



Q1-22 Results Presentation



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Q1-22 in Summary

£533_m

Record LTM Cash EBTIDA

60%

Cash EBTIDA margin

98%

Collections vs Static Pool¹

£118_m

Free Cash Generated²

- ◇ Record LTM Cash EBTIDA performance with Group benefitting from increased levels of capital deployed across 2021
- ◇ Margin accretion to 60% on an LTM basis; reflecting strong cost control
- ◇ Collections continue to perform in line with forecast
- ◇ Strong cash generation continues, with £118m generated after Replacement Rate to fund growth

¹ Collection performance for the 3 months to Mar-22 vs Dec-21 static pool.

² Free cash generated after Replacement Rate as shown on slide 8

Cash Income

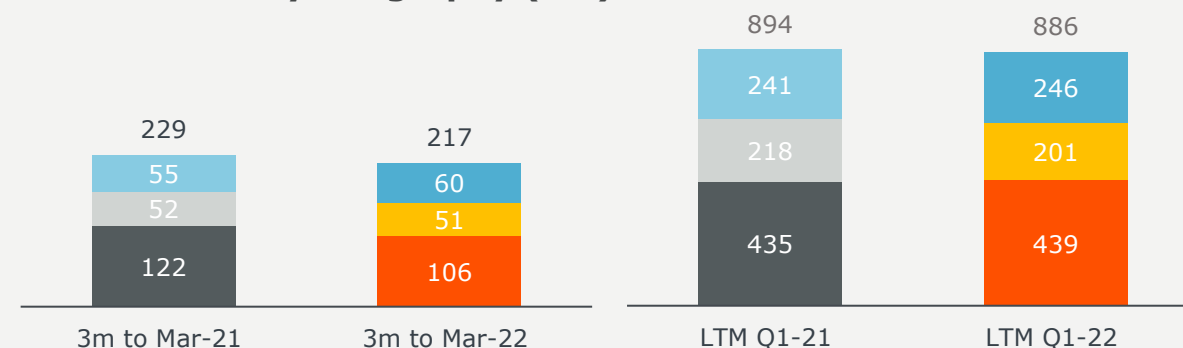
£886_m LTM Cash Income

- ◇ Solid underlying Q1-22 performance across all regions and LTM performance broadly flat with comparative periods benefitting from known one-offs;
 - ◆ litigation and collection recovery across Q1-21 in UK demonstrated by 118% collection performance; and
 - ◆ asset sale in Nordics (LTM Q1-21)
- ◇ DACH still impacted by reduced level of trailing purchases but with strong Q1 performance and purchases increasing
- ◇ Collection performance broadly in line with forecast;
 - ◆ UK collections below forecast, impacted by lower litigation selections across Q4-21 than planned
 - ◆ collections from UK paying base performed at 99%¹ and default rate remains low at 4.5%

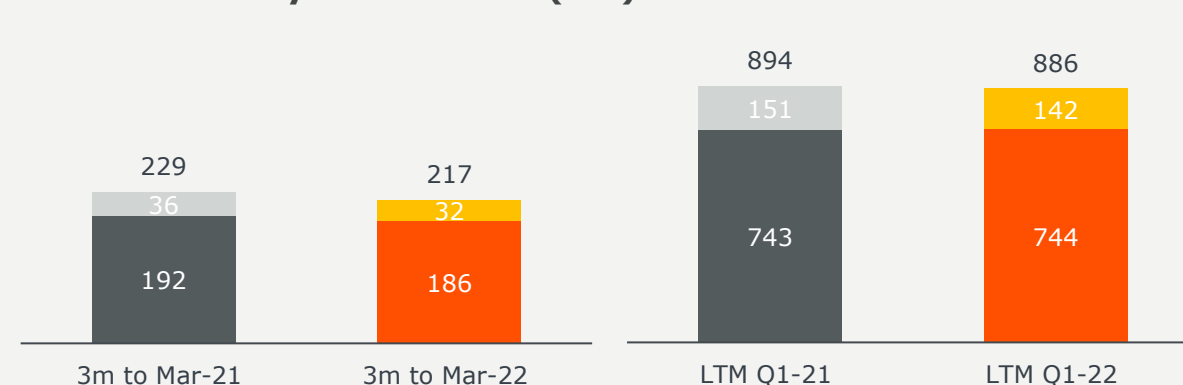
¹ Collections as a % from the paying base, defined as those with plans at Jun-21 and their expected payments across the 9m to Mar-22

UK DACH Nordics DP 3PC

Cash Income by Geography (£m)



Cash Income by Service Line (£m)

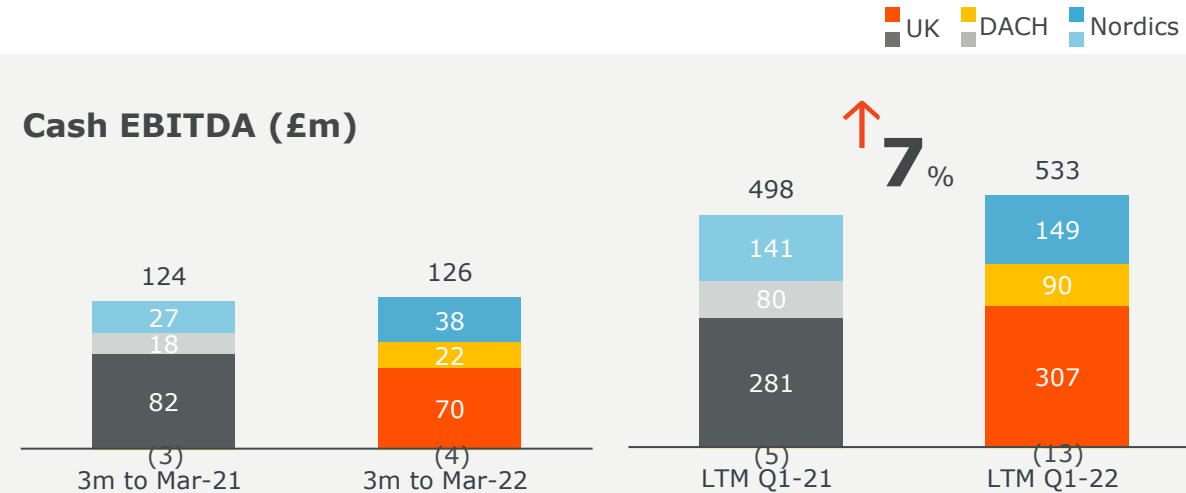


Cash EBTIDA

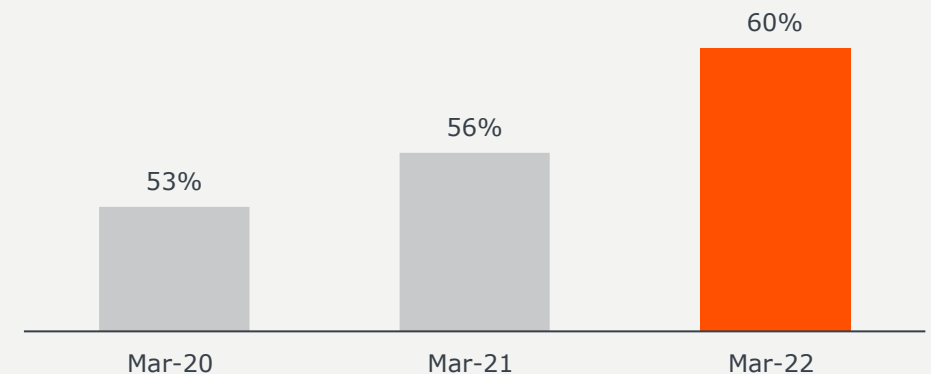
£533_m LTM Cash EBTIDA

- ◇ Another strong quarter of Cash EBTIDA performance;
 - ◆ benefiting from capital deployed to grow the book and the cost actions taken across the last 24 months to drive margin accretion
- ◇ UK performance QoQ skewed by exceptional Q1-21 collection performance in post Covid catch-up and the softer collection performance seen in Q1-22;
 - ◆ underlying performance remains resilient
- ◇ Collection activity expected to increase across 2022 to reflect the increased level of capital deployed

Cash EBITDA (£m)



LTM Cash EBITDA Margin (%)



Purchases and ERC

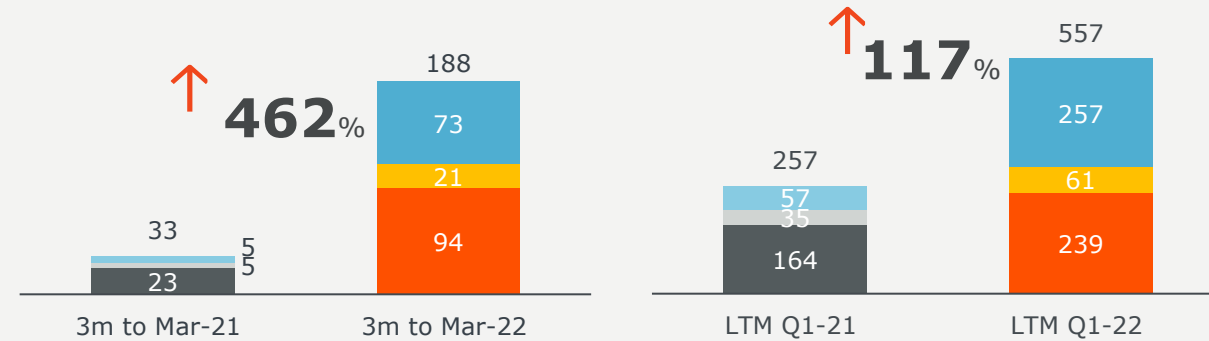
£557m LTM Purchases

£1.3bn Collections forecast across next 24 months

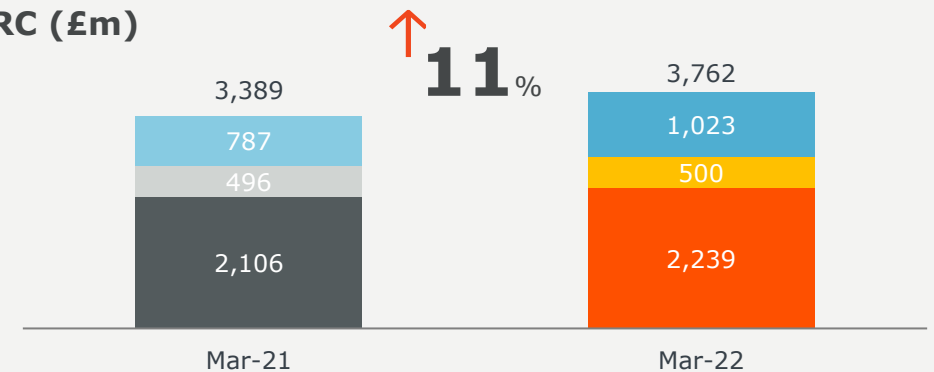
- ◇ Healthy level of capital deployed in Q1 in line with sales plan
- ◇ Pleasing to see broad range of opportunities across regions, particularly in DACH
- ◇ Strong pipeline of opportunities allows Group to be selective with investments
- ◇ Guidance for 2022 remains at >£400m with softer Q2 and Q3 expected

■ UK ■ DACH ■ Nordics

Purchases (£m)



120m ERC (£m)



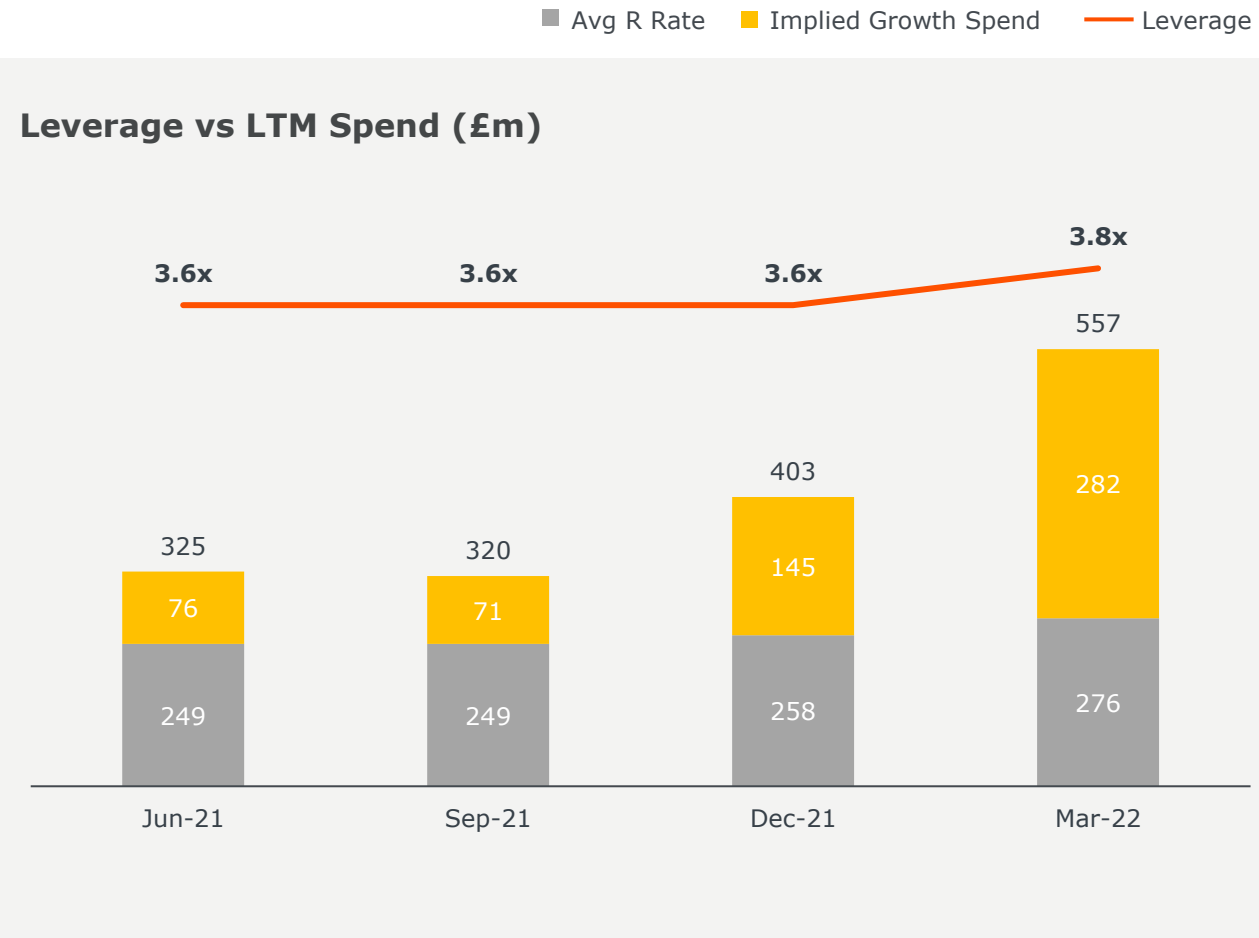
Leverage and Liquidity

£371_m Available Liquidity¹

3.8_x Net Leverage

- ◇ Marginal increase in Q1 leverage reflective of significant Q1 weighting of FY22 spend;
 - ◆ £188m of purchases in Q1 with lower volumes across next six months expected
- ◇ Leverage remains comfortably within guided range of 4.0 – 3.5x
- ◇ Liquidity remains healthy, which will be further strengthened by the public securitisation announced in April 2022

¹ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisations at 31 March 2022.



Cash Generation

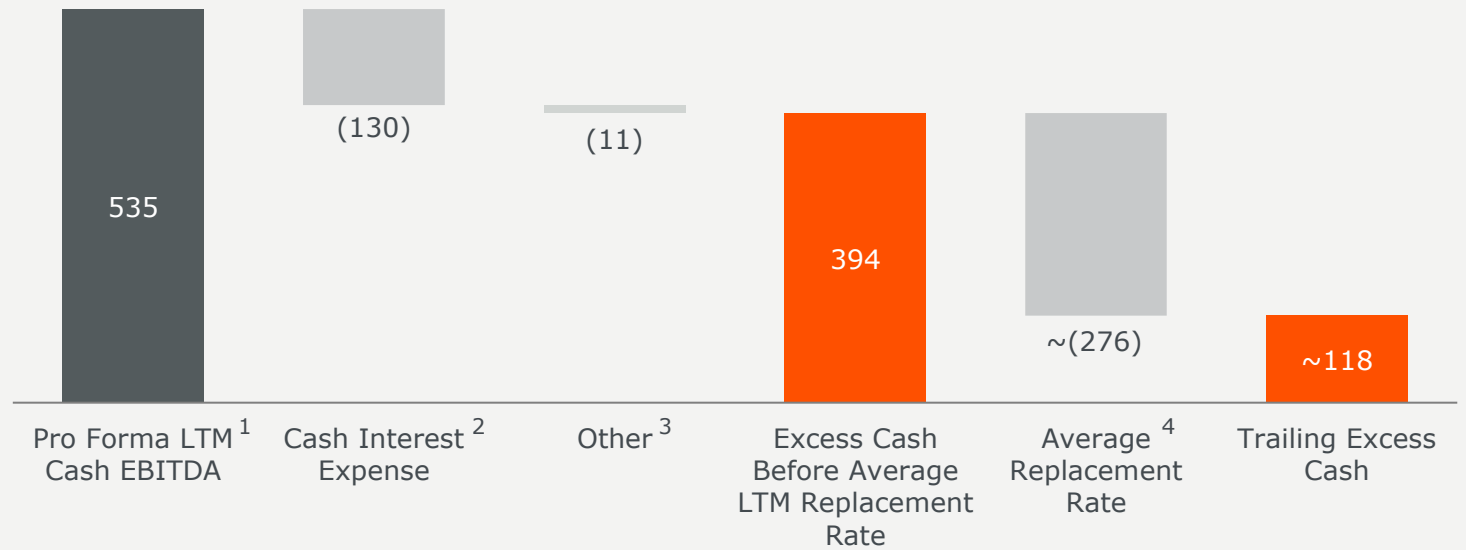
£394m

Cash generation before Portfolio Purchases

~£118m

Excess Cash generated to fund growth

Trailing Steady State Cash Flow (£m)



¹ Pro Forma Cash EBITDA includes ~£2m of Pro Forma cost adjustments. ² Cash Interest calculated as next 12 months interest on debt instruments and drawings as of 31 Mar 2022. ³ Other represents Cash tax expenses paid LTM Mar-22 (£5m) and Management’s maintenance capex estimate (£6m). ⁴ Average Replacement Rate as calculated in Appendix.

DACH Cyber Update

Key systems restarted across ~80% of the DACH business

Tesch business systems being reconstructed

Expectation that collections are deferred and not lost

- ◇ Minimal Q1 impact with just ~12 days of impact in Mar-22
- ◇ Impact in Q2 more significant with systems down across April and phased restoration across May and June
- ◇ Current estimated impact is a deferral of collections in the region of €50m across DP and 3PC¹
- ◇ Evaluation of business impact remains ongoing; clients remain supportive, and consumers remain the priority

¹ Refers to gross 3PC collections from which fees and commission are then charged

> **£400_m**

FY22 purchasing guidance

4.0 – 3.5x

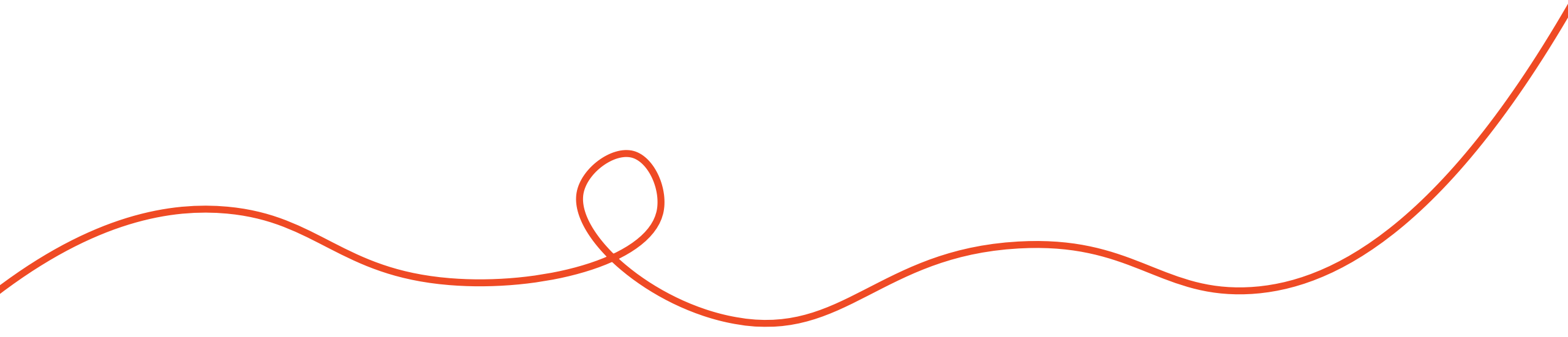
Net Leverage guidance

2022 Outlook

- ◇ Completion and integration of the Hoist acquisition
- ◇ Investing for growth above replacement rate whilst maintaining balance sheet discipline
- ◇ Focus on attractive returns and driving efficiency
- ◇ Continue to optimise Group funding structures whilst remaining within our guided leverage range of 4.0 – 3.5x



Appendix



■ UK ■ DACH ■ Nordics

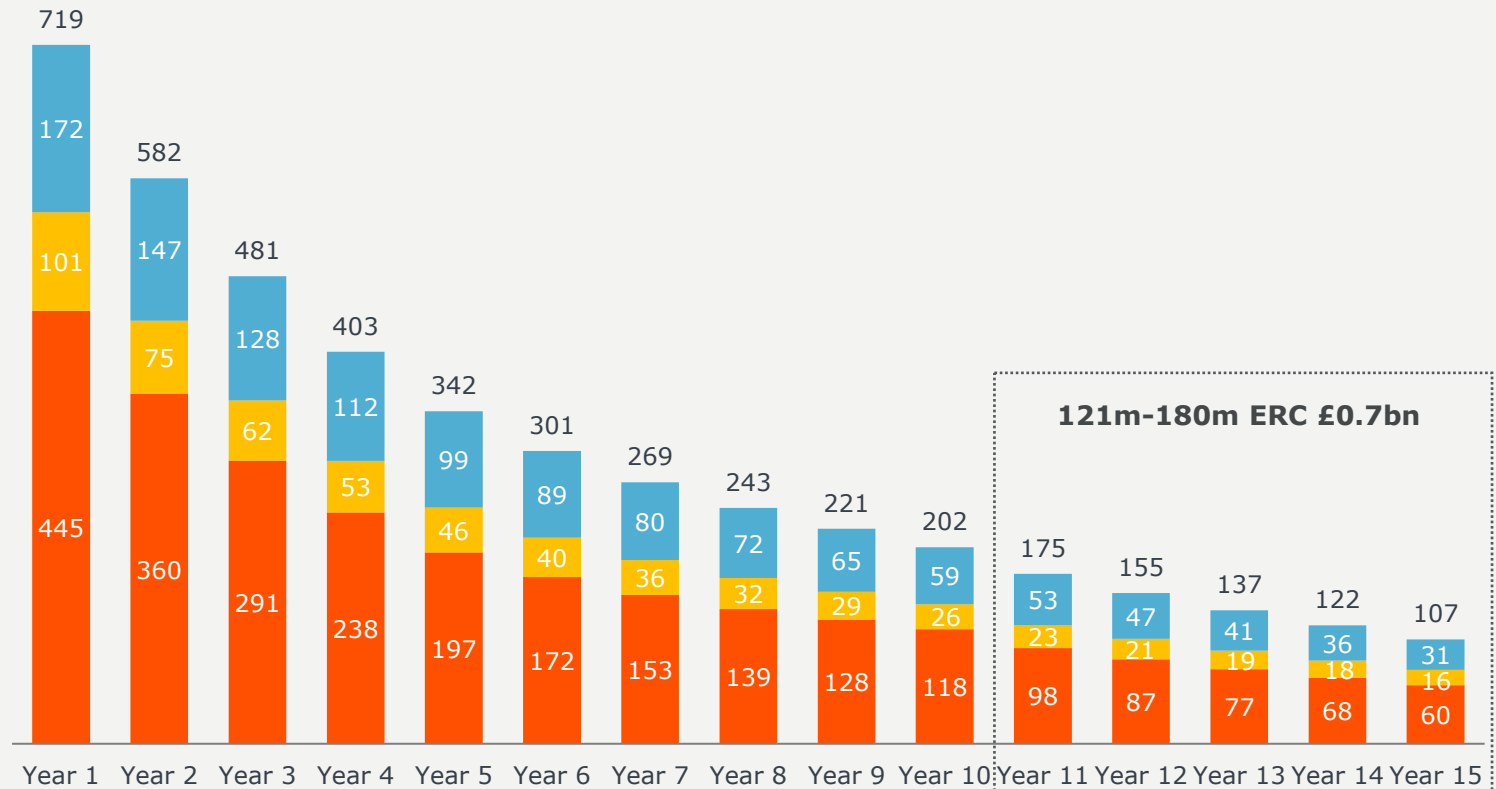
ERC Profile

Diversified backbook formed of 20 vintages, ~4,500 portfolios and across a range of originating sectors

£3.8bn 120m ERC

£4.5bn 180m ERC

(£m)



121m-180m ERC £0.7bn

Historic Collection Performance

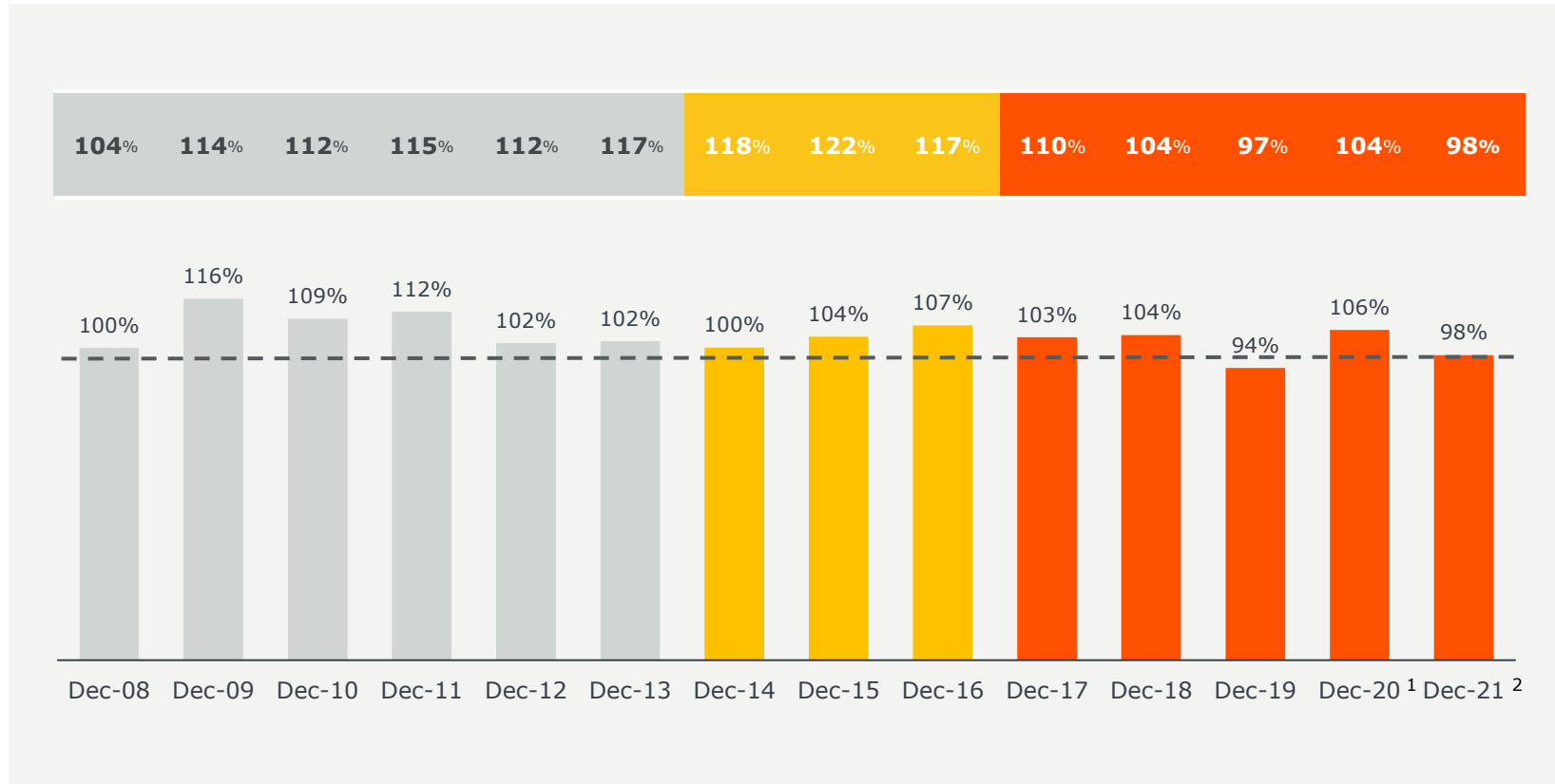
Cumulative collection performance to Mar-22 vs Dec-21 static pool

Next 12 months actual collections vs static pool

98%

Cumulative Collection Performance vs Dec-21 Static Pool²

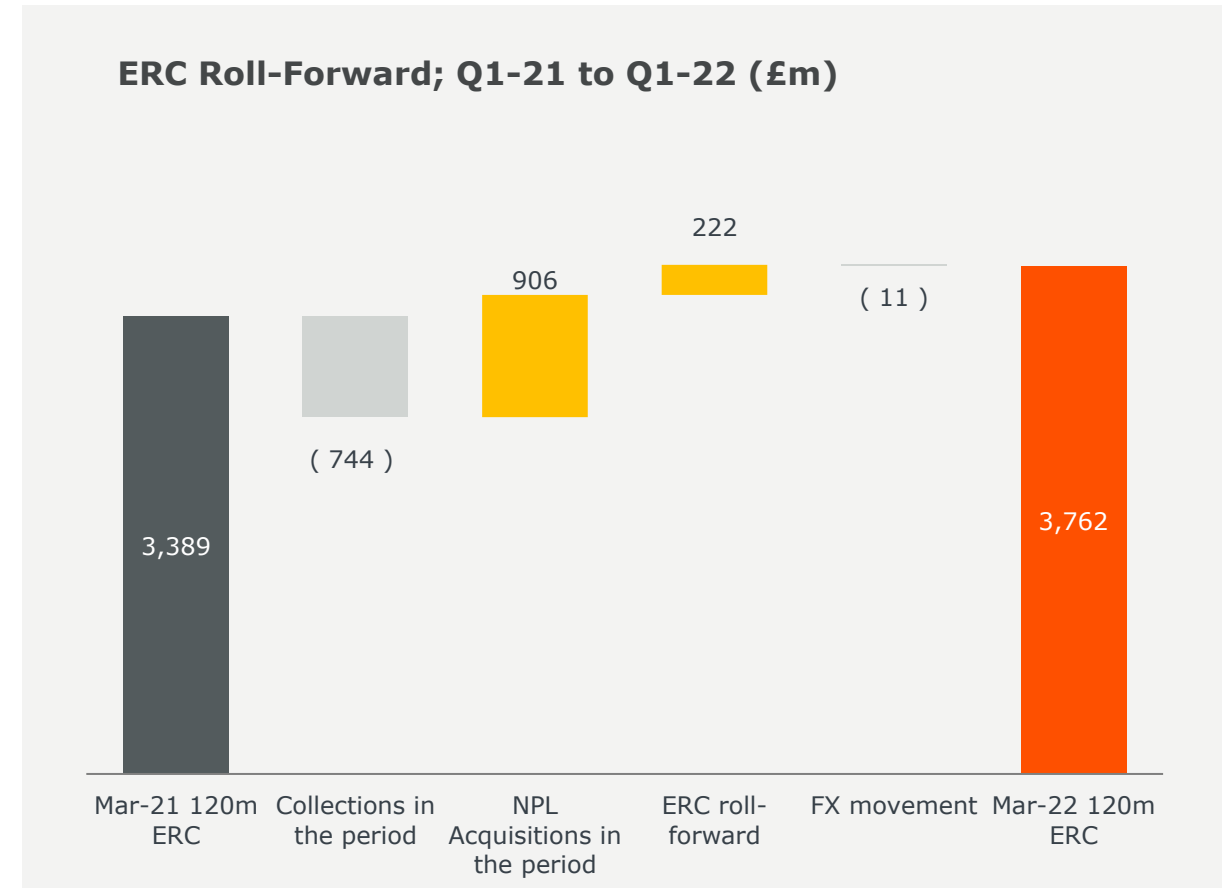
■ UK ■ UK and DACH ■ UK, DACH and Nordics - - Forecast



Note: Collection Performance metrics exclude asset sales where applicable. ¹ Group collection performance below 100% as a result of actions taken in UK to pause litigation and limit outbound dialling across Q2-20. ² Actual collection performance for the 3 months to Mar-22 vs Dec-21 static pool.

120m ERC Roll-Forward

- ◇ NPL Acquisitions in the period: purchases in the period grossed up to 120m ERC based on respective priced 120m GMMs
- ◇ ERC roll-forward takes into account:
 - ◆ Mechanical nature of revaluation (roll-in of value present in the tail)
 - ◆ Change in collections expectations leading to an uplift or reduction in estimated cash-flows



Reconciliations to the Financial Statements

Reported Income to Cash Income (£m)

Q1-22	Group Total
Income from Portfolio Investments	106
<i>Add Portfolio Amortisation</i>	80
DP Cash Income	186
Service Revenue	34
<i>Less Lawyer Service Income</i>	(3)
3PC Cash Income	32
A Total Cash Income	217

Reported Costs to Normalised Costs (£m)

Q1-22	Group Total
Collection Activity Costs	63
<i>Less Lawyer Service Costs</i>	(3)
<i>Less Non recurring costs</i>	(0)
B Normalised Collection Activity Costs	59

Gross Profit Calculation (£m)

Q1-22	Group Total
A Cash Income	217
B Collection Activity Costs	(59)
C Gross Profit	158
C/A Gross Profit Margin	73%

Other Expenses (£m)

Q1-22	Group Total
Other Expenses	46
<i>Less Depreciation, Amortisation & Impairment</i>	(10)
<i>Less Non recurring costs</i>	(5)
Normalised Other Expenses	31

Pro Forma Cash EBITDA Reconciliation

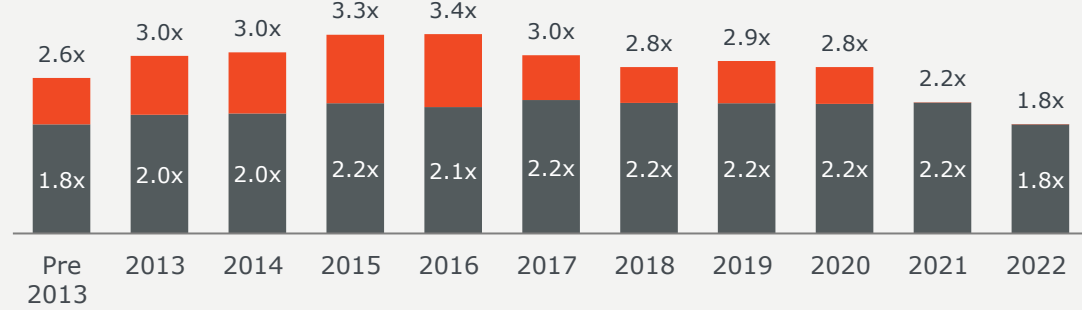
Cash EBITDA (£m)	LTM Mar-22	LTM Mar-21
UK	307	281
DACH	90	80
Nordics	149	~131
Strategic Asset Sale ¹ - Nordics	-	~10
Group Costs ²	(13)	(5)
Group Cash EBITDA	533	498
Pro Forma Cost Adjustments ³	2	11
Pro Forma Cash EBITDA	535	509

Note: As reported, the LTM Mar-21 period benefitted from strategic assets sales (totalling ~£10m) and from a period of reduced collection activity in the UK (and associated costs), as a result customer centric actions taken in response to Covid-19.

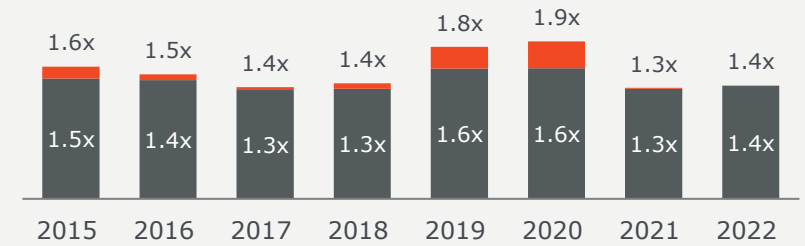
¹ Completed in Q3-20. ² Group cost increase reflects recategorization of central related costs to Group category, predominately from UK region ³ Pro Forma cost adjustments represent adjustments made to reflect the full run rate benefits of changes enacted.

120m GMMs Per Vintage

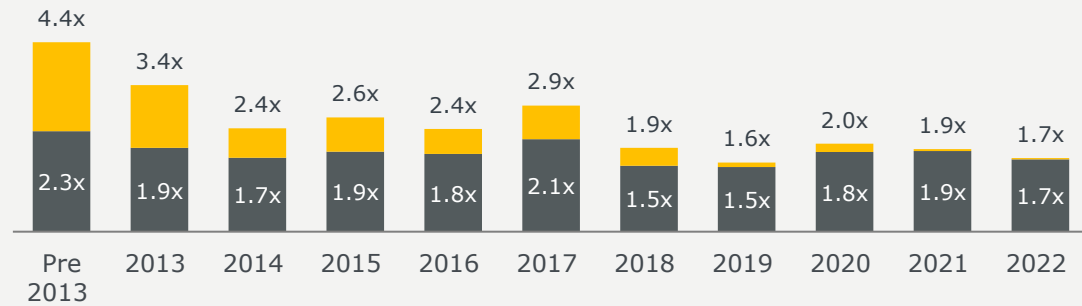
UK Non-Paying¹



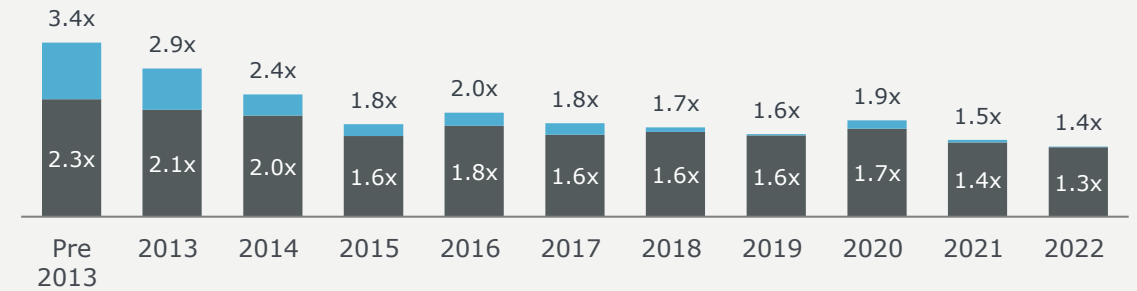
UK Paying¹



DACH



Nordics



Note: Current GMM is calculated using actual collections to Mar-22 plus ERC across the next 120m for all regions. Priced GMM is calculated using the priced collection expectation over the initial 120m for all regions.
¹ UK Paying: These portfolios are determined at the point of acquisition based on the proportion of accounts within that portfolio which are set up on a payment plan. UK Non-Paying GMMs pre-2015 reflect total UK GMMs (Paying and Non-Paying, where applicable).

Calculation of Group 120m ERC Replacement Rate

£m	Mar-22
120m ERC	3,762
Year 1 Collections	719
Roll-forward (Year 11 Collections)	175
Collections to replace	544
2021 vintage Static GMM	1.8x
2022 vintage Static GMM	1.6x
Blended Static GMM ¹	1.7x
Replacement Rate as calculated at Mar-22	327
Replacement Rate as calculated at Mar-21	225
Average LTM Replacement Rate²	276

GMM Weighted Average Calculation (£m)

2021 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	169	45	189	403
% of total purchases	42%	11%	47%	100%
Actual Static 120m GMM	2.0x	1.9x	1.5x	
Weighted Average				1.8x
2022 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	94	21	73	188
% of total purchases	50%	11%	39%	100%
Actual Static 120m GMM	1.7x	1.7x	1.3x	
Weighted Average				1.6x
Blended Static GMM				1.7x

¹ Blended GMM represents the average static 120m GMM for 2021 and 2022 vintages, across the UK, DACH and Nordics as at Mar-22.

² Average Replacement Rate is an average of the Replacement Rate as calculated at Mar-22 and the Replacement Rate as calculated at Mar-21.

Leverage and Liquidity

£371m Available Liquidity¹

£m	Mar-22
RCF Capacity	384
Amounts Drawn	(124)
Securitisation Availability ²	39
Cash	71
Available Liquidity	371

£m	Mar-22
Net Debt	2,060
Pro Forma LTM Cash EBITDA	535
Net Debt / LTM Cash EBITDA	3.8x
Senior Secured Net Debt / LTM Cash EBITDA	3.2x

3.8x Net Leverage³

¹ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and ABS Facility 1 and Facility 2 as at Mar-22.

² Amounts available across both ABS Facility 1 and Facility 2 as at Mar-22.

³ Calculated as Net Debt to LTM Pro Forma Cash EBITDA.

Net Debt and Borrowings as at 31 March 2022

Net Debt

Bond Principal	£m
£440m Senior Secured Notes 7.75%	440
€795m Senior Secured Notes 6.75%	672
€630m Senior Secured Notes EURIBOR +6.25%	532
RCF Drawings and Other	
GBP Drawn RCF	-
EUR Drawn RCF	124
ABL – Facility 1	136
ABL – Facility 2	225
DACH Securitisation	2
Cash	
Cash	71
Senior Secured Net Debt	1,697
Net Debt	2,060
Gross Debt	2,131

Bonds

Currency	Issue	Security	Maturity	Coupon
GBP m	440	Senior secured notes	Nov-25	7.75%
EUR m	795	Senior secured notes	Nov-25	6.75%
EUR m	630	Senior secured notes	May-26	EURIBOR +6.25%

Revolving Credit Facility (RCF) and Securitisation Facilities

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured RCF	Aug-25	SONIA / EURIBOR	3.00%
GBP m	175	Asset Backed Loan – Facility 1	Jul-25	SONIA	3.28%
GBP m	225	Asset Backed Loan – Facility 2	Jan-27	SONIA	3.50%

Glossary

3PC	-	Third Party Collection	IFRS	-	International Financial Reporting Standards
Acquisitions	-	The purchases of NPLs	Net Debt	-	Senior Secured Notes bond principal plus Senior Notes bond principal plus RCF drawn amounts plus securitisation drawn amounts less cash
Cash EBITDA	-	Defined as collections on owned portfolios plus other turnover, less collection activity costs and other expenses (which together equals servicing costs) and before exceptional items, depreciation and amortisation	Nordics	-	For the purpose of the presentation include Sweden, Denmark, Norway and Finland
Cash Income	-	Total income for the period adding back portfolio amortisation and portfolio fair value release and deducting net portfolio write-up, lawyer service revenue, other revenue (less payment services income) and other income	NPL	-	Non Performing Loans
DACH	-	Germany, Austria and Switzerland	RCF	-	Revolving Credit Facility
DP	-	Debt Purchase	Replacement Rate	-	The estimated amount of purchases to maintain current Group ERC
EBITDA	-	Defined as operating profit plus depreciation and amortisation, non-recurring costs and exceptional items (net of exceptional income) and portfolio fair value adjustment (where applicable)	SASB	-	Sustainability Accounting Standards Board
ERC	-	Estimated Remaining Collections over 84, 120 or 180 months	SONIA	-	Sterling overnight index average
EURIBOR	-	Euro Interbank Offer Rate	Static GMM	-	'Gross money multiple' reported on a 'static' basis, being the collections to date and the expected collections on a portfolio or particular vintage, together restricted to 120 or 180 months, divided by its respective purchase price
GMM	-	'Gross money multiple', being the expected collections on a portfolio or particular vintage, divided by its respective purchase price. Reported on either a 'static' or 'current' basis	UN SDGs	-	Sustainability Development Goals adopted by the United Nations
Gross Profit	-	Gross Profit calculated as Cash Income less Collection Activity Costs excluding Lawyer Service activity, less the amounts captured within Collection Activity Costs related to Non-recurring Costs / Exceptional Items (net of exceptional income)			

Upcoming Events

- ◇ **Capital Markets Day** – July 2022
- ◇ **Q2-22 Results** – August 2022

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