

**16 January 2023**

## **Amigo Holdings PLC**

### **Scheme of arrangement update**

Amigo Holdings PLC ("Amigo" or "the Company"), a provider of mid-cost credit in the UK, is today giving an update on its proposed capital raise and on lending.

#### **Capital Raise**

Amigo's Scheme of Arrangement, sanctioned by the High Court in May 2022 (the "Scheme"), contains a preferred solution which is conditional on the completion of a 19:1 capital raise by 26 May 2023 (the "Capital Raise"), followed by the contribution of a minimum £15m payment to the Scheme fund for creditor redress.

Following receipt of FCA approval to return to lending in October 2022, Amigo commenced a marketing process to raise equity and debt to support its growth plans and certain Scheme conditions. Amigo has secured term sheets for debt facilities which it believes are capable of execution following further discussions with lenders. However, to-date it has been unable to secure a commitment from a cornerstone investor to underwrite the whole of the Capital Raise. A number of investors have expressed possible interest in making a minority investment. Amigo is therefore assessing whether there is sufficient interest for a syndicate of such investors to be formed in order to support a £45m Capital Raise. As part of that process, professional investors interested in participating should contact Peel Hunt or Ashcombe Advisers this week (relevant contact details are provided below).

The Board continues to seek the best possible outcome for creditors, employees, shareholders, and other stakeholders. As outlined previously, if the Capital Raise is not completed, or the Board determines that it cannot be achieved by 26 May 2023, the Scheme will revert to the fallback solution outlined in the Scheme (the "Fallback Solution"), which is an orderly wind-down of the business. If the Fallback Solution is triggered, Scheme creditors will not receive the minimum £15m Scheme contribution that was to be raised from investors, and will, as a result, share in a smaller pool of funds. Work continues with adjudicating claims, and it is, therefore, not yet possible to give an accurate determination of the total amount of compensation Scheme creditors will receive in terms of pence in the pound. It is expected that at least £97m, the amount committed to the Scheme excluding the proceeds from the Capital Raise, will be available for Scheme creditors to share pro rata to their adjudicated claims. However, the higher-than-expected volume of complaints received in the Scheme will also impact the final pence in the pound received by Scheme creditors.

Amigo's cash position remains strong and, in the event the Fallback Solution is invoked, the seniority of the secured notes will be respected. The Fallback Solution would result in no value being attributed to the Company's ordinary shares.

#### **Pilot lending**

The Company initiated a pilot lending programme in October 2022, shortly after receiving approval from the FCA to return to lending, under certain agreed conditions.

The pilot has enabled Amigo to test its proposed return to lending policies and procedures in a controlled environment. While demand from both direct and indirect channels has been strong, volumes of loans paid out have been very limited. This is due in part to an initial focus on testing and refining Amigo's new technology platform and the processes in place. It also reflects the Company's cautious approach to underwriting given the prevailing market conditions and, specifically, the impact on affordability for customers of the increased cost of living. Consequently, the pilot programme has been extended past the initial minimum two-month period. Depending on the outcome of the Capital Raise process as discussed above, this pilot will continue for a further as yet unknown period until sufficient loans have been written to confirm that the policies and processes support responsible lending. Learnings from the pilot continue to be applied to both the customer journey and products, and originations should increase as a result.

Third-party outcomes testing to provide further assurance on systems and controls is expected to begin this month. Following the end of the pilot lending phase, the FCA will consider the impact on consumers of Amigo returning to lending on a wider scale, and whether the results of the outcomes testing demonstrate that Amigo is able to continue to meet the regulator's expectations.

**Danny Malone, Chief Executive Officer commented:**

*"The Board and senior executives have worked continuously over the last few months to secure the future of the business and our focus remains on finding a solution that is in the best interests of all our stakeholders. It is disappointing that we have so far been unable to identify the requisite equity backers for the business. However, we are continuing with our efforts to put together an equity investor consortium as expeditiously as possible. We realise that the economic backdrop since we announced the Scheme has changed substantially. This has made the process of raising equity capital to support the Scheme conditions significantly more challenging than expected.*

*"Given the potential interest for minority investments, we will strive for a positive outcome over the coming days as we are committed to delivering a better outcome for creditors, colleagues, and shareholders as well as customers who deserve access to attractive, mid-cost credit products. I would like to thank all our employees and our partners for their efforts to date."*

#### **Shareholders**

Amigo will be hosting a call for shareholders today at 1.00pm (UK time). Dial in details are as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/88351163557?pwd=WjVpUHluOFR0WkJOcURTNy9sSVZyZz09>

Meeting ID: 883 5116 3557

Passcode: 808536

Or: +44 203 481 5237

#### **Bondholders**

Amigo will be hosting a call for bondholders today at 2.30pm (UK time). Dial in details are as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/85740066100?pwd=RIhWUjhHL3grN2xJTDk2b1YwejZSQTO9>

Meeting ID: 857 4006 6100

Passcode: 386000

Or: +44 208 080 6591

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#### **About Amigo Loans**

*Amigo is a public limited company registered in England and Wales with registered number 10024479. The Amigo Shares are listed on the Official List of the London Stock Exchange. Since October 2022, Amigo has offered guarantor loans and non-guarantor personal loans under its RewardRate brand. Both products reward customers for on-time payments with an annual, interest-free, payment holiday and the opportunity to reduce*

*the effective APR, encouraging better financial management and facilitating a long-term improvement of customers' credit scores and financial mobility. Amigo has provided guarantor loans in the UK from 2005, offering access to mid-cost credit to those who are unable to borrow from traditional lenders due to their credit histories. The guarantor loan concept introduces a second individual to the lending relationship, typically a family member or friend with a stronger credit profile than the borrower. This individual acts as guarantor, undertaking to make loan payments if the borrower does not. Amigo's back book of loans issued pre-November 2020 is in the process of being run off with all net proceeds due to creditors under a Court approved Scheme of Arrangement. Amigo Loans Ltd and Amigo Management Services Ltd are authorised and regulated in the UK by the Financial Conduct Authority.*

#### **Forward looking statements**

*This report contains certain forward-looking statements. These include statements regarding Amigo Holdings PLC's intentions, beliefs, or current expectations and those of our officers, Directors and employees concerning, amongst other things, our financial condition, results of operations, liquidity, prospects, growth, strategies, and the business we operate. These statements and forecasts involve risk, uncertainty, and assumptions because they relate to events and depend upon circumstances that will or may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Amigo Holdings PLC has no obligation to update the forward-looking statements or to correct any inaccuracies therein.*

#### **Market Abuse Regulations**

*The information contained within this announcement would have, prior to its release, constituted inside information as stipulated under Article 7 of the Market Abuse Regulations (EU) No.596/2014 as incorporated into UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (together, "UK MAR"). Upon the publication of this announcement via a regulatory information service, this inside information will be considered to be in the public domain. For the purposes of UK MAR, the person responsible for arranging for the release of this information on behalf of Amigo is Danny Malone, CEO.*

#### **Additional Information**

*This announcement is not intended to, and does not, constitute or form part of any offer, invitation, or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell, or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise.*

*This announcement constitutes notice by Amigo Luxembourg S.A. (the "Issuer") to the holders of the Issuer's 7.625% Senior Secured Notes due 2024 (for the notes issued pursuant to Rule 144A of the United States Securities Act of 1933, ISIN: XS1533928468 and Common Code: 153392846; for the notes issued pursuant to Regulation S of the United States Securities Act of 1933, ISIN: XS1533928625 and Common Code: 153392862) (the "Notes") issued pursuant to pursuant to Section 4.03(a)(3) of an indenture dated January 20, 2017 among, inter alia, the Issuer, the guarantors named therein and U.S. Bank Trustees Limited, as trustee and security agent. Amigo Holdings PLC is the indirect parent company of the Issuer. This announcement shall constitute a "Report" to holders of the Notes.*

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