SHAREHOLDER CALL

On 24 March 2023, Amigo hosted a call for shareholders to discuss the Scheme of Arrangement Update released to the London Stock Exchange on 23 March 2023, in which it was announced that the very difficult decision had been made to switch the Scheme from the Preferred to the Fallback Solution.

On the call, Chief Executive Danny Malone gave the following speech:

Good afternoon,

Thank you for joining us today. I am Danny Malone, Amigo's Chief Executive and with me today in the room is our Chair Jonathan Roe and CFO, Kerry Penfold, Chief Restructuring Officer Nick Beal and Investor Relations Director Kate Patrick. Joining us on the call, are Non-Executive Directors Maria Darby-Walker, Michael Bartholomeusz and Jerry Loy.

You will have seen that yesterday morning, we announced that the Board has taken the very difficult decision to switch our Scheme of Arrangement to the Fallback Solution and to wind down the business.

This afternoon, I would like to explain to you how we got to this position and why we have had to take this action. However, I want to start by saying this is a very sad day for all our shareholders, for our people who have worked extremely hard to serve our customers and rebuild a new Amigo, and our wider stakeholders including creditors who will now receive less redress. As a Board and senior team we want to emphasise that we have left no stone unturned in trying to find a solution. We recognise that our shareholders will have lost significant sums of money and we are extremely disappointed and regretful that we have not been able to find a route through to deliver a better outcome for each of you on the call. We really have fought as hard as possible at every step of the way. I'm sorry that we can't deliver better news.

The Board has always been very clear that the Preferred Solution of our Scheme, where Amigo rebuilds a new, more responsible, mid-cost lending offer, would be in the best interests of not only our shareholders, but also Scheme creditors, employees and wider stakeholders. That is why, following the announcement on 10 March that we had not been able to secure sufficient levels of investor interest to cover the £45m of equity capital required, the Board explored whether a potential new scheme to eliminate the £15m capital commitment to Scheme creditors, was likely to succeed. Whilst internal work on this possibility has been under consideration for the last two months as part of scenario planning, we had clear instruction from the FCA that engaging external advisers on the viability of a new Scheme must not be considered until we were certain that the existing scheme and the £45m capital raise could not be completed successfully.

Unfortunately, having taken extensive advice from our advisers, the Board has concluded that successfully executing a new scheme followed by a lower capital raise is highly unlikely, and the significant associated costs would therefore cause avoidable detriment to our Scheme creditors in the event the new scheme and capital raise are unsuccessful. As a result, we have had to take the very difficult decision to switch the Scheme from the Preferred to the Fallback Solution.

In reaching this decision, the Board considered a number of factors, including that:

- a new scheme would need to secure creditor approval, High Court sanction and would need the FCA to not object - all within a very tight timetable,
- implementing a new scheme would be costly, and, if not successful, would negatively impact the amount of money creditors would receive
- and we would need to be confident that the capital, albeit at a lower required quantum, could be raised against what continues to be a very challenging market backdrop with poor sentiment around the sector.
- We also had to consider, as part of this, that the indications of interest for £11m of equity which we have received to date, were indications only and not firm commitments. The level of this indicative interest has substantially not changed since January.

Since October 2022, we have spoken to approximately 200 potential investors in the process to raise capital. This has been done against an increasingly challenging economic backdrop in the UK which has negatively impacted capital markets and the outlook for consumer credit.

The main concerns we have heard from investors include:

- the current affordability challenges for UK households, particularly in our sector of the market;
- the history of regulatory intervention in the non-standard credit market and the proposed implementation of a consumer duty of care;
- the ability to write the loan volumes in the business plan given the market backdrop;
- and the impact of having to make a significant upfront payment to Scheme creditors as part of the capital raise.

Conversion rates under our RewardRate pilot lending scheme have improved as we have progressed through the pilot, and changes made to our affordability assessment processes at the beginning of the year have improved loan conversion. However, the business model is not yet proven and, although there is strong potential demand, current affordability challenges for UK households means most customer applications have to be rejected.

The Fallback Solution means that our trading subsidiary, Amigo Loans Ltd, stopped lending yesterday and has been placed into an orderly wind-down. All surplus assets after the wind-down will be transferred to the Scheme creditors and in due course, Amigo Loans Ltd will be liquidated.

We also announced yesterday that, as we transition into the Fallback Solution, the size of the Board will be reduced. We will provide more details on this in due course.

The current Board came into Amigo because we believe passionately that there is a need in the market for a regulated mid-cost lender that meets the demand of financially excluded people who deserve access to regulated credit.

We have faced significant challenges over a number of years in seeking a solution in the best interests of all our stakeholders and have had to make a series of difficult decisions. As you know, without a scheme, shareholders would receive no value for their shares and we have had to consider multiple stakeholder interests from the beginning.

In 2021, Amigo presented its first scheme to the High Court to prevent a situation where Amigo was insolvent due to the significant number of complaints it had received. The first scheme was rejected by the High Court as it was deemed too favourable to shareholders. Amigo returned with a second scheme to address concerns over the fairness of the financial offer to Scheme creditors successfully achieving both creditor and court backing. Clearly the economic and market environment has moved against us considerably since we formulated our Scheme in late 2021 / early 2022 and its sanction last May. This has severely impacted both our ability to raise capital and the affordability of loans for our potential customers. Whilst removing the £15m upfront payment to the Scheme would take away one barrier and reduce the capital required, as I have mentioned, there are multiple considerations and risks which have led us to conclude that successfully executing a completely new scheme followed by a lower capital raise would remain highly unlikely.

As I said at the beginning, we understand this is extremely difficult news for our shareholders who have supported us though what has been an extremely challenging period but, after full and careful consideration of all further options available to us, we do not believe there is another viable route forward.

Thank you for listening

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