it can only be utilised to offset losses.

AMGO Funding (No. 1) Ltd	Carrying value of transferred assets not derecognised £m	Carrying value of associated liabilities £m	Fair value of transferred assets not derecognised £m	Fair value of associated liabilities £m	Net fair value £m
As at 31 March 2020	309.2	231.7	276.7	238.6	38.1
As at 31 March 2021	**180.3**	**64.4**	**161.6**	**64.5**	**97.1**

Conduct risk

Conduct risk is the risk that inappropriate lending practices and decisions may potentially result in unaffordable debt for Amigo customers, with the potential for vulnerable customers or those facing financial difficulty to not be identified correctly and treated fairly. Amigo recognises that the potential for vulnerability of its target market poses higher than average risk but believes that the most effective mitigation is based in corporate culture, instilling a customer oriented mindset in all employees, with measures put in place to identify and work carefully with vulnerable customers. Amigo's culture is customer focused with risk management that continues to develop in line with evolving regulation and industry best practice. See the principal risks and uncertainties section on pages 30 to 38 for further details. See note 19 for further details on the Group's complaints provision.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, for example, due to inflation. Market risk comprises three types of risk – interest rate risk, currency risk and other prices risk. The Group's exposure is primarily to the risk of changes in interest rates.

15. Financial instruments continued

Credit risk continued

b) Bank counterparties continued

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. This is achieved through a combination of issuing fixed-rate debt and by the use of derivative financial instruments.

The senior secured loan note liability is set at a fixed interest rate of 7.625%.

The securitisation facility is comprised of two notes with interest rates of 1.55% and 2.55% respectively over LIBOR. These blend to a rate of 1.6% over LIBOR (2020: 1.6% over LIBOR). A 1% increase in LIBOR based on the funds utilised at the year end equates to an annual charge of £0.6m (2020: £2.3m).

In aggregate, a 1% increase in LIBOR would equate to an annual charge of £0.6m based on year-end borrowings (2020: £2.3m). The move from LIBOR to SONYA is not expected to be material to the financial statements; once the securitisation facility is fully paid down there will be no impact of this change.

Whilst variable rates are subject to change without notice, the Group has managed this risk through the use of a derivative asset which caps the LIBOR at 4.222%. This remains significantly below the remainder of the Group's borrowings which are at a fixed rate of 7.625%. Therefore, the Group considers there is no significant risk as at 31 March 2021.

Amounts receivable from customers are charged at 49.9% APR over a period of one to five years.

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. Amigo Ireland first lent to customers in February 2019; whilst its functional currency is Euro, operations are not material to the Group. At 31 March 2021, the Irish net loan book represents 0.8% of the Group's consolidated net loan book (2020: 0.9%). A 5% movement in the Sterling to Euro exchange rate would have led to a +/-£0.2m movement in customer receivables (2020: +/- £0.3m). 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 drawn against the Group's finance facilities to meet obligations as they fall due. The unrestricted cash and cash equivalents balance at 31 March 2021 was £177.9m, indicating low liquidity risk in the short to medium term.

The Group's forecasts and projections, which cover a period of more than twelve months from the approval of these financial statements, take into account expected originations, collections and payments and allow the Group to plan for future liquidity needs.

Capital management

The Board seeks to maintain a strong capital base in order to maintain investor, customer and creditor confidence and to sustain future development of the business. Amigo announced on 19 October 2020 that the Group had entered into an Asset Voluntary Requirement ("Asset VReq") with the FCA. The Asset VReq does not impact the day to day running of Amigo or its ability to continue to pay down debt. The Asset VReq means that prior approval by the FCA will be required to permit the transfer of assets outside of the Group in certain circumstances, including discretionary cash payments to the Directors of the Company and dividends to shareholders. The Board continues to be focused on addressing Amigo's legacy issues, restoring confidence in its corporate governance and building a sustainable business for the long term.

	31 Mar 21 £m	31 Mar 20 £m
Maturity analysis of financial liabilities		
Analysed as:		
– due within one year		
Other liabilities	**(15.9)**	(13.5)
Securitisation facility	**(64.4)**	—
– due in two to three years		
Senior secured notes	**(232.1)**	—
Securitisation facility	**—**	(230.0)
– due in three to four years		
Senior secured notes	**—**	(231.3)
– due in four to five years		
Bank loans	**—**	0.7
	(312.4)	(474.1)

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

15. Financial instruments continued
Credit risk continued
Capital management continued

Maturity analysis of contractual cash flows of financial liabilities

As at 31 March 2021	**0–1 year £m**	**2–5 years £m**	**Total £m**	**Carrying amount £m**
Other liabilities	**15.9**	**—**	**15.9**	**15.9**
Bank loans	**—**	**—**	**—**	**—**
Senior secured notes	**17.9**	**269.8**	**287.7**	**232.1**
Securitisation facility	**64.4**	**—**	**64.4**	**64.4**
	98.2	**269.8**	**368.0**	**312.4**

As at 31 March 2020	0–1 year £m	2–5 years £m	Total £m	Carrying amount £m
Other liabilities	13.5	—	13.5	13.5
Bank loans	—	—	—	(0.7)
Senior secured notes	17.9	287.7	305.6	231.3
Securitisation facility	—	231.7	231.7	230.0
	31.4	519.4	550.8	474.1

16. Other receivables

	31 Mar 21 £m	31 Mar 20 £m
Current		
Other receivables	**0.5**	0.1
Prepayments and accrued income	**1.1**	1.3
	1.6	1.4

17. Trade and other payables

	31 Mar 21 £m	31 Mar 20 £m
Current		
Accrued senior secured note interest	**3.7**	3.7
Trade payables	**0.5**	0.8
Taxation and social security	**0.8**	0.7
Other creditors	**1.8**	0.8
Accruals and deferred income	**9.1**	7.5
	15.9	13.5

18. Bank and other borrowings

	31 Mar 21 £m	31 Mar 20 £m
Current and non-current liabilities		
Amounts falling due in less than 2 years		
Securitisation facility	**64.4**	—
Amounts falling due 2–3 years		
Senior secured notes	**232.1**	—
Securitisation facility	**—**	230.0
Amounts falling due 3–4 years		
Senior secured notes	**—**	231.3
Amounts falling due 4–5 years		
Bank loan	**—**	(0.7)
	296.5	460.6

18. Bank and other borrowings continued

Below is a reconciliation of the Groups borrowing liabilities from 31 March 2020 to 31 March 2021:

	£m
As at 31 March 2020	**460.6**
Repayment of external funding	**(167.2)**
Interest expense relating to Group borrowings	**22.2**
Interest paid relating to Group borrowings	**(19.1)**
As at 31 March 2021	**296.5**

The Group's facilities are:

- A £250m revolving securitisation facility, of which £64.4m was drawn down at 31 March 2021 (2020: £230.0m net of unamortised fees). The facility has a blended margin of 1.6% over LIBOR, being a proportionate blend of notes at 1.55% and notes at 2.55%. The relevant floating interest rate is LIBOR, which was 0.05% at 31 March 2021 (2020: 0.25%). This relates to the structured entity discussed in note 25.
- The facility size reduced from £300m to £250m on 14 August 2020. The facility renegotiations were deemed to cause a substantial modification of the facility, meaning £1.2m of previously capitalised fees and all subsequent fees have been charged to the consolidated statement of comprehensive income (see note 5). On 27 November 2020 the Group announced an agreement had been reached to extend the securitisation facilities performance trigger waiver period to 25 June 2021. On 25 June 2021, the Group confirmed the waiver period had been extended from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity at Amigo, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. All cash generation arising from customer loans held within the facility is restricted and will continue to be used during the extended waiver period extension to further reduce the outstanding balance of the facility. As at 31 March 2021, £6.3m restricted cash on the consolidated statement of financial position materially relates to the cash which has subsequently been used to reduce the drawn down balance. Any agreement with an upheld complaint within the securitisation vehicle is repurchased for cash of equivalent value.
- Senior secured notes in the form of £232.1m high yield bonds with a coupon rate of 7.625% which expire in January 2024 (2020: £231.3m). The senior secured notes are presented in the financial statements net of unamortised fees. As at 31 March 2021, the gross principal amount outstanding was £234.1m. On 20 January 2017, £275m of notes were issued at an interest rate of 7.625%. The high yield bond was tapped for £50m in May 2017 and again for £75m in September 2017 at a premium of 3.8%. £165.9m of notes have been repurchased in the open market in prior financial years (2020: £85.9m; 2019: £80.0m) – this debt was extinguished in line with the accounting policy set out in note 1.11.2.
- The bank loan relates to the Group's prior revolving credit facility, which was cancelled on 27 May 2020; this resulted in £0.7m of capitalised fees being charged to the consolidated statement of comprehensive income (see note 5).
- The bank facility and the senior secured notes are secured by a charge over the Group's assets and a cross-guarantee given by other subsidiaries – see note 28 for detail of subsidiaries.

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.

	2021			2020		
	Complaints £m	**Restructuring £m**	**Total £m**	Complaints £m	Restructuring £m	Total £m
Balance as at 31 March 2020	**117.5**	**—**	**117.5**	—	—	—
Provisions made during year	**318.8**	**1.0**	**319.8**	126.8	—	126.8
Discount unwind (note 5)	**2.0**	**—**	**2.0**	—	—	—
Utilised during the year	**(93.7)**	**—**	**(93.7)**	(9.3)	—	(9.3)
Closing provision	**344.6**	**1.0**	**345.6**	117.5	—	117.5
Non-current	**—**	**—**	**—**	11.8	—	11.8
Current	**344.6**	**1.0**	**345.6**	105.7	—	105.7
	344.6	**1.0**	**345.6**	117.5	—	117.5

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

19. Provisions continued

Customer complaints redress

As at 31 March 2021, the Group has recognised a complaints provision totalling £344.6m in respect of customer complaints redress and associated costs. Utilisation in the period totalled £93.7m. Our lending practices have been subject to significant shareholder, regulatory and customer attention, which, combined with the pursuit of a Scheme, has resulted in an increase in the number of complaints received. A charge of £318.8.0m was recognised in the year to 31 March 2021.

The current provision reflects the estimate of the cost of redress relating to customer-initiated complaints and complaints raised by claims management companies (CMCs) for which it has been concluded that a present constructive obligation exists, based on the latest information available. The provision has two components, firstly a provision for complaints received at the reporting date, and secondly a provision for the projected costs of potential future complaints where it is considered more likely than not that customer redress will be appropriate. The engagement with customers and increased publicity of complaints in connection the proposed Scheme and the accompanying creditor vote process, as well as ongoing publicity relating to any potential future Scheme, is expected to result in an acceleration in the timing of claims versus our prior year assumptions. Consequently, in the current year, the complaints provision is classified as a current liability.

There is significant uncertainty around the emergence period for complaints, in particular the impact of customer communications in connection with the unsuccessful Scheme of Arrangement and any potential alternative Scheme of Arrangement and the activities of claims management companies; both of which could significantly affect complaint volumes, uphold rates and redress costs. It is possible that the eventual outcome may differ materially from current estimates which could materially impact the financial statements as a whole, given the Group's only activity is guarantor-backed consumer credit. See note 2.3 for details of the key assumptions that involve significant management judgement and estimation in the provision calculation, and also for sensitivity analysis.

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.

Restructuring provision

As at 31 March 2021, the Group recognised a restructuring provision totalling £1.0m in respect of the expected cost of staff redundancies. Prior to the end of the year, the Group had announced the expected redundancies to those affected and started to implement the redundancy process.

Contingent liability

FCA investigation

On 29 May 2020 the FCA commenced an investigation into whether or not the Group's creditworthiness assessment process, and the governance and oversight of this, was compliant with regulatory requirements. The FCA investigation will cover lending for the period from 1 November 2018 to date. There is significant uncertainty around the impact of this on the business, the assumptions underlying the complaints provision and any future regulatory intervention.

The Group was informed on 15 March 2021 that the FCA has decided to extend the scope of its current investigation so that it can investigate whether the Group appropriately handled complaints after 20 May 2020 and whether the Group deployed sufficient resource to address complaints in accordance with the Voluntary Requirement ("VReq") announced on 27 May 2020 and the subsequent variation announced on 3 July 2020.

The FCA investigation will consider whether those complaints have been handled appropriately and whether customers have been treated fairly in accordance with Principle 6 of the FCA's Principles for Business. The Group will continue to co-operate fully with the FCA.

Such investigations take an average of two years to conclude from the commencement date. There are a number of different outcomes which may result from this FCA investigation, including the imposition of a significant fine and/or the requirement to perform a back-book remediation exercise in the absence of a successful Scheme of Arrangement. Should the FCA mandate this review it is possible that the cost of such an exercise will exceed the Group's available resources. The potential impact of the investigation on the business is unpredictable and unquantifiable.

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	**2021 £m**	2020 £m
Cost		
At 1 April 2020/1 April 2019 (on IFRS 16 adoption)	**1.4**	0.7
Additions	**—**	0.7
At 31 March 2021/2020	**1.4**	1.4
Accumulated depreciation and impairment		
As at 1 April 2020/2019	**(0.3)**	(0.1)
Charged to consolidated statement of other comprehensive income	**(0.1)**	(0.2)
At 31 March 2021/2020	**(0.4)**	(0.3)
Net book value at 31 March 2021/2020	**1.0**	1.1

Lease liabilities

	2021 £m	2020 £m
Current	**0.3**	0.3
Non-current	**0.9**	1.1
Total[1]	**1.2**	1.4

1 Lease liabilities following 31 March 2021 have been re-estimated in the year, giving an immaterial increase in the liability from £1.1m to £1.2m.

A maturity analysis of the lease liabilities is shown below:

	2021 £m	2020 £m
Due within one year	**0.3**	0.3
Due between one and five years	**0.8**	0.9
Due in more than five years	**0.3**	0.4
Total	**1.4**	1.6
Unearned finance cost	**(0.2)**	(0.2)
Total lease liabilities	**1.2**	1.4

In the year £0.3m (£0.1m in relation to depreciation and impairment and £0.2m in relation to interest expense) was charged to the consolidated statement of comprehensive income in relation to leases (2020: £0.3m). Lease liabilities relate to Amigo's offices in Bournemouth.

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 475 million 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 21 £'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 20 £'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

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

21. Share capital continued

	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**

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.

	31 Mar 21 £m	31 Mar 20 £m
Interim dividend for twelve months ended 31 March 2020 of 3.10p per share	**—**	14.7
Final dividend for twelve months ended 31 March 2019 of 7.45p per share	**—**	35.4
Total dividends paid	**—**	50.1

Amigo announced on 19 October 2020 that the Group had entered into an Asset Voluntary Requirement ("Asset VReq") with the FCA. The Asset VReq does not impact the day-to-day running of Amigo or its ability to continue to pay down debt. The Asset VReq means that prior approval by the FCA will be required to permit the transfer of assets outside of the Group in certain circumstances, including discretionary cash payments to the Directors of the Company and dividends to shareholders. The Board continues to be focused on addressing Amigo's legacy issues, restoring confidence in its corporate governance and building a sustainable business for the long term. The Board has decided that it will not propose a final dividend payment for the year ended 31 March 2021 given the Group has no distributable reserves as at 31 March 2021 and an Asset VReq in place with the FCA (2020: nil). Total cost of dividends paid in the period was £nil (2020: £50.1m).

22. Share-based payment

The Group issues share options and awards to employees as part of its employee remuneration packages. The Group operates 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.

During the year a second SAYE scheme was launched and an additional five individuals received LTIP awards over three dates (two individuals on 1 December 2020, two individuals on 26 February 2021 and one individual on 1 March 2021). Two LTIPs were awarded in the prior year.

The charge to the consolidated statement of comprehensive income for the year to 31 March 2021 was £0.3m (2020: £0.5m) for the Group and Company.

22. Share-based payment continued

A summary of the awards under each scheme is set out below:

	31 March 2021				31 March 2020	
	February/March 2021 LTIPs	**December 2020 LTIP**	**September 2019 LTIP**	**July 2019 LTIP**	September 2019 LTIP	July 2019 LTIP
Performance condition	**Y**	**Y**	**Y**	**Y**	Y	Y
Method of settlement accounting	**Equity**	**Equity**	**Equity**	**Equity**	Equity	Equity
Number of instruments	**4,000,000**	**14,250,000**	**1,364,397**[1]	**—**[1]	3,217,761[2]	620,655[2]
Vesting period	**3 years**	**3 years**	**3 years**	**3 years**	3 years	3 years
Exercise price	**—**	**—**	**—**	**—**	—	—

	31 March 2021		31 March 2020
	October 2020 SAYE	**September 2019 SAYE**	September 2019 SAYE
Performance condition	**N**	**N**	N
Method of settlement accounting	**Equity**	**Equity**	Equity
Number of instruments	**4,812,846**	**107,959**[3]	1,049,535
Vesting period	**3.3 years**	**3.3 years**	3.3 years
Exercise price	**0.097**	**0.6368**	0.6368

	31 March 2021 2019 SIP	31 March 2020 2019 SIP
Performance condition	**N**	N
Method of settlement accounting	**Equity**	Equity
Number of instruments	**1,577,758**[4]	269,004[2]
Vesting period	**3 years rolling**	3 years rolling
Exercise price	**—**	—

1 Number of instruments has reduced since the prior year as a result of share scheme forfeiture in respect of leavers, including the former Chief Executive Officer and Chief Financial Officer.

2 Number of instruments for prior year have been restated. 2019 September LTIP figure has been updated from 3,215,761 to 3,217,761, 2019 July LTIP from 620,645 to 620,655 and 2019 SIP from 249,356 to 269,004.

3 As at the reporting date, adjusted for known leavers.

4 This figure includes both matching and partnership shares.

Long Term Incentive Plans (LTIPs)

The LTIP awards were made on 1 March 2021, 26 February 2021, 1 December 2020, 11 September 2019 and 26 July 2019. The LTIP awards were granted to eligible employees in the form of nil-cost share options and are subject to performance conditions and continuity of employment. These options are nil-cost to the employee only. The fair value of the share plans is recognised by the Group as an expense over the expected vesting period with a corresponding entry to retained earnings, net of deferred tax. The participants are required to hold any shares arising at vesting, for a period of 2 years following the end of the performance period. The FY21 LTIPs criteria are set out below:

Performance condition	Applicable terms	Performance target over the applicable performance period	Weighting (% of award)	Vesting schedule (% vesting, threshold – max)
EPS growth	Statutory EPS adjusted, at the discretion of the Remuneration Committee, to remove the impact of provisions for complaints that are not fulfilled over the period of measurement and for any other non-standard distortions.	Growth of 300% over the EPS hurdle over the performance period. EPS hurdle is 1p. Target for full vesting is 4p.	30%	0%–100% straight line above hurdle
Absolute total shareholder return (ATSR)	Measures the growth in the potential value of an Amigo share over the performance period – that is, the amount the share price has appreciated plus the dividends paid.	Growth of ATSR over the ATSR hurdle over the performance period. ATSR hurdles are 12p, 14p and 16p for awards on 1 December 2020, 26 February 2021 and 1 March 2021 respectively. Target for full vesting for all is 40p.	40%	0%–100% straight line above ATSR hurdle
Non-financial measures	Measures the effectiveness of the steps taken by the awardees to ensure Amigo adheres to the standards expected by all stakeholders.	Test against internal targets for corporate culture, conduct risk matters, diversity and inclusiveness and other ESG measures. Benchmarked against external expectations over period.	30%	0%–100%

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

22. Share-based payment continued

Long Term Incentive Plans (LTIPs) continued

The FY2020 LTIP criteria are set out below:

Relative TSR growth compared to the comparator group	Proportion of awards subject to TSR condition that vest
Below median	0%
Median	25%
Upper quartile	100%

Absolute TSR growth	Proportion of awards subject to absolute TSR condition that vest
Below 6% p.a.	0%
6% p.a	25%
12% p.a.	100%

EPS growth	Proportion of awards subject to EPS condition that vest
Below 8% p.a.	0%
8% p.a.	25%
16% p.a.	100%

	1 March 2021	26 February 2021	1 December 2020	11 September 2019	26 July 2019
Valuation method	Monte Carlo model	Monte Carlo model	Monte Carlo model	Monte Carlo model	Monte Carlo model
Share price at grant date (£)	0.1630	0.1204	0.097	0.732	1.606
Exercise price (£)	nil	nil	nil	nil	nil
Shares awarded/under option (number)	1,500,000	2,500,000	14,250,000	1,364,397	—
Expected volatility[1] (%)	80.0	80.0	80.0	50.0	50.0
Vesting period (years)	3	3	3	3	3
Weighted average remaining contractual life (years)	2.9	2.9	2.7	1.5	1.3
Expected dividend yield (%)	nil	nil	nil	nil	nil
Risk-free rate[2] (%)	0.169	0.171	0.004	0.47	0.47
Fair value per award/option (£)	0.1112	0.0792	0.0624	0.4453[3]	1.0214[3]

1 The expected volatility is normally based on historic share price volatility; however, as the Company has only been listed since June 2018, the historic volatility has been calculated for the longest period for which trading activity is available.

2 The risk-free rate of return is based on the implied yield available on zero-coupon government issues at the grant date.

3. Prior year numbers have been restated. Fair value per award/option for 11 September 2019 has been restated from 1.187 to 0.4453, and for 26 July 2019 from 2.801 to 1.0214.

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.

Share awards outstanding under the SIP schemes at 31 March 2021 had an exercise price of £nil (2020: £nil) and a total vesting period of 3.0 years (2020: 3.0 years). The following information is relevant in the determination of the fair value.

	1 August 2019
Share price at grant date (£)	0.159
Shares awarded (number)[1]	1,577,758
Vesting period (years)	3 years rolling
Fair value per award/option (£)	0.159

1 This figure includes both matching and partnership shares.

2. Based on weighted average share price at grant date, for all grants since SIP inception; shares are granted once a month following deduction from participating employee's gross salaries.

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.

22. Share-based payment continued

Save As You Earn option plan (SAYE) continued

Share options outstanding under the SAYE schemes at 31 March 2021 had exercise prices £0.0970 per share and £0.6368 per share for 2020 and 2019 schemes respectively. The schemes have a remaining contractual life of 2.8 years and 1.8 years (2020: 2.8 years). The following information is relevant in the determination of the fair value.

	9 October 2020	23 September 2019
Valuation method	Black Scholes model	Black Scholes model
Share price at grant date (£)	0.1018	0.691
Exercise price (£)	0.097	0.6368
Shares awarded/under option (number)[3]	4,812,846	107,959
Expected volatility[1] (%)	80.0	50.0
Vesting period (years)	3.3	3.3
Expected dividend yield (%)	nil	13.49
Risk-free rate[2] (%)	0.42	0.42
Fair value per award/option (£)	0.046	0.108

1 The expected volatility is normally based on historic share price volatility; however, as the Company has only been listed since June 2018, the historic volatility has been calculated for the longest period for which trading activity is available.

2 The risk-free rate of return is based on the implied yield available on zero-coupon government issues at the grant date.

3 As at the reporting date, adjusted for known leavers.

Information for the period

The fair value of the equity settled share-based payments has been estimated as at the date of grant using both the Black Scholes and Monte Carlo models.

A reconciliation of weighted average exercise prices per share (WAEP) and award/share option movements during the year is shown below:

	July 2019–March 2021 LTIP		October 2020 SAYE		September 2019 SAYE		2019 SIP	
	Number	WAEP	Number	WAEP	Number	WAEP	Number	WAEP
Outstanding at 1 April 2019	—	—	—	—	—	—	—	—
Awarded/granted	3,838,416	—	—	—	1,049,535	0.6368	269,004	—
Outstanding at 31 March 2020	3,838,416	—	—	—	1,049,535	0.6368	269,004	—
Awarded/granted	18,250,000	—	5,496,845	0.097	—	—	1,308,754	—
Forfeited	(2,474,019)	—	(683,999)	—	(941,576)	—	—	—
Outstanding at 31 March 2021	**19,614,397**	**—**	**4,812,846**	**0.097**	**107,959**	**0.6368**	**1,577,758**	**—**
Exercisable at 31 March 2021	—	—	—	—	—	—	—	—

23. Pension commitments

The Group operates defined contribution pension schemes for the benefit of its employees. The assets of the scheme are administered by trustees in funds independent from those of the Group.

The total contributions charged during the year amounted to £0.6m (2020: £0.6m).

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

24. Related party transactions

The Group had no related party transactions during the twelve month period to 31 March 2021 that would materially affect the performance of the Group.

Historically, the Group received charges from and made charges to these related parties in relation to catering services, shared costs, staff costs and other costs incurred on their behalf. Also included are cash transfers between entities. Balances related to corporation tax and VAT in relation to Group-wide registrations and payment arrangements are also passed through these related party balances. The charges and the outstanding balances at the year end are as below:

	Charged to £m	Charged from £m	Balance outstanding £m
Year to 31 March 2021			
Richmond Group Limited	—	—	—
Year to 31 March 2020			
Richmond Group Limited	0.9	(0.9)	—

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 0.65% of the voting shares of the Company as at 31 March 2021 (2020: 2.93%). The remuneration of key management is disclosed in note 10.

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 securitisation has issued issued two funding notes to conduit funding.

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 2021. 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).

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.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

IFRS and interpretations with effective dates after 31 March 2021 relevant to the Group will be implemented in the financial year when the standards become effective.

Other standards

The IASB has also issued the following standards, amendments to standards and interpretations that will be effective for the Group from 1 April 2021. 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.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- 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)
- IFRS 17 – Insurance Contracts amendments
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

27. Immediate and ultimate parent undertaking

During the period the immediate and ultimate parent undertaking changed. As at 31 March 2020, the immediate and ultimate parent undertaking was Richmond Group Limited. Following 31 March 2020, Richmond Group Limited sold holdings in Amigo and therefore there has been a change in immediate and ultimate parent undertakings in the period. There has been no declaration of holding from Richmond Group Limited since the sale. The immediate and ultimate parent undertaking as at 31 March 2021 is Amigo Holdings PLC, a company incorporated in England and Wales.

28. Investment in subsidiaries and structured entities

Amigo Loans Group Ltd (ALGL) is a wholly owned subsidiary of the Company and a reconciliation to its consolidated results is included in the presentation pack on the Company's website as part of ALGL's senior secured note reporting requirements.

The following are subsidiary undertakings of the Company at 31 March 2021 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, aside from AMGO Funding (No. 1) Ltd which is an orphaned structured entity (see note 25).

The vehicle ALL Scheme Ltd was incorporated on 6 January 2021 and is a new wholly owned and controlled subsidiary of the Group in the year included in the consolidated financial statements for the year ended 31 March 2021. The Group intends to review complaint claims through this vehicle as part of an approved Scheme of Arrangement and, where appropriate, to pay cash redress to customers that have been affected by historical issues in the UK business.

Name	Country of incorporation	Class of shares held	Ownership 2020	Ownership 2019	Principal activity
Direct holding					
Amigo Loans Group Ltd[1]	United Kingdom	Ordinary	100%	100%	Holding company
ALL Scheme Ltd[1]*	United Kingdom	Ordinary	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 Canteen Limited[1]**	United Kingdom	Ordinary	100%	100%	In liquidation
Amigo Luxembourg S.A.[2]	Luxembourg	Ordinary	100%	100%	Financing company
AMGO Funding (No.1) Ltd[4]	United Kingdom	n/a	SE	SE	Special purpose vehicle
Amigo Car Loans Limited[1]	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Motor Finance Limited[1]	United Kingdom	Ordinary	100%	100%	Dormant company
Amigo Car Finance 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[3]	Ireland	Ordinary	100%	100%	Holding company
Amigo Loans Ireland Limited[3]	Ireland	Ordinary	100%	100%	Trading company

1 Registered at Nova Building, 118-128 Commercial Road, Bournemouth BH2 5LT, England.
2 Registered at 19, Rue de Bitbourg, L-1273 Luxembourg.
3 Registered at Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2.
4 Registered at Level 37, 25 Canada Square, London E14 5LQ.
* Incorporated on 6 January 2021.
** Previously RG Catering Services Limited.

Notes to the consolidated financial statements continued
for the year ended 31 March 2021

29. Post balance sheet events

Scheme of Arrangement

On 12 May 2021, the Company announced that of the creditors who chose to vote, 95.09% by number, representing 95.72% by value, voted in favour of the Scheme. In total, the Company received 74,877 votes in favour of the Scheme and 3,863 votes against the Scheme. The Scheme required more than 50% of all creditors who voted to vote in favour, and the total value of their claims to represent at least 75% of the value of the claims of all creditors who voted.

On 19 May 2021, the Company announced in light of the limited capacity of attendees at the public hearing, that there was the possibility for asymmetric information in the market should significant market sensitive information be released during the Court hearing, before the Company has time to update the whole market. Accordingly, the Board requested that the listing in its ordinary shares be suspended and as such that trading in the Company's ordinary shares on the London Stock Exchange was suspended with immediate effect. On the same day the second Court hearing took place; the Judge presiding over the hearing did not give judgement until 24 May 2021.

The Company announced on 20 May 2021 that it had applied to lift the temporary suspension of its listing and as such the trading in the Company's ordinary shares; the suspension lift was agreed by the FCA.

On 25 May 2021, the Company announced the result of the second Court hearing, with the High Court not approving the Scheme despite the overwhelmingly positive creditors' vote. The Board started the process of reviewing all options available to it, including an appeal. During this time,ensure equal treatment of customers with redress claims, the Company announced on 21 December 2020 that it was stopping the ongoing payment of redress claims as set out in the announcement of that date, and that position continues.

On 1 June 2021, the Company updated the market on progress following the Court judgment announced on 25 May 2021 where the Scheme was not approved; Amigo confirmed that ALL Scheme Ltd (SchemeCo) will not be pursuing an appeal and the Board of Amigo continues to consider all options, which included insolvency, and whether it might be possible and appropriate, given the cost of a Scheme, to promote another Scheme of Arrangement to avoid insolvency.

On 4 August the first meeting of the Independent Customer Committee took place, which was set up in response to the recommendations of the Judge at Amigo's High Court Scheme sanction hearing in May, to ensure the voice of creditors is heard. The Committee is made up of eight customers, past and present borrowers and guarantors and is independently chaired. Customers have the opportunity to consider the various options, including new Scheme of Arrangement proposals, to negotiate terms or put forward alternative options. The Board is committed to finding a solution that addresses the complaints liability and provides an equitable resolution for all customers.

The issues and challenges facing the Company are complex and the Company will continue to liaise with its regulator, the Financial Conduct Authority (FCA), to seek to address its concerns as quickly as possible.

Securitisation waiver period

Amigo confirmed it reached agreement for a further extension of the securitisation facility performance trigger waiver period from 25 June 2021 to 24 September 2021. Given the current suspension of all new lending activity, the size of the securitisation facility has been reduced from £250m to £100m, effective 25 June 2021. All cash generated by customer loans held within the facility is restricted and will continue to be used during the extended waiver period extension to further reduce the outstanding balance of the facility. As of the date of this extension, the facility was drawn at £27m.

FCA Director approval

On 19 July 2021, Amigo announced that under the senior managers and certification regime, the FCA have approved Mike Corcoran as Chief Financial Officer and Michael Bartholomeusz as Chair of the Risk Committee.

FCA correspondence

On 28 July 2021 Amigo informed the market on correspondence received from the Financial Conduct Authority ('FCA') in relation to Amigo's plans to seek approval for a new Scheme of Arrangement to address the current and potential redress creditors. The letter raised some issues which would impact forward looking statements contained within the annual report covering the results for the year ended 31 March 2021. Consequentially, causing a delay in the issuance of the Groups annual report and results.

Amigo explained that the delay in publishing annual results constitutes a breach of one of the covenants for the 7.625% Senior Secured Notes due 2024, which requires the publication of the annual results for the Amigo Loans Group bondholder group, within 120 days of the financial year end. The breach is not an automatic event of default and is remediable by the publication of the annual results, within a 30 day grace period after notification by the Trustee of the Notes or by holders of 25% of the principal amount of the outstanding Notes.

The FCA has also confirmed that it would not expect to authorise a return to lending by Amigo until after the sanctioning of a new Scheme, by the High Court, including on the grounds that Amigo would need to demonstrate its financial viability and ability to meet its regulatory obligations, including, for example, the appropriate resources threshold condition, in order to return to lending.

Bond covenants breach

On 4 August 2021 Amigo announced to the market that a group representing in excess of the requisite 25% in principal amount of the outstanding Senior Secured Notes had sent a letter constituting written notice of the breach referred to in the 28 July 2021 announcement. Accordingly, to avoid an Event of Default occurring, the financial results for the year ended 31 March 2021 must be published within a 30-day period, on or before 2 September 2021.

Company statement of financial position
as at 31 March 2021

	Notes	31 Mar 21 £m	31 Mar 20 £m
Non-current assets			
Investments	2a	**74.1**	178.9
		74.1	178.9
Current assets			
Current tax asset		**—**	0.3
		—	0.3
Total assets		**74.1**	179.2
Current liabilities			
Other payables	3a	**(70.0)**	(63.0)
Total liabilities		**(70.0)**	(63.0)
Net assets		**4.1**	116.2
Equity			
Share capital	4a	**1.2**	1.2
Share premium		**207.9**	207.9
Merger reserve		**4.7**	4.7
Retained earnings		**(209.7)**	(97.6)
		4.1	116.2

The parent company financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Michael Corcoran
Director
24 August 2021

Company no. 10024479

The accompanying notes form part of these financial statements.

Company statement of changes in equity
for the year ended 31 March 2021

	Share capital £m	Share premium £m	Merger reserve[1] £m	Retained earnings £m	Total equity £m
At 31 March 2019	1.2	207.9	4.7	80.9	294.7
Total comprehensive (loss)	—	—	—	(128.9)	(128.9)
Dividends paid	—	—	—	(50.1)	(50.1)
Share-based payments	—	—	—	0.5	0.5
At 31 March 2020	1.2	207.9	4.7	(97.6)	116.2
Total comprehensive (loss)	—	—	—	(112.4)	(112.4)
Share-based payments	—	—	—	0.3	0.3
At 31 March 2021	**1.2**	**207.9**	**4.7**	**(209.7)**	**4.1**

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.

Company statement of cash flows
for the year ended 31 March 2021

	Year to 31 Mar 21 £m	Year to 31 Mar 20 £m
(Loss) for the period	**(112.4)**	(128.9)
Adjustments for:		
Impairment of investment in subsidiaries	**105.1**	124.9
Income tax (credit)	**(0.2)**	(0.3)
Share-based payment	**0.3**	0.5
Operating cash flows before movements in working capital	**(7.2)**	(3.8)
Increase/(decrease) in receivables	**0.3**	(1.8)
Increase/(decrease) in payables	**(0.7)**	0.8
Net cash (used in) operating activities	**(7.6)**	(4.8)
Financing activities		
Proceeds from intercompany funding	**7.6**	55.0
Repayment of intercompany funding	**—**	(0.2)
Dividends paid	**—**	(50.1)
Net cash from financing activities	**7.6**	4.7
Net movement in cash and cash equivalents	**—**	(0.1)
Cash and cash equivalents at beginning of period	**—**	0.1
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 2021

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 individuals with guarantor loans up to £10,000 over one to five years.

The financial statements have been prepared under the historical cost convention and in accordance with international accounting standards 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
See note 1.1 to the Group financial statements for further details.

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 1.11.

2a. Investments

	31 Mar 21 £m	31 Mar 20 £m
At 31 March 2020/2019	**178.9**	302.0
Impairment of investment	**(105.1)**	(124.9)
Movement in share-based payment investment	**0.3**	1.8
At 31 March 2021/2020	**74.1**	178.9

At 31 March 2021 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.

Based on the recognition of the full claims provision in the Amigo Holdings PLC Group and the going concern analysis performed by the Directors', the continued pursuit of a Scheme of Arrangement remains the Board's primary goal for resolving the customer complaints liability and represents a realistic alternative to insolvency and thus the investment still retains value.

The share price at the measurement date 31 March 2021 is a readily available indication of the price for an orderly transaction between market participants. A share price of 15.94p and market capitalisation of £75.8m therefore represents the fair value of the investment in subsidiary at 31 March 2021. It has been estimated that costs to sell would represent 5% of the fair value.

Estimating the present value of future cash flows is extremely challenging not least because of the uncertain outcomes surrounding the proposed Scheme of Arrangement. The approach for estimating value in use includes consideration of three principal scenarios: relending, wind down of the loan book and insolvency. Each scenario was assigned a probability weighting to arrive at an expected value. The insolvency scenario generates a no value and wind down scenarios generate minimal residual value. As a consequence, estimated value in use for the investment is lower than the fair value and hence the investment in subsidiary has been measured using fair value less expected costs to sell as at 31 March 2021. As such an impairment charge of £105.1m was charged as a result (2020: £124.9m).

Post year end, a significant reduction in share price has occurred (see note 8a). The table below demonstrates the sensitivity of the valuation of the investment in subsidiary to a change in the share price at 31 March 2021.

Assumption	Sensitivity £m
+20%[1]	+14.4m
-20%[2]	-14.4m

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 21 £m	31 Mar 20 £m
Amounts owed to Group undertakings	**69.8**	62.1
Accruals and deferred income	**0.2**	0.9
	70.0	63.0

4a. Share capital

For details of share capital, see note 21 to the consolidated financial statements. £nil dividends were paid in the year (2020: £50.1m).

5a. Share-based payment

For details of share-based payments in the year, see note 22 to the consolidated financial statements.

6a. Capital commitments

The Company had no capital commitments as at 31 March 2021.

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 with prior ultimate parent Richmond Group Limited and 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 10 to the consolidated financial statements.

8a. Post balance sheet events

On 25 May 2021, the Company announced the result of the second Court hearing for the proposed Scheme of Arrangement. The High Court did not sanction the Scheme, despite overwhelming support from the majority of Scheme creditors who voted. Following the outcome of the second hearing, Amigo's share price dropped significantly from 15.94p closing price as at 31 March 2021, to 8.32p closing price on 25 May 2021. Whilst this has not impacted the year end valuation of the Company's investment in subsidiary, as this is based on the higher of fair value less cost to sell or value in use as at 31 March 2021, this may impact the valuation in future periods.

Appendix: alternative performance measures (unaudited)

This financial report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes these APMs provide readers with important additional information on the Group. To support this, details of the APMs used, how they are calculated and why they are used are set out below.

Key performance indicators

Other financial data

Figures in £m, unless otherwise stated	**Year to 31 Mar 21**	Year to 31 Mar 20	Year to 31 Mar 19
Average gross loan book	**586.4**	766.5	725.5
Gross loan book	**422.9**	749.9	783.0
Percentage of book <31 days past due	**84.4%**	92.1%	94.6%
Net loan book	**340.9**	643.1	707.6
Net borrowings	**(118.6)**	(396.3)	(461.5)
Net borrowings/gross loan book	**28.0%**	52.8%	58.9%
Net borrowings/equity[1]	**(1.0)x**	2.4x	1.9x
Revenue yield[2]	**29.1%**	38.4%	37.3%
Risk adjusted revenue	**110.1**	181.0	206.5
Risk adjusted margin	**18.8%**	23.6%	28.5%
Net interest margin	**20.3%**	32.7%	31.4%
Adjusted net interest margin[3]	**24.5%**	34.4%	32.0%
Cost of funds percentage	**4.3%**	4.0%	5.3%
Impairment:revenue ratio	**35.5%**	38.5%	23.7%
Impairment charge as a percentage of loan book	**14.4%**	15.1%	8.2%
Cost:income ratio	**212.7%**	63.3%	17.5%
Operating cost:income ratio (ex. complaints)	**26.1%**	20.2%	17.5%
Adjusted (loss)/profit after tax	**(279.8)**	(26.9)	100.1
Return on assets[6]	**(44.9)%**	(3.6)%	12.8%
Adjusted return on average assets[4]	**(43.5)%**	(3.6)%	14.5%
Return on equity[6]	**(1,257.0)%**	(13.2)%	74.4%
Adjusted return on average equity[5]	**(1,216.5)%**	(13.1)%	84.0%

Amendments to alternative performance measures

1 Net borrowings/equity – the definition of this alternative performance measure (APM) has been amended from net borrowings/adjusted tangible equity to net borrowings/equity with all comparatives restated accordingly. Adjusted tangible equity was relevant historically due to the Group's intangible assets and shareholder loans at the time; the Group no longer holds shareholder loan notes or material intangible assets, so the definition has been updated.

2 Adjusted revenue yield – adjusted revenue yield was historically presented to remove the IFRS 9 stage 3 revenue adjustment enabling meaningful comparisons between periods using IAS 39 and IFRS 9 upon transition to IFRS 9. Now, all periods disclosed are under IFRS 9 and hence it is not deemed relevant to disclose this metric going forward. Hence, only revenue yield is now disclosed; adjusted revenue yield has been removed.

3 Adjusted net interest margin – this metric has been added in the period, showing net interest income over gross loan book as an alternative to the metric net interest margin which shows net interest income over interest-bearing assets.

4 Adjusted return on average assets – the definition of average assets has been amended to include all other receivables as these were previously excluded and this is felt to be more useful to users of the financial statements.

5 Adjusted return on average equity – this definition has been amended from adjusted return on average adjusted tangible equity to adjusted return on average equity, this has been amended to excluded intangible asset which the Group no longer holds.

6 Return on assets and return on equity are new APMs disclosed this period as statutory alternatives to adjusted return on assets and adjusted return on equity respectively.

Deleted alternative performance measures include: gross borrowings/gross loan book, adjusted free cash flow, adjusted tangible equity, adjusted revenue yield, profit and adjusted profit after tax excluding complaints costs. These APMs have been removed as part of an exercise to simplify APM disclosures and align those disclosed with measures used internally by management when reviewing business performance.

1. **Average gross loan book**

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Opening gross loan book	**749.9**	783.0	668.1
Closing gross loan book	**422.9**	749.9	783.0
Average gross loan book[1]	**586.4**	766.5	725.5

1 Gross loan book represents total outstanding loans and excludes deferred broker costs.

Key performance indicators continued

Other financial data continued

2. The percentage of balances up to date or less than 31 days overdue is presented as this is useful in reviewing the quality of the loan book.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Current	**315.5**	606.8	680.7
1–30 days	**41.4**	83.5	59.8
31–60 days	**16.0**	17.6	12.7
>61 days	**50.0**	42.0	29.8
Gross loan book	**422.9**	749.9	783.0
Percentage of book <31 days past due	**84.4%**	92.1%	94.6%

3. **"Net loan book"** is a subset of customer loans and receivables and represents the interest yielding loan book when the IFRS 9 impairment provision is accounted for, comprised of:

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Gross loan book[1] (see APM number 2)	**422.9**	749.9	783.0
Provision[2]	**(82.0)**	(106.8)	(75.4)
Net loan book[3]	**340.9**	643.1	707.6

1 Gross loan book represents total outstanding loans and excludes deferred broker costs.

2 Provision for impairment represents the Group's estimate of the portion of loan accounts that are not in arrears or are up to five payments in arrears for which the Group will not ultimately be able to collect payment. Provision for impairment excludes loans that are six or more payments in arrears, which are charged off of the statement of financial position and are therefore no longer included in the loan book.

3 Net loan book represents gross loan book less provision for impairment.

4. **"Net borrowings"** is comprised of:

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Borrowings	**(296.5)**	(460.6)	(476.7)
Cash and cash equivalents	**177.9**	64.3	15.2
Net borrowings	**(118.6)**	(396.3)	(461.5)

This is deemed useful to show total borrowings if unrestricted cash available at year end was used to repay borrowings.

5. The Group defines **loan to value (LTV)** as net borrowings divided by gross loan book. This measure shows if the borrowings' year-on-year movement is in line with loan book growth.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Net borrowings (see APM number 4)	**(118.6)**	(396.3)	(461.5)
Gross loan book (see APM number 2)	**422.9**	749.9	783.0
Net borrowings/gross loan book	**28.0%**	52.8%	58.9%

6. **Net borrowings/equity**

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Shareholder equity	**(121.4)**	167.4	244.5
Net borrowings (see APM number 4)	**(118.6)**	(396.3)	(461.5)
Net borrowings/equity	**(1.0)x**	2.4x	1.9x

This is one of the Group's metrics to assess gearing.

Appendix: alternative performance measures (unaudited) continued

Key performance indicators continued

Other financial data continued

7. The Group defines **"revenue yield"** as annualised revenue over the average of the opening and closing gross loan book for the period.

Revenue yield	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Opening loan book	**749.9**	783.0	668.1
Closing loan book	**422.9**	749.9	783.0
Average loan book (see APM number 1)	**586.4**	766.5	725.5
Revenue yield	**29.1%**	38.4%	37.3%

This is deemed useful in assessing the gross return on the Group's loan book.

8. The Group defines **"risk adjusted revenue"** as revenue less impairment charge.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Impairment of amounts receivable from customers	**(60.7)**	(113.2)	(64.2)
Risk adjusted revenue	**110.1**	181.0	206.5

Risk adjusted revenue is not a measurement of performance under IFRS, and is not an alternative to loss/profit before tax as a measure of the Group's operating performance, as a measure of the Group's ability to meet its cash needs or as any other measure of performance under IFRS.

9. The Group defines **"risk adjusted margin"** as risk adjusted revenue divided by the average of gross loan book.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Risk adjusted revenue (see APM number 8)	**110.1**	181.0	206.5
Average gross loan book (see APM number 1)	**586.4**	766.5	725.5
Risk adjusted margin	**18.8%**	23.6%	28.5%

This measure is used internally to review an adjusted return on the Group's loan book.

10. The Group defines **"net interest margin"** as annualised net interest income divided by average interest-bearing assets (being both gross loan book and cash) at the beginning of the period and end of the period.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Interest payable, receivable and funding facility fees	**(27.4)**	(30.7)	(38.2)
Net interest income	**143.4**	263.5	232.5
Opening interest bearing assets (gross loan book plus unrestricted cash)	**814.2**	798.2	680.3
Closing interest bearing assets (gross loan book plus unrestricted cash)	**600.8**	814.2	798.2
Average interest-bearing assets (customer loans and receivables plus unrestricted cash)	**707.5**	806.2	739.3
Net interest margin	**20.3%**	32.7%	31.4%

Adjusted net interest margin, being net interest income divided by average gross loan book, is also presented below:

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Net interest income	**143.4**	263.5	232.5
Average gross loan book (see APM number 1)	**586.4**	766.5	725.5
Adjusted net interest margin	**24.5%**	34.4%	32.0%

Key performance indicators continued

Other financial data continued

11. The Group defines **“cost of funds”** as annualised interest payable divided by the average of gross loan book at the beginning and end of the period.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Cost of funds	**27.5**	30.7	38.2
Less complaints discount unwind expense (notes 5 and 19)	**(2.0)**	—	—
Adjusted cost of funds	**25.5**	30.7	38.2
Average gross loan book (see APM number 1)	**586.4**	766.5	725.5
Cost of funds percentage	**4.3%**	4.0%	5.3%

This measure is used by the Group to monitor the cost of funds and impact of diversification of funding. The measure has been amended to reflect on true interest expenses related to borrowings, accounting related adjustments have been removed to provide a better understanding for users.

12. Impairment charge as a percentage of revenue **“impairment:revenue ratio”** represents the Group’s impairment charge for the period divided by revenue for the period.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Impairment of amounts receivable from customers	**60.7**	113.2	64.2
Impairment charge as a percentage of revenue	**35.5%**	38.5%	23.7%

This is a key measure for the Group in monitoring risk within the business.

13. **Impairment charge as a percentage of loan book** represents the Group’s impairment charge for the period divided by closing gross loan book.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Impairment of amounts receivable from customers	**60.7**	113.2	64.2
Closing gross loan book (see APM number 1)	**422.9**	749.9	783.0
Impairment charge as a percentage of loan book	**14.4%**	15.1%	8.2%

This allows review of the impairment charge relative to the size of the Group’s gross loan book.

14. The Group defines **“cost:income ratio”** as operating expenses excluding strategic review, formal sale process and related financing costs divided by revenue.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Total operating expenses	**363.3**	186.2	47.4
Cost:income ratio	**212.7%**	63.3%	17.5%

This measure allows review of cost management.

15. **Operating cost:income ratio**, defined as the cost:income ratio excluding the complaints provision, is:

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Revenue	**170.8**	294.2	270.7
Administrative and other operating expenses	**44.5**	59.4	47.3
Operating cost:income ratio	**26.1%**	20.2%	17.5%

Appendix: alternative performance measures (unaudited) continued

Key performance indicators continued

Other financial data continued

16. The following table sets forth a reconciliation of profit/loss after tax to **"adjusted (loss)/profit after tax"** for the year to 31 March 2021, 2020 and 2019.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Reported (loss)/profit after tax	**(289.1)**	(27.2)	88.6
Senior secured note buyback	**—**	(0.3)	2.5
Revolving credit facility (RCF) fees	**0.7**	2.2	—
Securitisation fees	**1.2**	—	—
Shareholder loan note interest	**—**	—	6.0
IPO and related financing costs	**—**	—	3.9
Strategic review and formal sale process costs	**3.0**	2.0	—
Tax provision release	**(2.5)**	(2.9)	—
Tax asset write-off	**7.8**	—	—
Less tax impact	**(0.9)**	(0.7)	(0.9)
Adjusted (loss)/profit after tax	**(279.8)**	(26.9)	100.1

The above items were all excluded due to their exceptional nature. The Directors' believe that adjusting for these items is useful in making year-on-year comparisons.

- Senior secured note buybacks are not underlying business-as-usual transactions.
- RCF fees relate to fees written-off following the modification and extension of the revolving credit facility in FY20, and in FY21 relates to fees written-off following cancellation of the facility. Modification, extension and cancellation of the facility were all deemed substantial modifications of the financial instrument leading to the derecognition of previously capitalised fees. The facility was cancelled in May 2020 and hence these amounts have been excluded.
- Following the renegotiation of the securitisation facility on 14 August 2020 a substantial modification of the facility occurred; as such all previous capitalised fees relating to the facility have been written off. This has been adjusted for above as it was a one-off event in the period.
- Due to inherent uncertainty surrounding future profitability, current and deferred tax assets were written off and charged to the consolidated statement of comprehensive income in the year. The tax provision release refers to the release of a tax provision no longer required. These adjustments result in a tax charge for the year despite the large loss making position as at 31 March 2021 and hence have been adjusted for in the calculation.
- Strategic review and formal sale process costs relate to the strategic review and formal sale processes both announced in January 2020. They are one off costs and hence have been adjusted.

None are business-as-usual transactions. Hence, removing these items is deemed to give a view of underlying (loss)/profit adjusting for non-business-as-usual items within the financial year.

17. **Return on assets (ROA)** refers to annualised loss/profit over tax as a percentage of average assets.

Adjusted return on assets	**31 Mar 21 £m**	31 Mar 20 £m	31 Mar 19 £m
(Loss)/profit after tax	**(289.1)**	(27.2)	88.6
Customer loans and receivables at year end	**350.6**	663.6	728.5
Other receivables and current assets at year end	**8.0**	23.2	1.3
Cash and cash equivalents at year end	**177.9**	64.3	15.2
Total	**536.5**	751.1	745.0
Average assets	**643.8**	748.1	690.1
Return on assets	**(44.9)%**	(3.6)%	12.8%

18. **Adjusted return on assets** refers to annualised adjusted loss/profit over tax as a percentage of average assets.

Adjusted return on assets	**31 Mar 21 £m**	31 Mar 20 £m	31 Mar 19 £m
Adjusted (loss)/profit after tax (see APM number 16)	**(279.8)**	(26.9)	100.1
Customer loans and receivables at year end	**350.6**	663.6	728.5
Other receivables and current assets at year end	**8.0**	23.2	1.3
Cash and cash equivalents at year end	**177.9**	64.3	15.2
Total	**536.5**	751.1	745.0
Average assets	**643.8**	748.1	690.1
Adjusted return on assets	**(43.5)%**	(3.6)%	14.5%

Key performance indicators continued

Other financial data continued

19. **"Return on equity" (ROE)** is calculated as annualised loss/profit after tax divided by the average of equity at the beginning of the period and the end of the period.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
(Loss)/profit after tax	**(289.1)**	(27.2)	88.6
Shareholder equity	**(121.4)**	167.4	244.5
Average equity	**23.0**	206.0	119.1
Return on average equity	**(1,257.0)%**	(13.2)%	74.4%

20. **"Adjusted return on equity"** is calculated as annualised adjusted loss/profit after tax divided by the average of equity at the beginning of the period and the end of the period.

	31 Mar 21 £m	31 Mar 20 £m	31 Mar 19 £m
Adjusted (loss)/profit after tax (see APM number 16)	**(279.8)**	(26.9)	100.1
Shareholder equity	**(121.4)**	167.4	244.5
Average equity	**23.0**	206.0	119.1
Adjusted return on average equity	**(1,216.5)%**	(13.1)%	84.0%

Glossary

The following definitions apply throughout this Annual Report unless the context requires otherwise:

Adjusted profit after tax	profit after tax plus RCF fees, 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.
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
Cost:income ratio	operating expenses excluding strategic review costs, IPO costs and related financing divided by revenue

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
General Meeting	The General Meetings of the company held on 17 June 2020 and 29 September 2020, having been requisitioned by Richmond Group Limited
Group	Amigo Holdings PLC and each of its consolidated subsidiaries and subsidiary undertakings from time to time
HMRC	HM Revenue and Customs
IFRS/EU-IFRS	International Financial Reporting Standards, as adopted by the European Union
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; for loans made to borrowers where they are increasing an existing loan, only the incremental value is included
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 interest margin	net interest income divided by average interest-bearing assets being both gross loan book and cash at the beginning of the period and the end of the period
Net loan book	loan book less provision for impairment

Glossary continued

Non-Executive Directors	the Non-Executive Directors of the Company
Operating cost: income ratio	operating expenses excluding complaints, strategic review costs, IPO costs and related financing divided by revenue
Relationship Agreement	the relationship agreement entered into between the Company and Richmond Group Limited
Revolving credit facility (RCF)	a £109.5m bank loan (revolving credit facility), made available to the Company for working capital purposes, maturing in May 2024, cancelled by the company on 27 May 2020
Richmond Group Limited	Richmond Group Limited, a private company limited by shares, incorporated under the laws of England and Wales, with company number 05230353. Richmond Group Limited was the immediate and ultimate parent undertaking and majority shareholder of the Group until August 2020.
Risk adjusted revenue	revenue less impairment charge
Risk adjusted margin	risk adjusted revenue divided by the average of loan book at the beginning of the period and the end of the period
Scheme of Arrangement	a Scheme of Arrangement is an arrangement under part 26 of the Companies Act 2006, it 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 currently outstanding £234,100,000 aggregate principal amount of 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. £80,000,000 worth of bonds were opportunistically bought back in the prior financial year, and £85,900,000 in the current financial year
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
SoA	Scheme of Arrangement
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

Information for shareholders

Financial calendar
The Company's Annual General Meeting is expected to be held on 29 September 2021 – 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:

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(Calls cost 12p per minute, plus your phone company's access charge.)

Email: enquiries@linkgroup.co.uk

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Registered office and contact details:

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