Half-year financial report
for the six months ended 30 June 2024

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This report has been prepared to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The report should not be relied on by any other party or for any other purpose. The report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report, but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, as well as any forward-looking information. Percentage change figures for all performance measures, other than profit before taxation and earnings per share, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for the period to present the performance variance.

31 July 2024
International Personal Finance plc
Half-year financial report for the six months ended 30 June 2024
THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION WITHIN THE MEANING OF THE UK MARKET ABUSE REGULATION.

Principal activity
International Personal Finance is helping to build a better world through financial inclusion by providing affordable credit products and insurance services to underserved consumers across nine markets.

STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

Key highlights

Strong first-half financial performance enabling increased returns to shareholders

- Pre-exceptional profit before tax of £47.3m[1] (H1-23: £37.8m), up 25% on H1-23 and ahead of our 2024 internal plans.
- Interim dividend of 3.4p (H1-23: 3.1p), an increase of 9.7%, in line with our policy of paying 33% of the prior year full dividend per share at the interim.
- Excess capital to be returned to shareholders in the form of a share buyback programme of up to £15m.

Strong demand for credit and an excellent operational performance builds growth momentum

- Good demand for our broad range of financial products resulted in customer lending, excluding Poland, growing 7%[2] year-on-year, with improving momentum in the second quarter.
- Receivables, excluding Poland, showed strong year-on-year growth of 12%[2], with all divisions performing well.
- Customer lending and receivables in Poland reduced by 7%[2] and 28%[2] respectively, in line with our plans and total Poland receivables of £187m are now stabilising.
- Exceptional customer repayment performance and excellent credit quality, delivering an impairment rate of 10.5% (H1-23: 11.4%).

Major refinancing strengthens funding position to support future growth

- Successfully refinanced our €341m Eurobond in June, extending the debt maturity profile to 2029, as well as leading to a rating upgrade from Fitch Ratings to BB.
- Significant headroom on undrawn funding facilities and non-operational cash balances of £179m to fund the Group's plans through to the end of 2025.
- Equity to receivables ratio of 56% (H1-23: 52%) underpins the Group's growth plans, progressive dividend policy and the share buyback programme.

Excellent progress against our Next Gen strategy to take advantage of substantial long-term growth opportunities

- Over 180,000 credit cards now issued in Poland, with the product demonstrating valuable utility for customers.
- Continued growth in our geographic footprint in Mexico with a new branch opening in Mexicali.
- Retail partnership credit now available in 450 stores in Romania.
- Mobile wallet customers in IPF Digital increased by over 50% to 85,000 in the first half.

Outlook

- Confidence in delivering an acceleration in growth through the remainder of the year.
- Expect full year pre-exceptional profit before tax of between £78m and £82m for 2024, ahead of current market expectations[3].

Group key statistics	**H1-24**	H1-23	YOY change
Customer numbers (000s)	**1,656**	1,718	(3.6%)
Customer lending (£m)	**597.4**	578.8	3.2%[2]
Average gross receivables (£m)	**1,369.9**	1,343.2	(0.1%)[2]
Closing net receivables (£m)	**864.4**	893.1	(0.4%)[2]
Pre-exceptional PBT (£m)[1]	**47.3**	37.8	25.1%
Statutory PBT (£m)	**36.5**	37.8	(3.4%)
Pre-exceptional EPS (pence)[1,4]	**12.6p**	10.2p	23.5%
Interim dividend per share (pence)	**3.4p**	3.1p	9.7%

1 *Prior to an exceptional charge of £10.8m in 2024 (see note 8 for details).*
2 *At constant exchange rates (CER).*
3 *Market expectations based on consensus pre-exceptional profit before tax for 2024 of £71.4m at 30 July 2024.*
4 *Prior to an exceptional tax charge of £4.0m in 2023 (see note 8 for details).*

Gerard Ryan, Chief Executive Officer at IPF commented:
"I am delighted to announce very strong financial and operational progress for IPF in the first half of the year. Executing on our Next Gen strategy has delivered good growth momentum, exceptional customer repayment performance and pre-exceptional profit before tax of £47.3m, ahead of our 2024 internal financial plan. The successful refinancing of our €341m Eurobond, which attracted very good demand and over 150 investors, ensures that we have a strong funding position to support our ambitious growth plans.

As a result of the excellent first half results, our strong balance sheet and positive growth prospects, we have announced an increase in the interim dividend of 9.7% to 3.4 pence per share, in line with our progressive dividend policy, together with a share buyback programme of £15m, improving the efficiency of our balance sheet.

We continue to see substantial demand for our broadening portfolio of credit and insurance services from underserved consumers and we are confident that there are further attractive growth opportunities as we continue to execute on our strategy. I would like to say thank you to all my hard-working colleagues whose commitment ensures we continue to increase financial inclusion for our customers in all our markets."

Alternative performance measures
This half-year financial report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide stakeholders with important additional information on our business. To support this, we have included an accounting policy note on APMs in the notes to this financial report, a glossary indicating the APMs that we use, an explanation of how they are calculated and how we use them, and a reconciliation of the APMs we use to a statutory measure, where relevant.

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Investor and analyst webcast
International Personal Finance will host a webcast of its 2024 half-year results presentation at 09.00hrs (BST) today – Wednesday 31 July, which can be accessed here.

A copy of this statement can be found on our website at www.ipfin.co.uk.
Legal Entity Identifier: 213800II1O44IRKUZB59

Chief Executive Officer's review

Group performance

I am very pleased to report another strong financial and operational performance in the first half of the year, with all our divisions performing well. Our relentless focus on delivering for our customers through executing our Next Gen strategy, together with strong operational discipline, has delivered pre-exceptional profit before tax of £47.3m, up 25% (£9.5m) on the 2023 half-year result, and ahead of our 2024 internal financial plan.

Consumer appetite for our broadening range of credit products and insurance services remains good despite cost-of-living pressures and a challenging economic landscape. Serving our customers with affordable products that suit their needs resulted in customer lending growth, excluding Poland, of 7% (at CER) year-on-year, with improving momentum as the first half progressed.

Closing net receivables ended the first half at £864m, broadly in line with June last year (at CER). However, excluding Poland, the rest of the business delivered strong receivables growth of 12% with good performances by each division. In line with our expectations, receivables in our home credit and digital businesses in Poland saw a year-on-year reduction of 28% to £187m as we adapt to tighter regulatory rate caps and affordability rules. In Poland, the reduction in receivables in our home credit business is now beginning to stabilise and we saw receivables growth in our digital business in June. Customer numbers across the Group increased by 2% to 1.7 million, excluding the impact of the transition in Poland where, as expected, customer numbers declined by 21%.

We continue to make very good progress towards our medium-term key performance targets for revenue yield and impairment. The Group's annualised revenue yield strengthened by 1.2ppts to 55.4% year on year and is now very close to our target range of 56% to 58%. Customer repayment performance was excellent in the first half of the year and the annualised impairment rate of 10.5% (H1-23: 11.4%) was better than expected and some way better than our target of 14% to 16%. With excellent credit quality across all our divisions, we are well positioned to accelerate growth through the second half of the year.

We continue to maintain a strict focus on cost optimisation and efficiencies while investing in growth. The Group's annualised cost-income ratio at the half year was 59.0%, 1.6ppts higher than last year, wholly due to the decrease in receivables in Poland as well as the introduction of the lower rate cap earlier this year. Excluding the Poland home credit business, the Group's cost-income ratio has reduced from 57.3% in June last year to 54.7% at the end of the first half. We expect the Group's ratio to continue to improve as we deliver increased growth and continue to execute on our cost-efficiency programme.

Our financial model underpins our purpose to build a better world through financial inclusion and at the half year, the annualised pre-exceptional return on required equity (RoRE) improved to 16.2% (H1-23: 14.7%), within our target range for the Group of 15% to 20%. The improvement was accomplished as a result of strong performances by Mexico and a 5.3ppt improvement in the returns delivered by IPF Digital as we rebuild scale. We expect the Group's rate of return to moderate to below the Group's target range in the second half of the year as we increase the rate of receivables growth and the full impact of the credit card re-pricing in Poland flows through the business.

The Group continues to have a very well-capitalised balance sheet and our funding position was further strengthened with the very successful refinancing of our €341m Eurobond in June which, together with further bank funding secured during the period, resulted in significant headroom of £179m on our debt facilities at the end of June. The successful refinancing led to an upgrade in our credit rating from Fitch ratings to BB and has also allowed us to repay the £35m Nordic bonds in July, three months ahead of maturity. Our funding position and headroom supports our growth plans through to the end of 2025.

The strong first-half performance fully supports a 9.7% increase in the interim dividend to 3.4p (H1-23: 3.1p) per share, in line with our stated dividend policy of paying 33% of the prior year full dividend in the first half.

The Group has a very strong capital position with an equity to receivables ratio of 56% at June, compared with our target of 40%. After assessing the Group's current trading performance, cash generation and future growth plans, the Board has determined that a buyback of shares of up to £15m will increase capital efficiency whilst ensuring that the balance sheet remains strong to enable the Group to pursue its growth strategy and progressive dividend policy.

The half-year financial result includes two exceptional items relating to a £5.0m restructuring of the field force in our Polish business in March and £5.8m of costs associated with refinancing the Group's Eurobond. Statutory profit before tax in the first half was therefore £36.5m (H1-23: £37.8m).

Full details of the Group financial performance are detailed in the financial review section.

Purpose and strategy

We play a vital role in society by providing access to affordable credit products and insurance services to people who are often excluded from day-to-day financial services by banks and other lenders. We currently serve 1.7 million customers in nine countries, and we have a clear ambition to grow our business to 2.5 million customers as we deliver on our purpose of building a better world through financial inclusion.

In March 2024, we outlined our refreshed Next Gen strategy to underpin the Group's future growth and success. The three strategic priorities of our Next Gen strategy are as follows:

1. Next Gen financial inclusion

We aim to increase our reach to appeal to more consumers by expanding our geographic footprint, increasing our product range and growing the number of channels through which customers can access our offers:

- *Credit cards* – We have now issued 180,000 credit cards in Poland, up from 130,000 at December, and at the end of June 145,000 of these customers remain active. We continue to be very encouraged by the increasing use of the cards in retail outlets and on-line, demonstrating the value customers see in the product. Supported by a requirement for all drawdowns on the card to be repaid over the following twelve months, the credit performance of the card portfolio remains consistent with instalment loans. Importantly, repaying balances over twelve months prevents persistent debt which can be a feature of credit cards. Based on our experience to date, we see good potential to take our credit card offering to other markets in the future.

- *Expansion in Mexico* - We continued to expand our geographical footprint in Mexico with a new branch opening in June in Mexicali, northern Mexico. Our two branches in Tijuana and Tampico, which we opened at the end of 2022 and early 2023 respectively, are performing well and in line with our plan.
- *Building distribution channels through strategic partnerships* - We continued to expand our retail partnership credit offering which provides finance for consumers at the point of purchase. This is now available at 450 stores in Romania with further expansion planned in the second half of the year. Our tests of this distribution channel in Mexico are also gaining traction.
- *Growing mobile wallet in IPF Digital* – We have recently enhanced the mobile wallet through the introduction of a digital credit health monitor which uses a combination of internal and external factors to help customers better manage their credit profiles and behaviours. We now have 85,000 customers using mobile wallet, up from 53,000 at the end of 2023, which represents nearly 40% of the customers we serve through our digital division. We expect this proportion to continue to increase at pace as we continue the roll-out in Mexico and look to introduce the product in other markets.

2. Next Gen organisation

We are becoming a smarter, more efficient organisation that makes a positive impact on society:

- *Process efficiency* - We have continued to refine our organisation structure to deliver greater process standardisation across European home credit which in turn will make us more effective and efficient.
- *Improving ESG ratings* – MSCI upgraded IPF's ESG rating to AA and we maintained our inclusion in the FTSE4Good Index with improved scores in the social and governance categories.
- *Volunteering success* – Around 2,500 colleagues took part in our annual Volunteer and Financial inclusion month in May, supporting 250,000 beneficiaries and raising c.£85,000 in donations.
- *Awards* – We have been recognised in Hungary with an Outstanding Customer Service award, received the Fair to Women Best of 2024 award in Poland and, for the fifth year in a row, ranked in the Index of Responsible Companies in Mexico which showcases organisations with the best environmental, social and governance (ESG) strategies.

3. Next Gen technology and data

We are investing in the capabilities required to become a data-driven and technology-enabled partner for our customers:

- *Mexico app rollout* - During the first half of the year, we tested a new mobile app in Mexico home credit to enable customers to better manage their accounts on a mobile device. The app has proved very popular in the regions where it was piloted, and we have quickly moved to nationwide rollout.
- *Integration of AI into customer service* – We have successfully deployed a pilot of AI in some of our home credit businesses to improve customer experience across several touchpoints including on-boarding, complaints and staff training, and we expect to explore further opportunities to improve our customer experience using AI in the coming months.

Regulatory update
There have been no material changes to the regulatory framework since our first quarter trading update issued in early May.

(i) Poland

From 1 January 2024, the, KNF began supervising all non-bank financial institutions in Poland, including our home credit and digital businesses in this market, and we continue to actively engage with the KNF as they assess our application for a full payment institution licence which will enable our Polish home credit business to issue a greater volume of credit cards. To remain within the limits of our current licence, during the second quarter we moderated the volumes of new credit cards being issued and focused more on instalment loan lending.

We are very pleased with the progress made by our Polish business in transitioning to the new regulatory requirements for consumer lending. The receivables book in our home credit business is beginning to stabilise whilst growth returned to our digital business in June. We will continue to adapt our product set, focus on returning the business to scale whilst maintaining a strong focus on cost efficiency to ensure the business delivers the Group's target returns of between 15% and 20%. We expect this to take two years to complete.

(ii) Romania

As reported in our 2023 full-year results statement, new regulation for a price cap on consumer lending has long been discussed in Romania which caps the amount charged at 100% for loans below €5,000 and at 25% APR for loans greater than €5,000. All of our lending in Romania is below €5,000. The draft law is now with the President of Romania to sign. We expect the law to come into force in November 2024. As previously reported, we do not expect the impact on the Group to be material.

Dividend
Reflecting the continued strong performance of the Group and our strategy to realise the long-term growth potential of the business, the Board is pleased to declare a 9.7% increase in the interim dividend to 3.4p per share (H1-23: 3.1p). This is in line with our progressive dividend policy which sets the interim dividend at 33% of the prior year's full dividend payment. The interim dividend will be paid on 27 September 2024 to shareholders on the register at the close of business on 30 August 2024. The shares will be marked ex-dividend on 29 August 2024.

Share buyback
The Group's financial model is to deliver a target RoRE of between 15% and 20%, which supports a minimum dividend payout ratio of 40%, funds receivable growth of up to 10% per annum, whilst maintaining an equity to receivables ratio at 40%. This financial framework ensures that capital is only allocated where it can deliver appropriate returns to shareholders whilst also balancing the needs of all our stakeholders.

As a result of the Group's strong trading and financial performance over the last two years together with favourable foreign exchange movements over that period, the Group balance sheet has continued to strengthen and the equity to receivables ratio stands at 56% at the end of June compared with our target of 40%.

After assessing the Group's current trading performance, cash generation and future growth plans, the Board believes that a share buyback of up to £15m will increase capital efficiency whilst ensuring that the balance sheet remains strong, enabling the Group to pursue its growth strategy and progressive dividend policy.

Further details of the share buyback programme are set out in a separate announcement.

Outlook

Our aim is to provide underserved consumers with access to simple, personal and affordable credit and insurance services to help support and protect them and their families. There is strong demand for affordable credit within our target demographic, and looking forward we will continue to implement our Next Gen strategy to extend financial inclusion by offering more product choices to consumers within our existing markets as well as expanding our geographic reach in Mexico.

We delivered a strong financial performance in the first half of 2024, building on the solid foundation built through 2022 and 2023. Customer satisfaction is high, lending growth continues to gain momentum and credit quality is excellent, all of which provide us with confidence for delivering an acceleration in growth through the remainder of the year.

We expect our Polish business to continue to stabilise in the second half before regrowing towards the end of the year. The impact from the recent repricing of credit cards is expected to reduce profit delivered by our Polish business in the second half which, together with accelerated receivables growth in the remainder of the Group, is expected to result in second half profit for the Group being lower than first half profit. Notwithstanding this dynamic, we expect full year pre-exceptional profit before tax of between £78m and £82m for 2024, which is ahead of current market expectations[*].

We have a very robust funding position, significantly enhanced by our successful refinancing of the Group's Eurobond, and our well capitalised balance sheet supports our ambitious growth plans, our progressive dividend policy and the share buyback programme announced today.

[*] *Market expectations based on consensus pre-exceptional profit before tax for 2024 of £71.4m at 30 July 2024.*

Financial review

Group

Building on the strong momentum in 2023 and, with our Next Gen strategy embedded across the business, we have delivered a very strong financial performance in the first six months of 2024. Profit before tax and exceptional costs of £47.3m increased by 25.1% year-on-year and is ahead of our internal plans. The outperformance was primarily driven by consistently strong customer repayment behaviour in all markets which resulted in a favourable impairment performance, including a reduction in the cost-of-living provision of £5m in the first half.

The half-year financial result includes two exceptional items relating to a £5.0m restructuring of the field force in our Polish business in March and £5.8m of costs associated with the successful refinancing the Group's €341m Eurobond in June. As a result, the Group's statutory profit before tax was £36.5m in the first six months of the year (H1-23: £37.8m).

Consistent with the change in management responsibility from the end of 2023, the nascent digital lending business in the Czech Republic, which was previously reported as part of European home credit, is now included in the results of IPF Digital. All comparatives have been amended accordingly and are presented on a like-for-like basis. The Czech Republic digital business contributed a loss of £1.5m in the first half of 2023 and a loss of £2.6m for 2023 as a whole. An analysis of the first half divisional results is shown below (H1-23 restated):

	H1-24 £m	H1-23 £m	Change £m	Change %
European home credit	**29.8**	31.8	(2.0)	(6.3%)
Mexico home credit	**17.7**	11.4	6.3	55.3%
IPF Digital	**7.2**	2.6	4.6	176.9%
Central costs	**(7.4)**	(8.0)	0.6	7.5%
Pre-exceptional profit before taxation	**47.3**	37.8	9.5	25.1%
Exceptional items	**(10.8)**	-	(10.8)	n/a
Profit before taxation	**36.5**	37.8	(1.3)	(3.4%)

The detailed income statement of the Group, together with associated KPIs, is set out below:

	H1-24	H1-23	Change	Change	Change at CER
	£m	£m	£m	%	%
Customer numbers (000s)	**1,656**	1,718	(62)	(3.6%)	(3.6%)
Customer lending	**597.4**	578.8	18.6	3.2%	3.2%
Average gross receivables	**1,369.9**	1,343.2	26.7	2.0%	(0.1%)
Closing net receivables	**864.4**	893.1	(28.7)	(3.2%)	(0.4%)
Revenue	**371.7**	380.0	(8.3)	(2.2%)	(2.7%)
Impairment	**(64.3)**	(89.2)	24.9	27.9%	29.1%
Revenue less impairment	**307.4**	290.8	16.6	5.7%	5.5%
Costs	**(225.4)**	(215.1)	(10.3)	(4.8%)	(4.3%)
Interest expense	**(34.7)**	(37.9)	3.2	8.4%	8.4%
Pre-exceptional profit before taxation	**47.3**	37.8	9.5	25.1%	
Exceptional items	**(10.8)**	-	(10.8)	n/a	
Profit before taxation	**36.5**	37.8	(1.3)	(3.4%)	
Annualised revenue yield	**55.4%**	54.2%	1.2ppts		
Annualised impairment rate	**10.5%**	11.4%	0.9ppts		
Annualised cost-income ratio	**59.0%**	57.4%	(1.6)ppts		
Pre-exceptional EPS[1]	**12.6p**	10.2p	2.4p		
Annualised pre-exceptional RoE[1]	**12.1%**	11.3%	0.8ppts		
Annualised pre-exceptional RoRE[1,2]	**16.2%**	14.7%	1.5ppts		

[1] *Prior to an exceptional charge of £10.8m (see note 8) in 2024, and an exceptional tax charge of £4.0m in 2023 (see note 8).*
[2] *Based on required equity to receivables of 40%.*

Reported Group lending grew by 3% (at CER) in the first half. Excluding Poland, customer lending increased by 7% with momentum continuing to build through the period as demonstrated by the 9% increase in second quarter lending. Lending in Poland reduced by 7% in the first half but, after a reduction of 21% in first quarter lending, delivered 10% growth in the second quarter.

Group closing net receivables were broadly flat year-on-year at £864m. Excluding Poland, year on year closing net receivables growth was strong at 12% (at CER), driven by particularly good lending performances in Mexico home credit, IPF Digital, and our home credit operations in Hungary and Romania. Poland receivables reduced 28% year-on-year to £187m, but we expect to show only a modest year-on-year reduction by the end of the year as the transition of the business progresses.

Customer numbers increased by 2%, excluding the impact of the transition in Poland where customer numbers declined by 21%. As a result of the increased momentum in Group lending activities, and the stabilisation of our Polish businesses during the second half, we expect the rate of customer number growth to improve by the end of 2024.

Delivery of our financial model is underpinned by a stringent focus on revenue yield, impairment rate and the cost-income ratio, and we continued to make very good progress towards our medium-term targets.

Notwithstanding the impact of a lower revenue yield in Poland, the Group's annualised revenue yield strengthened by 1.2ppts to 55.4% year on year reflecting an increase in the mix of receivables in Mexico, Romania, Hungary and the Czech Republic which carry a higher yield. We expect the Group revenue yield to continue to increase into our target range of between 56% and 58% in the medium term as these countries continue to grow and represent a higher proportion of the Group's receivables portfolio.

Despite the increased costs of living being experienced by our customers, our responsible approach to granting credit together with strong operational discipline delivered an excellent customer repayment performance in all our markets during the first half of the year. As a result, we reduced our cost-of-living provision by £5m in the period, and the Group's annualised impairment rate for the first half of 10.5% (H1-23: 11.4%) was better than our internal plans. This improved credit quality led to a modest reduction in the Group's impairment coverage ratio from 36.3% at December 2023 to 34.7% at June 2024, albeit this is still higher than the pre-Covid-19 level of 33.5% at the end of 2019. With excellent credit quality across all our divisions, we are well positioned to accelerate growth through the second half of the year.

We continue to maintain a strict focus on efficiency and cost control. The Group's cost-income ratio at 59.0% is 1.6ppts higher year on year due wholly to the reduction in revenue in Poland. Excluding the Poland home credit business, the Group's cost-income ratio has reduced from 57.3% in June last year to 54.7% at the end of the first half. We expect the Group's ratio to continue to improve as we deliver increased growth, build scale and continue to execute on our cost efficiency programme, moving to our target range of 49% to 51% in the medium term.

The annualised pre-exceptional RoRE improved to 16.2% (H1-23: 14.7%) in the first half of the year, reflecting growth in returns in Mexico home credit and IPF Digital as we build scale. We expect returns to moderate in the second half of the year as the impact of re-pricing the credit card portfolio in Poland has a larger impact on European home credit returns compared with the first half of the year. The Group's annualised pre-exceptional RoE, based on actual equity, was 12.1% at the end of the first half (H1-23: 11.3%).

Pre-exceptional EPS of 12.6p per share showed strong growth of 23.5% (H1-23: 10.2p). Reported EPS of 8.8p per share (H1-23: 8.4p) showed an increase of 4.8% after taking account of the post-tax impact of exceptional items.

Divisional performance

European home credit

	H1-24 £m	H1-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**717**	779	(62)	(8.0%)	(8.0%)
Customer lending	**315.4**	310.9	4.5	1.4%	2.6%
Average gross receivables	**744.8**	784.7	(39.9)	(5.1%)	(6.5%)
Closing net receivables	**444.0**	499.1	(55.1)	(11.0%)	(8.5%)
Revenue	**166.0**	190.4	(24.4)	(12.8%)	(12.1%)
Impairment	**(5.7)**	(25.0)	19.3	77.2%	77.4%
Revenue less impairment	**160.3**	165.4	(5.1)	(3.1%)	(2.1%)
Costs	**(112.1)**	(109.9)	(2.2)	(2.0%)	(2.8%)
Interest expense	**(18.4)**	(23.7)	5.3	22.4%	22.0%
Pre-exceptional profit before taxation	**29.8**	31.8	(2.0)	(6.3%)	
Annualised revenue yield	**47.2%**	45.6%	1.6ppts		
Annualised impairment rate	**2.2%**	3.4%	1.2ppts		
Annualised cost-income ratio	**64.7%**	59.8%	(4.9)ppts		
Annualised pre-exceptional RoRE[1]	**21.3%**	22.6%	(1.3)ppts		

[1] Prior to an exceptional charge of £5.0m (see note 8) in 2024, and an exceptional tax charge of £4.0m in 2023 (see note 8).

Our European home credit division delivered another good operational and financial performance in the first half of the year, reporting pre-exceptional profit before tax of £29.8m (H1-23: £31.8m), a modest reduction on last year due wholly to the impact of implementing the reduced credit card cap in Poland. The first half result was better than our original plans, due in the main to very strong customer repayment behaviour.

There remains good consumer demand for our broad range of products in Europe and lending growth continued to improve as the first half progressed. Excluding Poland, the combined lending growth in Romania, Hungary and the Czech Republic in the first half was 8% (at CER), with first quarter growth of 6% increasing to 9% in the second quarter.

Lending in Poland reduced by 5% (at CER) in the period, recovering from a year-on-year contraction of 20% in the first quarter to growth of 13% in quarter two. The growth in the second quarter reflected a much higher proportion of instalment loans as we balance our lending to remain within the parameters of our current small payment institution licence.

Closing net receivables at £444m represent a year-on-year reduction of 8.5%, with Hungary, Romania and the Czech Republic delivering combined growth of 9.1% (at CER) whilst Poland reduced by 30% (at CER) to £150m. The contraction in Poland's home credit receivables is now slowing and we expect the business to begin to regrow towards the end of the year.

Hungary, Romania and the Czech Republic delivered customer growth of 2% in the first half whilst Poland reduced by 20%, leading to an overall reduction of 8% in the period. There is now good momentum in building customer numbers in European home credit as a whole.

The annualised revenue yield strengthened by 1.6ppts year-on-year to 47.2% reflecting the impact of management actions taken to strengthen returns, including reduced promotional activity and modest price increases. However, the yield has seen a modest reduction of 0.2 ppts since December 2023 due to the re-pricing of credit cards in Poland.

Customer repayment performance was very strong in all our European home credit markets and credit quality is excellent. There has been no discernible impact from the higher costs of living arising from increased inflation rates through 2022 and 2023 and, therefore, the cost-of-living provision has been reduced by £3m. Overall, the annualised impairment rate improved by 1.2ppts year on year to 2.2%, well ahead of our original plans. We continue to expect the medium-term impairment rate to rise to between 8% and 10%.

Despite ongoing wage pressures, the cost base of European home credit increased by only 2.8% in the first half of the year, reflecting the ongoing cost efficiency programme within the Group. The annualised cost-income ratio increased from 59.8% at June 2023 to 64.7% as a result of the reduction in revenue in Poland. As part of the transition of our Polish business, we undertook a restructuring of the field force in the first half and an exceptional cost of £5m has been reflected in the first half results as a result.

The annualised pre-exceptional RoRE for European home credit decreased modestly by 1.3ppts to 21.3% (H1-23: 22.6%), notwithstanding the financial impacts of the transition in Poland, and this was a lower reduction than originally expected due to the strong impairment performance in the first half. We anticipate full year returns for the division will moderate to below 20% as the impact of the credit card re-pricing in Poland will be greater in the second half of the year. We anticipate a growth in returns in 2025, supported by receivables growth and ongoing cost efficiency.

Our European home credit business remains the bedrock of our Group returns with more than 700,000 customers and, importantly, continues to offer good growth opportunities. We are making good progress with the transition in Poland, growing our new digital and retail partnership offerings in Romania and working to attract new customers in all four markets across the division. We will also continue to drive more efficient processes and deliver greater synergies across our four countries, including through the deployment of technology and sharing of best practice and resource.

Mexico home credit

	H1-24	H1-23	Change	Change	Change at CER
	£m	£m	£m	%	%
Customer numbers (000s)	**710**	700	10	1.4%	1.4%
Customer lending	**156.0**	142.9	13.1	9.2%	5.8%
Average gross receivables	**319.1**	274.8	44.3	16.1%	10.0%
Closing net receivables	**183.0**	176.1	6.9	3.9%	9.0%
Revenue	**139.9**	125.4	14.5	11.6%	8.2%
Impairment	**(44.7)**	(44.0)	(0.7)	(1.6%)	1.5%
Revenue less impairment	**95.2**	81.4	13.8	17.0%	13.5%
Costs	**(70.1)**	(64.1)	(6.0)	(9.4%)	(6.1%)
Interest expense	**(7.4)**	(5.9)	(1.5)	(25.4%)	(23.3%)
Reported profit before taxation	**17.7**	11.4	6.3	55.3%	
Annualised revenue yield	**86.5%**	88.5%	(2.0)ppts		
Annualised impairment rate	**30.5%**	32.2%	1.7ppts		
Annualised cost-income ratio	**49.1%**	50.0%	0.9ppts		
Annualised RoRE	**24.9%**	20.5%	4.4ppts		

Mexico home credit delivered a very strong financial performance in the first half of the year, reporting a 55.3% (£6.3m) increase in profit before tax to £17.7m.

The continued impact of our geographic expansion strategy, together with good consumer demand, supported a 5.8% (at CER) increase in customer lending in the first half of the year, up from 4% delivered in the first quarter. The ongoing actions to improve performance in the two underperforming regions of Mexico City and Sureste (c.20% of the business) continue to gain traction, and we expect lending growth for the year as a whole to increase to our target range of between 8% and 10%. Customer numbers grew by 1.4% to 710,000.

Closing net receivables grew by 9.0% (at CER) to £183m delivering an 8.2% (at CER) increase in revenue in the first half. The annualised revenue yield reduced marginally from 88.5% to 86.5% driven by a modest increase in the mix of slightly longer, lower yielding products for existing customers.

A key focus for our team in Mexico has been to improve the impairment rate towards our target level of 30% following the increase to 32.3% reported at December 2023. As a result of focused management action, write-off volumes have reduced, and repayment performance has been robust. Together with a reduction in the cost-of-living provision from £3m to £2m, this has resulted in the annualised impairment rate improving by 1.8ppts since the year end to 30.5% which is a very pleasing result and a key driver of improved returns.

Despite the continued investment in geographic expansion, costs have been tightly controlled and together with the increase in revenue, the annualised cost-income ratio improved by 0.9 ppts to 49.1% and is at the lower end of our target range of 49% to 51%.

Interest costs increased by 23.3% (at CER), driven by a 10% (at CER) increase in average gross receivables reflecting the increasing costs of funding the Mexican business.

Notwithstanding the increase in interest costs, the improvement in impairment rate together with continued cost efficiency resulted in Mexico home credit delivering an annualised RoRE of 24.9% (H1-23: 20.5%).

Mexico home credit represents a significant growth market for the Group, forming a key part of our Next Gen strategy, and we are very pleased with its continuing strong financial performance and growth momentum. We will continue our expansion strategy to reach more new customers and focus on delivering sustainable, quality growth to ensure consistent returns.

IPF Digital

	H1-24 £m	H1-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**229**	239	(10)	(4.2%)	(4.2%)
Customer lending	**126.0**	125.0	1.0	0.8%	1.5%
Average gross receivables	**306.0**	283.7	22.3	7.9%	7.5%
Closing net receivables	**237.4**	217.9	19.5	8.9%	10.4%
Revenue	**65.8**	64.2	1.6	2.5%	2.8%
Impairment	**(13.9)**	(20.2)	6.3	31.2%	30.8%
Revenue less impairment	**51.9**	44.0	7.9	18.0%	18.2%
Costs	**(35.9)**	(33.1)	(2.8)	(8.5%)	(8.8%)
Interest expense	**(8.8)**	(8.3)	(0.5)	(6.0%)	(6.0%)
Reported profit before taxation	**7.2**	2.6	4.6	176.9%	
Annualised revenue yield	**42.9%**	44.8%	(1.9)ppts		
Annualised impairment rate	**10.0%**	13.2%	3.2ppts		
Annualised cost-income ratio	**53.4%**	53.3%	(0.1)ppts		
Annualised RoRE	**8.5%**	3.1%	5.4ppts		

IPF Digital delivered an improved financial performance as we build scale across the business. Profit before tax increased by £4.6m to £7.2m (H1-23: £2.6m), with all countries delivering an improved performance, particularly Poland which is now returning to growth.

There is growing customer demand for fully remote credit offerings and as a result, customer lending saw year-on-year growth of 7% (at CER), excluding Poland. Growth in the first quarter was around 4% (at CER) against a strong comparative last year, and we saw the expected acceleration in growth to 10% (at CER) in the second quarter, with all markets delivering improved momentum. Lending in Poland reduced by 18% (at CER) in the period, improving from a contraction of 28% (CER) in the first quarter. For the division as a whole, customer lending in the first half increased year on year by 2% and, based on the strong momentum in all our markets, we expect this rate to increase to between 10% and 15% for the year as a whole.

Customer numbers reduced by 4.2% to 229,000 due wholly to a 23% contraction in Poland. Customer numbers in Poland have now stabilised at just under 50,000 and we expect to see growth through the second half of the year. Excluding Poland, customer numbers increased by 5%.

We continued to execute our growth strategy to rebuild receivables to gain scale and deliver our target returns, which resulted in closing net receivables growth of 10% to £237m (at CER). Mexico and Australia were the stand-out performers with growth of 20% whilst our Baltic markets also performed well delivering 14% growth. Our nascent digital business in the Czech Republic, which was transferred from the management of European home credit to IPF Digital at the end of 2023, grew its receivables by 50% from £6m to £9m. Closing net receivables in Poland reduced by 17% to £37m, but delivered modest growth in the second quarter.

The annualised revenue yield in IPF Digital reduced by 1.9 ppts to 42.9% reflecting the impact of a combination of factors including the flow-through of reduced rate caps in Latvia and Poland, both of which were lowered at the end of 2022, as well as in Estonia which is recalculated biannually. These adverse variances have been offset partly by the growth in Mexico which has a higher revenue yield.

Customers continue to repay very well in all our digital operations and portfolio quality is very good. Together with a reduction in the cost-of-living provision from £3m to £2m in the first half, this has resulted in the annualised impairment rate showing a year-on-year reduction of 3.2ppts to 10.0%.

Whilst we remain highly focused on managing costs tightly, we also continue to invest in marketing and technology to attract new customers and build scale which is delivering increased lending momentum as demonstrated in the second quarter. As a result, costs increased by 8.8% (at CER) in the first half of the year. The increased investment together with the reduction in the revenue yield has meant that the annualised cost-income ratio remained broadly unchanged year on year at 53.4%. We expect the cost-income ratio to improve as we continue to grow and benefit from economies of scale. As a fully digital business, we are targeting a cost-income ratio of around 45% once the business reaches full scale.

The actions we are taking to build scale together with the strong impairment performance resulted in IPF Digital's annualised RoRE strengthening by 5.4 ppts to 8.5% year on year. Whilst IPF Digital has lower scale than we would wish following Covid-19 and the closure of Finland and Spain, there are strong organic growth opportunities in our existing markets, particularly Mexico, Australia, the Czech Republic and Poland. We will also continue to consider inorganic opportunities to deliver scale and increase returns. Our aim is for IPF Digital to deliver an RoRE at the lower end of the Group's target returns in 2026.

IPF Digital represents a significant long-term growth opportunity for the Group. We will continue to extend our mobile wallet offerings in Mexico and the Baltic countries as well as expand the test of providing point-of-sale revolving credit facilities through our new Pay Later product in Mexico. We are pleased with the progress of our newest business in the Czech Republic, and the growth and product economics now being delivered in Australia. We have strong foundations in place to deliver faster growth in the second half of the year and beyond.

Taxation

The pre-exceptional tax charge on the profit for the first half has been based on an expected tax rate for the full year of approximately 40% (H1-23: 40%).

An exceptional tax credit of £2.1m has been reflected in the first half in respect of the total exceptional costs of £10.8m in connection with the refinancing of the Group's Eurobond (£5.8m) and the reorganisation of the field infrastructure in the Polish home credit business (£5.0m).

In 2022 and 2023, exceptional tax charges of £5.1m and £4.0m respectively were reflected in relation to a two-year temporary "extra profit special tax" in Hungary. We noted in the 2023 annual report that the temporary tax had been extended for an additional year and, therefore, a further £2m exceptional tax charge was expected to arise in 2024. We now understand that the tax is to be extended further and, consequently, the "extra profit special tax" now forms part of our normal tax charge.

Funding and balance sheet

We continue to have a very strong balance sheet and have extended our debt maturity profile materially in the first half of the year.

In June, we successfully refinanced the Group's Eurobond well ahead of its maturity in November 2025. The transaction was structured as a tender offer of the old bond at a price of €1,015 per €1,000 of bonds held and a new issuance of €341m of five and a half year bonds at an issue price of 99.493% and a coupon of 10.75%. There was very strong demand for the new notes, resulting in them being oversubscribed multiple times during marketing and over 150 investors participating in the final transaction. This allowed us to tighten the margin over the benchmark German bund from 1,070bps on the old bonds to 830bps on the new bonds. We redeemed €274m of the old bonds (80.5%) and €67m remain outstanding and will mature in November 2025. Tender costs of £4.1m together with a £1.7m write-off of unamortised fees in respect of the old bonds, resulted in an exceptional cost of £5.8m.

We also secured £23m of bank facilities in the first half of the year and a further £28m in July of which £15m was new or increased facilities. We continue to have very strong and supportive relationships with eighteen lending banks across our businesses.

The successful refinancing of the Eurobond and bank extension process resulted in the Group having total debt facilities of £679m at the end of June, consisting of £483m of bonds and £196m of bank facilities. Total borrowings amounted to £553m and headroom, consisting of undrawn facilities and non-operational cash balances, amounted to £179m. As a result, the Group redeemed the SEK 450m (c.£35m) of Nordic bonds in July, some three months in advance of their original maturity date. The average maturity profile of the Group's debt facilities now stands at 3.3 years, up from 2.0 years at December 2023. Approximately £470m of the Group's debt funding now matures beyond 2025. The Group's current funding and cash generation supports the Group's growth plans through to the end of 2025.

Our blended cost of funding in the first half was 13.7%, modestly lower than 14.0% in the first half of last year. This was due to a reduction in interest rates across our markets as well as a lower cost of hedging as interest differentials narrowed. Approximately 30% of our debt facilities are at variable rates compared with 20% of our revenues, which are subject to interest-linked rate caps. We expect the funding rate for the year as a whole to increase modestly, reflecting the refinancing of the Eurobond at a headline rate 100bps higher than the old bond.

Following the Eurobond refinancing, Fitch Ratings upgraded our long-term credit rating to BB from BB- Outlook Stable. Our credit rating from Moody's Investment Services remained unchanged at Ba3 (Outlook Stable).

At the end of June, the Group's equity to receivables ratio was 56% (H1-23: 52%), compared with our target of 40%. After experiencing two years of foreign exchange gains which resulted in the ratio increasing progressively to 59% through to the end of the first quarter, we saw a 300bps reduction in the second quarter reflecting accelerated receivables growth, the payment of the 2023 final dividend and foreign exchange losses of £23m in June 2024, primarily due to the weakening of the Mexican Peso. Our strong capital position supports the £15m share buyback announced today as well as the Group's ambitious growth plans and progressive dividend policy through to the point at which we are delivering our target returns and operating in line with our financial model. We expect this to be in 2026.

The Group's gearing ratio was 1.2 times (H1-23: 1.2 times) at the end of the first half, comfortably within our covenant limit of 3.75 times, and our interest cover covenant was 2.7 times (H1-23: 2.2 times), compared with our covenant limit of 2.0 times.

Financial statements

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2024 £m**	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Revenue	3	**371.7**	380.0	767.8
Impairment	3	**(64.3)**	(89.2)	(169.4)
Revenue less impairment		**307.4**	290.8	598.4
Interest expense	4	**(34.7)**	(37.9)	(76.9)
Other operating costs		**(68.5)**	(62.2)	(128.7)
Administrative expenses		**(156.9)**	(152.9)	(308.9)
		(260.1)	(253.0)	(514.5)
Pre-exceptional profit before taxation	3	**47.3**	37.8	83.9
Exceptional items	8	**(10.8)**	-	-
Profit before taxation		**36.5**	37.8	83.9
Pre-exceptional tax (expense)/income				
- UK		**-**	-	0.7
- Overseas		**(18.9)**	(15.1)	(32.6)
Pre-exceptional tax expense	5	**(18.9)**	(15.1)	(31.9)
Exceptional tax income/(expense)	8	**2.1**	(4.0)	(4.0)
Total tax expense		**(16.8)**	(19.1)	(35.9)
Profit after taxation attributable to equity shareholders		**19.7**	18.7	48.0

The notes to the financial information are an integral part of these condensed consolidated interim financial statements.

Earnings per share - statutory

	Notes	**Unaudited Six months ended 30 June 2024 pence**	Unaudited Six months ended 30 June 2023 pence	Audited Year ended 31 December 2023 pence
Basic	6	**8.8**	8.4	21.5
Diluted	6	**8.3**	8.0	20.2

Earnings per share – pre-exceptional items

	Unaudited Six months ended 30 June 2024 pence	Unaudited Six months ended 30 June 2023 pence	Audited Year ended 31 December 2023 pence
Basic	**12.6**	10.2	23.2
Diluted	**11.9**	9.7	21.9

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2023 pence**	Unaudited Six months ended 30 June 2023 pence	Audited Year ended 31 December 2023 pence
Interim dividend	7	**3.4**	3.1	3.1
Final dividend	7	**-**	-	7.2
Total dividend		**3.4**	3.1	10.3

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2024 £m**	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Interim dividend of 3.4 pence (2023: interim dividend of 3.1 pence) per share	7	**-**	-	6.9
Final 2023 dividend of 7.2 pence (2023: final 2022 dividend of 6.5 pence) per share	7	**16.2**	14.6	14.6
Total dividends paid		**16.2**	14.6	21.5

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2024 £m	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Profit after taxation attributable to equity shareholders	**19.7**	18.7	48.0
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to income statement			
Exchange (losses)/gains on foreign currency translations	**(25.6)**	12.7	22.8
Net fair value gains/(losses) – cash flow hedges	**0.9**	(0.8)	0.1
Items that will not subsequently be reclassified to income statement			
Actuarial (losses)/gains on retirement benefit asset	**(1.3)**	(1.2)	3.9
Tax credit/(charge) on items that will not be reclassified	**0.3**	0.3	(1.0)
Other comprehensive (expense)/income net of taxation	**(25.7)**	11.0	25.8
Total comprehensive (expense)/income for the period attributable to equity shareholders	**(6.0)**	29.7	73.8

Consolidated balance sheet

	Notes	**Unaudited 30 June 2024 £m**	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Assets				
Non-current assets				
Goodwill	9	**23.1**	23.4	23.6
Intangible assets	10	**33.4**	28.7	32.3
Property, plant and equipment	11	**13.8**	16.1	16.0
Right-of-use assets	12	**19.9**	19.4	21.7
Amounts receivable from customers	14	**239.2**	201.5	203.3
Deferred tax assets	13	**125.9**	144.9	131.7
Retirement benefit asset	17	**4.9**	0.9	6.1
		460.2	434.9	434.7
Current assets				
Amounts receivable from customers	14	**625.2**	691.6	689.6
Derivative financial instruments		**5.1**	1.0	2.9
Cash and cash equivalents		**86.5**	28.2	42.5
Other receivables		**16.5**	16.2	16.0
Current tax assets		**3.3**	1.6	3.3
		736.6	738.6	754.3
Total assets	3	**1,196.8**	1,173.5	1,189.0
Liabilities				
Current liabilities				
Borrowings	16	**(54.1)**	(59.5)	(52.2)
Derivative financial instruments		**(2.7)**	(12.9)	(4.4)
Trade and other payables		**(123.3)**	(129.5)	(132.9)
Provisions for liabilities and charges	15	**(3.9)**	(3.4)	-
Lease liabilities	12	**(8.9)**	(8.1)	(8.3)
Current tax liabilities		**(12.9)**	(14.5)	(7.3)
		(205.8)	(227.9)	(205.1)
Non-current liabilities				
Deferred tax liabilities		**(7.1)**	(5.9)	(7.1)
Lease liabilities	12	**(13.1)**	(13.3)	(15.3)
Borrowings	16	**(490.4)**	(463.5)	(459.6)
		(510.6)	(482.7)	(482.0)
Total liabilities	3	**(716.4)**	(710.6)	(687.1)
Net assets		**480.4**	462.9	501.9
Equity attributable to owners of the Parent				
Called-up share capital		**23.4**	23.4	23.4
Other reserve		**(22.5)**	(22.5)	(22.5)
Foreign exchange reserve		**6.4**	21.9	32.0
Hedging reserve		**1.1**	(0.7)	0.2
Own shares		**(26.0)**	(36.9)	(36.7)
Capital redemption reserve		**2.3**	2.3	2.3
Retained earnings		**495.7**	475.4	503.2
Total equity		**480.4**	462.9	501.9

Consolidated statement of changes in equity

	Called-up share capital £m	Other reserve £m	*Other reserves £m	Retained earnings £m	Total equity £m
	Unaudited				
At 1 January 2023	23.4	(22.5)	(31.7)	476.0	445.2
Comprehensive income					
Profit after taxation for the period	-	-	-	18.7	18.7
Other comprehensive income/(expense)					
Exchange gains on foreign currency translation (note 20)	-	-	12.7	-	12.7
Net fair value losses – cash flow hedges	-	-	(0.8)	-	(0.8)
Actuarial loss on retirement benefit asset	-	-	-	(1.2)	(1.2)
Tax credit on other comprehensive income	-	-	-	0.3	0.3
Total other comprehensive income/(expense)	-	-	11.9	(0.9)	11.0
Total comprehensive income for the period	-	-	11.9	17.8	29.7
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	2.9	2.9
Purchase of own shares	-	-	(0.3)	-	(0.3)
Shares granted from treasury and employee trust	-	-	6.7	(6.7)	-
Dividends paid to Company shareholders	-	-	-	(14.6)	(14.6)
At 30 June 2023	23.4	(22.5)	(13.4)	475.4	462.9
	Audited				
At 1 January 2023	23.4	(22.5)	(31.7)	476.0	445.2
Comprehensive income:					
Profit after taxation for the year	-	-	-	48.0	48.0
Other comprehensive income/(expense):					
Exchange gains on foreign currency translation (note 20)	-	-	22.8	-	22.8
Net fair value gains – cash flow hedges	-	-	0.1	-	0.1
Actuarial gain on retirement benefit obligation	-	-	-	3.9	3.9
Tax charge on other comprehensive expense	-	-	-	(1.0)	(1.0)
Total other comprehensive income	-	-	22.9	2.9	25.8
Total comprehensive income for the year	-	-	22.9	50.9	73.8
Transactions with owners:					
Deferred tax on share-based payment transactions	-	-	-	0.5	0.5
Share-based payment adjustment to reserves	-	-	-	4.3	4.3
Shares acquired by employee trust	-	-	(0.4)	-	(0.4)
Shares granted from treasury and employee trust	-	-	7.0	(7.0)	-
Dividends paid to Company shareholders	-	-	-	(21.5)	(21.5)
At 31 December 2023	23.4	(22.5)	(2.2)	503.2	501.9

Consolidated statement of changes in equity (continued)

	Unaudited				
	Called-up share capital £m	Other reserve £m	*Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2024	**23.4**	**(22.5)**	**(2.2)**	**503.2**	**501.9**
Comprehensive income					
Profit after taxation for the period	**-**	**-**	**-**	**19.7**	**19.7**
Other comprehensive (expense)/income					
Exchange losses on foreign currency translation (note 20)	**-**	**-**	**(25.6)**	**-**	**(25.6)**
Net fair value gains – cash flow hedges	**-**	**-**	**0.9**	**-**	**0.9**
Actuarial loss on retirement benefit asset	**-**	**-**	**-**	**(1.3)**	**(1.3)**
Tax credit on other comprehensive income	**-**	**-**	**-**	**0.3**	**0.3**
Total other comprehensive expense	**-**	**-**	**(24.7)**	**(1.0)**	**(25.7)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(24.7)**	**18.7**	**(6.0)**
Transactions with owners					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**2.1**	**2.1**
Purchase of own shares	**-**	**-**	**(1.4)**	**-**	**(1.4)**
Shares granted from treasury and employee trust	**-**	**-**	**12.1**	**(12.1)**	**-**
Dividends paid to Company shareholders	**-**	**-**	**-**	**(16.2)**	**(16.2)**
At 30 June 2024	**23.4**	**(22.5)**	**(16.2)**	**495.7**	**480.4**

* Includes foreign exchange reserve, hedging reserve, own shares and capital redemption reserve.

Consolidated cash flow statement

	Notes	**Unaudited Six months ended 30 June 2024 £m**	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Cash flows from operating activities				
Cash generated from operating activities	19	**71.6**	85.1	193.4
Finance costs paid		**(33.2)**	(23.3)	(74.5)
Finance income received		**0.7**	-	-
Income tax paid		**(11.5)**	(22.6)	(33.1)
Net cash generated from operating activities		**27.6**	39.2	85.8
Cash flows used in investing activities				
Purchases of intangible assets	10	**(7.4)**	(7.5)	(17.9)
Purchases of property, plant and equipment	11	**(1.7)**	(1.6)	(4.7)
Net cash used in investing activities		**(9.1)**	(9.1)	(22.6)
Net cash generated from operating and investing activities		**18.5**	30.1	63.2
Cash flows from financing activities				
Proceeds from borrowings		**295.0**	11.9	48.1
Repayment of borrowings		**(244.6)**	(44.9)	(87.3)
Principal elements of lease payments	12	**(5.9)**	(5.7)	(12.0)
Shares acquired by employee trust		**(1.4)**	(0.3)	(0.4)
Dividends paid to equity shareholders		**(16.2)**	(14.6)	(21.5)
Cash received on share options exercised		**-**	0.3	0.4
Net cash generated from/(used in) financing activities		**26.9**	(53.3)	(72.7)
Net increase/(decrease) in cash and cash equivalents		**45.4**	(23.2)	(9.5)
Cash and cash equivalents at beginning of period		**42.5**	50.7	50.7
Exchange (losses)/gains on cash and cash equivalents		**(1.4)**	0.7	1.3
Cash and cash equivalents at end of period		**86.5**	28.2	42.5

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. These condensed consolidated interim financial statements should be read in conjunction with the Annual Report and Financial Statements ('the Financial Statements') for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These condensed consolidated interim financial statements were approved for release on 31 July 2024.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2023 were approved by the Board on 14 March 2024 and delivered to the Registrar of Companies. The Financial Statements contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Financial Statements are available on the Group's website (www.ipfin.co.uk).

The accounting policies applied to prepare these condensed consolidated interim financial statements are consistent with those applied to the most recent full year Financial Statements for the year ended 31 December 2023.

We operate a formal risk management process, the details of which are set out on page 78 of the Financial Statements for the year ended 31 December 2023. Details of our principal risks can be found on pages 80 to 83 of the Financial Statements.

The risks assessed in preparing these condensed consolidated interim financial statements are consistent with those assessed in the most recent full year Financial Statements for the year ended 31 December 2023.

Board members

As at 30 June 2024, the Group's Board members were as follows:

Stuart Sinclair	Chairman
Gerard Ryan	Executive Director and Chief Executive Officer
Gary Thompson	Executive Director and Chief Financial Officer
Katrina Cliffe	Senior independent non-executive director
Deborah Davis	Independent non-executive director
Richard Holmes	Independent non-executive director
Aileen Wallace	Independent non-executive director

Going concern

In considering whether the Group is a going concern, the Board has taken into account the Group's financial forecasts and its principal risks (with particular reference to funding, liquidity and regulatory risks). The forecasts have been prepared for the two years to 31 December 2025 and include projected profit and loss, balance sheet, cashflows, borrowings, headroom against debt facilities and funding requirements. These forecasts represent the best estimate of the businesses performance, and in particular the evolution of customer lending and repayments cash flows as well as management's best assumption regarding the renewal/extension of maturing financing facilities.

The financial forecasts have been stress tested in a range of downside scenarios to assess the impact on future profitability, funding requirements and covenant compliance. The scenarios reflect the crystallisation of the Group's principal risks (with particular reference to funding, liquidity and regulatory risks). Consideration has also been given to multiple risks crystallising concurrently and the availability of mitigating actions that could be taken to reduce the impact of the identified risks. In addition, we examined a reverse stress test on the financial forecasts to assess the extent to which a recession would need to impact our operational performance in order to breach a covenant. This showed that net revenue would need to deteriorate significantly from the financial forecast and the Directors have a reasonable expectation that it is unlikely to deteriorate to this extent.

At 30 June 2024, the Group had £179m of non-operational cash and headroom against its debt facilities (comprising a range of bonds and bank facilities), which have a weighted average maturity of 3.3 years. Total debt facilities as at 30 June 2024 amounted to £679m of which £72m (excluding £34m of uncommitted loans, which do not require extension) is due for renewal over the following 12 months. A combination of these debt facilities, the embedded business flexibility in respect of cash generation and a successful track record of accessing funding from debt capital markets over a long period (including periods with challenging macroeconomic conditions and a changing regulatory environment), are expected to meet the Group's funding requirements for the foreseeable future (12 months from the date of approval of this report). Taking these factors into account, together with regulatory risks set out on page 80 of the 2023 Annual Report and Financial Statements, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Board has adopted the going concern basis in preparing the Report.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 but do not have any material impact on the Group:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: 'Disclosures: Supplier Finance Arrangements'
- Amendments to IFRS 16 Leases: 'Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'
- IFRS S2 'Climate-related Disclosures'
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability'
- IFRS 18 'Presentation and Disclosure in Financial Statements'

- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: 'Disclosures: Classification and Measurement of Financial Instruments'

Exceptional items

Exceptional items 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 underlying results.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial statements requires the Group to make estimates and judgements that affect the application of policies and reported accounts.

Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Key sources of estimation uncertainty
In the application of the Group's accounting policies, the directors are required to make estimations that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in these condensed consolidated interim financial statements.

Revenue recognition
The estimate used in respect of revenue recognition is the methodology used to calculate the effective interest rate (EIR). In order to determine the EIR applicable to loans an estimate must be made of the expected life of each loan and hence the cash flows relating thereto. These estimates are based on historical data and are reviewed regularly.

Amounts receivable from customers

The Group reviews its portfolio of customer loans and receivables for impairment on a weekly or monthly basis. The Group reviews the most recent customer repayment performance to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into stages based on days past due as this is considered to be the most reliable predictor of future payment performance. The level of impairment is calculated using historical payment performance to generate both the estimated expected loss and also the timing of future cash flows for each agreement. The expected loss is calculated using probability of default (PD) and loss given default (LGD) parameters.

Impairment models are monitored regularly to test their continued capability to predict the timing and quantum of customer repayments in the context of the recent customer payment performance. The models used typically have a strong predictive capability reflecting the relatively stable nature of the business and therefore the actual performance does not usually vary significantly from the estimated performance. The models are ordinarily updated at least twice per year. Where we expect the models to show an increase in the expected loss or a slowing of the future cashflows in the following 12 months, we apply an adjustment to the models. At 30 June 2024, this adjustment was a reduction in receivables of £15.7m (30 June 2023: reduction of £12.5m; 31 December 2023: reduction of £9.0m).

Post model overlays (PMOs) on amounts receivable from customers

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Home credit	**9.3**	20.6	20.0
IPF Digital	**2.1**	3.1	3.2
Total	**11.4**	23.7	23.2

To date there has been no discernible impact on customer repayments as a result of the cost-of-living crisis. Inflation rates have continued to decrease however, prices remain significantly higher than pre-crisis. There is also an additional risk that governments could increase taxes following an increase in government debt driven by the support packages that were provided prior to elections in some markets. As a result, there remains a risk that the cost-of-living crisis will have a significant adverse impact on our customers' disposable income and therefore their ability to make repayments. Due to the resilience of our customers to date, the impact is expected to be lower than previously anticipated. The PMO related to the cost-of-living at 30 June 2024 is £10.0m (30 June 2023: £20.8m; 31 December 2023: £15.1m). In order to calculate this PMO, country-specific expert knowledge, informed by economic forecast data to estimate the increase in losses, has been used. This represents management's current assessment of a reasonable outcome from the cost-of-living crisis.

The Hungarian debt moratorium, which initially began in March 2020, ended in December 2022. There remains a small proportion of the portfolio that has at some point been in the moratorium. Given the age of these loans, PMOs have been applied to the impairment models in order to calculate the continued risks that are not fully reflected in the standard impairment models. Based on management's current expectations, the impact of these PMOs was to increase impairment provisions at 30 June 2024 to £1.4m (30 June 2023: £2.9m; 31 December 2023: £2.1m). In order to calculate the PMO, the portfolio was segmented by analysis of the most recent payment performance and, using this information, assumptions were made around expected credit losses. This represents management's current assessment of a reasonable outcome from the actual repayment performance on the debt moratorium impacted portfolio.

Tax

Estimations must be exercised in the calculation of the Group's tax provision, in particular with regard to the existence and extent of tax risks.

Deferred tax assets arise from timing differences between the accounting and tax treatment of revenue and impairment transactions and tax losses. Estimations must be made regarding the extent to which timing differences reverse and an assessment must be made of the extent to which future profits will be generated to absorb tax losses. A shortfall in profitability compared to current expectations may result in future adjustments to deferred tax asset balances.

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures, 'APMs' which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board.

Each of the APMs used by the Group is set out on pages 46 to 52 including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports percentage change figures for all performance measures, other than profit or loss before taxation and earnings per share, after restating prior year figures at a constant exchange rate. The constant exchange rate, which is an APM, retranslates the previous year measures at the average actual periodic exchange rates used in the current financial year. These measures are presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory measures in order to derive APMs where relevant. The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

2. Related parties

The Group has not entered into any material transactions with related parties in the first six months of the year.

3. Segment analysis

Consistent with the change in management responsibility from the end of 2023, the nascent digital lending business in the Czech Republic, which was previously reported as part of European home credit, is now included in the results of IPF Digital. All comparatives have been amended accordingly and are presented on a like-for-like basis.

	Unaudited Six months ended 30 June 2024 £m	Unaudited Six months ended 30 June 2023 (Restated) £m	Audited Year ended 31 December 2023 (Restated) £m
Revenue			
European home credit	**166.0**	190.4	375.9
Mexico home credit	**139.9**	125.4	261.6
IPF Digital	**65.8**	64.2	130.3
Revenue	**371.7**	380.0	767.8
Impairment			
European home credit	**5.7**	25.0	35.6
Mexico home credit	**44.7**	44.0	96.7
IPF Digital	**13.9**	20.2	37.1
Impairment	**64.3**	89.2	169.4
Pre-exceptional profit before taxation			
European home credit	**29.8**	31.8	67.7
Mexico home credit	**17.7**	11.4	23.1
IPF Digital	**7.2**	2.6	8.1
UK costs[1]	**(7.4)**	(8.0)	(15.0)
Pre-exceptional profit before taxation	**47.3**	37.8	83.9
Segment assets			
European home credit	**522.8**	585.2	558.7
Mexico home credit	**287.2**	276.4	291.2
IPF Digital	**270.3**	255.1	260.3
UK[2]	**116.5**	56.8	78.8
Total	**1,196.8**	1,173.5	1,189.0
Segment liabilities			
European home credit	**251.9**	321.0	289.6
Mexico home credit	**113.9**	126.4	134.3
IPF Digital	**145.3**	128.8	132.2
UK[2]	**205.3**	134.4	131.0
Total	**716.4**	710.6	687.1

[1] Although UK costs are not classified as a separate segment in accordance with IFRS 8 'Operating Segments', they are shown separately in order to provide a reconciliation to other operating costs; administrative expenses and profit before taxation.

[2] Although the UK is not classified as a separate segment in accordance with IFRS 8 'Operating Segments', it is shown separately above in order to provide a reconciliation to consolidated total assets and liabilities.

4. Interest expense

	Unaudited Six months ended 30 June 2024 £m	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Interest payable on borrowings	**34.2**	36.9	74.8
Interest payable on lease liabilities	**1.2**	1.0	2.1
Interest income	**(0.7)**	-	-
Interest expense	**34.7**	37.9	76.9

5. Tax expense

The pre-exceptional taxation charge on the profit for the first six months of the year of £18.9m (30 June 2023: £15.1m), has been based on an expected effective tax rate for 2024 of 40% (30 June 2023: 40%).

Post-exceptional tax credits of £2.1m (30 June 2023: £4.0m tax charge) have been recognised on the exceptional items of £10.8m (see note 8 for further details).

The Group is subject to tax audits in respect of the Mexican home credit business (regarding 2017) and the Mexican digital business (regarding 2019).

6. Earnings per share

	Unaudited Six months ended 30 June 2024 pence	Unaudited Six months ended 30 June 2023 pence	Audited Year ended 31 December 2023 pence
Basic EPS	**8.8**	8.4	21.5
Dilutive effect of awards	**(0.5)**	(0.4)	(1.3)
Diluted EPS	**8.3**	8.0	20.2

Basic earnings per share (EPS) for 30 June 2024 is calculated by dividing the profit attributable to shareholders of £19.7m (30 June 2023: £18.7m; 31 December 2023: £48.0m) by the weighted average number of shares in issue during the period of 224.9m which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (30 June 2023: 223.4m; 31 December 2023: 223.7m).

For diluted EPS for 30 June 2024, the weighted average number of shares has been adjusted to 238.1m (six months ended 30 June 2023: 235.2m; 31 December 2023: 237.5m) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

7. Dividends

Reflecting the continued strong performance of the Group and our strategy to realise the long-term growth potential of the business, the Board is pleased to declare a 9.7% increase in the interim dividend to 3.4 pence per share (30 June 2023: 3.1 pence). This is in line with our progressive dividend policy which sets the interim dividend payment at 33% of the prior year's full dividend payment. The interim dividend will be paid on 27 September 2024 to shareholders on the register at the close of business on 30 August 2024. The shares will be marked ex-dividend on 29 August 2024.

8. Exceptional items

	Unaudited Six months ended 30 June 2024 £m	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Eurobond refinance costs	**(5.8)**	-	-
Poland restructuring costs	**(5.0)**	-	-
Exceptional items pre-tax	**(10.8)**	-	-
Tax credit on Eurobond refinance costs	**1.1**	-	-
Tax credit on Poland restructuring costs	**1.0**	-	-
Temporary Hungarian extra profit special tax	**-**	(4.0)	(4.0)
Exceptional items tax credit/(charge)	**2.1**	(4.0)	(4.0)
Exceptional items post-tax	**(8.7)**	(4.0)	(4.0)

A pre-tax exceptional cost of £5.0m has been recognised, reflecting the costs associated with the removal of c.200 roles from the Polish field force as part of the implementation of the Improved Business Model (IBM). As at 30 June 2024, £1.1m of the cost had been paid to colleagues who have now left the business with £3.9m remaining outstanding for those where settlements have not yet been reached, this has been reflected as a provision at 30 June 2024, see note 15 for further details. A tax credit of £1.0m has been recognized on this restructuring cost.

An exceptional cost of £5.8m has been recognized, associated with the successful refinancing of the Eurobond. The costs comprise £4.1m of tender costs, and £1.7m of unamortised arrangement fees on the old Eurobond. A tax credit of £1.1m has been recognised on these costs.

9. Goodwill

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Net book value at start of period	**23.6**	24.2	24.2
Exchange adjustments	**(0.5)**	(0.8)	(0.6)
Net book value at end of period	**23.1**	23.4	23.6

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount is determined from a value in use calculation, based on the expected cash flows resulting from the legacy MCB business' outstanding customer receivables and taking into account the collect out of the Finnish business. The key assumptions used in the value in use calculation relate to the discount rates and cash flows used. The rate used to discount the forecast cash flows is 13% (30 June 2023: 13%; 31 December 2023: 13%) and would need to increase to 15% for the goodwill balance to be impaired; the cashflow forecasts arise over a 1-4 year period and would need to be 17% lower than currently estimated for the goodwill balance to be impaired.

10. Intangible assets

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Net book value at start of period	**32.3**	27.9	27.9
Additions	**7.4**	7.5	17.9
Impairment	**-**	-	(0.2)
Amortisation	**(6.0)**	(6.3)	(13.1)
Exchange adjustments	**(0.3)**	(0.4)	(0.2)
Net book value at end of period	**33.4**	28.7	32.3

Intangible assets comprise computer software and are a mixture of self-developed and purchased assets. All purchased assets have had further capitalised development on them, meaning it is not possible to disaggregate fully between the relevant intangible categories.

11. Property, plant and equipment

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Net book value at start of period	**16.0**	17.3	17.3
Exchange adjustments	**(0.7)**	0.4	0.6
Additions	**1.7**	1.6	4.7
Disposals	**-**	-	(0.1)
Depreciation	**(3.2)**	(3.2)	(6.5)
Net book value at end of period	**13.8**	16.1	16.0

As at 30 June 2024, the Group had £7.0m of capital expenditure commitments with third parties that were not provided for (30 June 2023: £4.7m; 31 December 2023: £6.7m).

12. Right-of-use assets and lease liabilities

The recognised right-of-use assets relate to the following types of assets:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Properties	**9.7**	12.4	11.0
Motor vehicles	**10.2**	7.0	10.7
Total right-of-use assets	**19.9**	19.4	21.7

The movement in the right-of-use assets in the period is as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Net book value at start of period	**21.7**	19.3	19.3
Exchange adjustments	**(0.9)**	0.8	0.9
Additions	**4.0**	3.9	9.8
Modifications	**-**	-	1.4
Depreciation	**(4.9)**	(4.6)	(9.7)
Net book value at end of period	**19.9**	19.4	21.7

The movement in lease liabilities in the period is as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Lease liabilities at start of period	**23.6**	21.4	21.4
Exchange adjustments	**(0.9)**	0.8	0.9
Additions	**4.0**	3.9	11.2
Interest	**1.2**	1.0	2.1
Lease payments	**(5.9)**	(5.7)	(12.0)
Lease liabilities at end of period	**22.0**	21.4	23.6

Analysed as:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Current	**8.9**	8.1	8.3
Non-current:			
- between one and five years	**11.9**	11.8	13.7
- greater than five years	**1.2**	1.5	1.6
	13.1	13.3	15.3
Lease liabilities at end of period	**22.0**	21.4	23.6

13. Deferred tax assets

Deferred tax assets have been recognised in respect of tax losses and other temporary timing differences (principally relating to recognition of revenue and impairment) to the extent that it is probable that these assets will be utilised against future taxable profits.

On 20 June 2023, the United Kingdom government's legislation applying the Pillar Two income tax rules became substantively enacted, effective from 1 January 2024. Under the legislation the parent company will be required to pay in the United Kingdom top-up tax on profits of subsidiaries that are taxed at an effective tax rate of less than 15% (as calculated under the rules). A system of simplified safe harbours will apply for a transitional period of up to three years.

The Group has performed an impact assessment using a combination of historic and forecast financial data and concludes that no material Pillar Two top-up tax liabilities are expected to arise. However, given the uncertainty regarding forecast financial data and the potential for changes in the tax environment in the markets in which the Group operates, the actual impact that the Pillar Two legislation will have in the future may differ. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

14. Amounts receivable from customers

Amounts receivable from customers comprise:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Amounts due within one year	**625.2**	691.6	689.6
Amounts due in more than one year	**239.2**	201.5	203.3
Total receivables	**864.4**	893.1	892.9

All lending is in the local currency of the country in which the loan is issued. The currency profile of amounts receivable from customers is as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Polish zloty	**187.2**	257.4	219.7
Czech crown	**53.0**	55.0	53.3
Euro*	**100.7**	90.1	98.1
Hungarian forint	**140.8**	143.2	141.2
Romanian leu	**108.8**	93.9	107.0
Mexican peso	**226.6**	213.5	229.0
Australian dollar	**47.3**	40.0	44.6
Total receivables	**864.4**	893.1	892.9

*Includes receivables in Estonia, Latvia, Lithuania (Spain and Finland in 30 June 2023 only).

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows receivable discounted at the average effective EIR of 101.6% (30 June 2023: 100.1%; 31 December 2023: 101.0%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 13.1 months (30 June 2023: 12.7 months; 31 December 2023: 13.2 months).

Determining an increase in credit risk since initial recognition

IFRS 9 has the following recognition criteria:

- Stage 1 : requires the recognition of 12 month expected credit losses (the expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition.
- Stage 2 : lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition.
- Stage 3 : credit impaired.

When determining whether the risk of default has increased significantly since initial recognition the Group considers both quantitative and qualitative information based on the Group's historical experience.

The approach to identifying significant increases in credit risk is consistent across the Group's products. In addition, as a backstop, the Group considers that a significant increase in credit risk occurs when an asset is more than 30 days past due.

Financial instruments are moved back to stage 1 once they no longer meet the criteria for a significant increase in credit risk.

Definition of default and credit impaired assets

The Group defines a financial instrument as in default, which is fully-aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria: the customer is more than 90 days past due on their contractual payments in home credit and 60 days past due on their contractual payments in IPF Digital.
- Qualitative criteria: indication that there is a measurable movement in the estimated future cash flows from a group of financial assets. For example, if prospective legislative changes are considered to impact the collections performance of customers.

The default definition has been applied consistently to model the PD, exposure at default (EAD) and LGD throughout the Group's expected credit loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

The breakdown of receivables by stage is as follows:

30 June 2024	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total net receivables £m**
Home credit	**432.3**	**59.8**	**134.9**	**627.0**
IPF Digital	**221.7**	**9.9**	**5.8**	**237.4**
Group	**654.0**	**69.7**	**140.7**	**864.4**

30 June 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total net receivables £m
Home credit	440.8	81.1	153.3	675.2
IPF Digital	202.3	9.0	6.6	217.9
Group	643.1	90.1	159.9	893.1

31 December 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total net receivables £m
Home credit	436.8	74.4	151.3	662.5
IPF Digital	213.6	10.3	6.5	230.4
Group	650.4	84.7	157.8	892.9

The Group has one class of loan receivable and no collateral is held in respect of any customer receivables.

Gross carrying amount and loss allowance

The amounts receivable from customers includes a provision for the loss allowance, which relates to the expected credit losses on each agreement. The gross carrying amount is the present value of the portfolio before the loss allowance provision is deducted. The gross carrying amount less the loss allowance is equal to the net receivables.

30 June 2024	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total net receivables £m**
Gross carrying amount	**788.0**	**134.9**	**400.5**	**1,323.4**
Loss allowance	**(134.0)**	**(65.2)**	**(259.8)**	**(459.0)**
Group	**654.0**	**69.7**	**140.7**	**864.4**
Stage allocation	**60%**	**10%**	**30%**	**100%**
Coverage ratio	**17%**	**48%**	**65%**	**35%**

30 June 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total net receivables £m
Gross carrying amount	795.8	169.0	442.6	1,407.4
Loss allowance	(152.7)	(78.9)	(282.7)	(514.3)
Group	643.1	90.1	159.9	893.1
Stage allocation	57%	12%	31%	100%
Coverage ratio	19%	47%	64%	37%

31 December 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total net receivables £m
Gross carrying amount	799.7	159.5	441.9	1,401.1
Loss allowance	(149.3)	(74.8)	(284.1)	(508.2)
Group	650.4	84.7	157.8	892.9
Stage allocation	57%	11%	32%	100%
Coverage ratio	19%	47%	64%	36%

15. Provisions for liabilities and charges

The Group had £3.9m payable to employees outstanding at 30 June 2024 relating to the exceptional item (see note 8) following the restructure exercise in Poland during the first half of the year.

Customer redress provisions of £3.4m were held at 30 June 2023 representing the Group's best estimate of the costs that were expected to be incurred in relation to early settlement rebates in Poland and claims management charges incurred in Spain.

16. Borrowing facilities and borrowings

The maturity of the Group's bond and bank borrowings is as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Repayable			
- in less than one year	**54.1**	59.5	52.2
- between one and two years	**75.8**	65.0	330.5
- between two and five years	**414.6**	398.5	129.1
	490.4	463.5	459.6
Total borrowings	**544.5**	523.0	511.8

Borrowings are stated net of deferred debt issuance costs of £8.7m (30 June 2023: £4.8m; 31 December 2023: £4.7m).

The maturity of the Group's bond and bank facilities is as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Repayable			
- on demand	**34.0**	32.5	32.6
- in less than one year	**71.8**	87.5	65.4
- between one and two years	**115.9**	70.6	364.6
- between two and five years	**168.5**	418.8	166.1
- greater than five years	**288.5**	-	-
Total facilities	**678.7**	609.4	628.7

The undrawn external bank facilities are as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Expiring within one year	**51.7**	60.3	45.8
Expiring between one and two years	**39.7**	4.5	31.1
Expiring in more than two years	**34.1**	16.8	35.3
Total	**125.5**	81.6	112.2

Undrawn external facilities above do not include unamortised arrangement fees.

The average period to maturity of the Group's external bonds and committed external borrowings is 3.3 years (30 June 2023: 2.1 years; 31 December 2023: 2.0 years).

The Group complied with its covenants at 30 June 2024. Each covenant calculation has been made in accordance with the terms of the relevant funding documentation.

17. Retirement benefit asset

The amounts recognised in the balance sheet in respect of the retirement benefit asset are as follows:

	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Diversified growth funds	**0.9**	4.7	1.6
Corporate bonds	**8.3**	11.0	7.6
Equities	**0.7**	-	0.9
Liability driven investments	**18.0**	12.5	19.7
Other	**0.4**	0.7	0.6
Total fair value of scheme assets	**28.3**	28.9	30.4
Present value of funded defined benefit obligations	**(23.4)**	(28.0)	(24.3)
Net asset recognised in the balance sheet	**4.9**	0.9	6.1

The credit recognised in the income statement in respect of defined benefit pension costs is £0.1m (June 2023: £nil: 31 December 2023: £0.1m).

18. Fair values of financial assets and liabilities

IFRS 13 requires disclosure of fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of derivative financial instruments has been calculated by discounting expected future cash flows using interest rate yield curves and forward foreign exchange rates prevailing at the relevant period end.

In 2023 and 2024, there has been no change in classification of financial assets as a result of a change in purpose or use of these assets.

Except as detailed in the following table, the carrying value of financial assets and liabilities recorded at amortised cost, which are all short-term in nature, are a reasonable approximation of their fair value:

	Carrying value			Fair value		
	Unaudited 30 June 2024 £m	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m	**Unaudited 30 June 2024 £m**	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Financial assets						
Amounts receivable from customers	**864.4**	893.1	892.9	**1,129.9**	1,122.8	1,139.3
	864.4	893.1	892.9	**1,129.9**	1,122.8	1,139.3
Financial liabilities						
Bonds	**474.0**	408.7	428.2	**490.2**	373.1	420.8
Bank borrowings	**70.5**	114.3	83.6	**70.5**	114.3	83.6
	544.5	523.0	511.8	**560.7**	487.4	504.4

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (as used to calculate the carrying value of amounts due from customers), net of customer representative repayment costs, at the Group's weighted average cost of capital which we estimate to be 13% (30 June 2023: 13%; 31 December 2023: 13%) which is assumed to be a proxy for the discount rate that a market participant would use to price the asset.

The fair value of the bonds has been calculated by reference to their market value.

The carrying value of bank borrowings is deemed to be a good approximation of their fair value. Bank borrowings can be repaid within six months if the Group decides not to roll over for further periods up to the contractual repayment date. The impact of discounting would therefore, be negligible. This methodology has been used consistently for all periods.

19. Reconciliation of profit after taxation to cash generated from operating activities

	Unaudited Six months ended 30 June 2024 £m	Unaudited Six months ended 30 June 2023 £m	Audited Year ended 31 December 2023 £m
Profit after taxation from operations	**19.7**	18.7	48.0
Adjusted for			
Tax charge	**16.8**	19.1	35.9
Finance costs	**35.4**	37.9	76.9
Finance income	**(0.7)**	-	-
Share-based payment charge	**1.1**	1.4	2.7
Amortisation of intangible assets (note 10)	**6.0**	6.3	13.1
Impairment of intangible assets (note 10)	**-**	-	0.2
Loss on disposal of property, plant and equipment	**-**	-	0.1
Depreciation of property, plant and equipment (note 11)	**3.2**	3.2	6.5
Depreciation of right-of-use assets (note 12)	**4.9**	4.6	9.7
Short term and low value lease costs	**0.4**	0.9	1.7
Changes in operating assets and liabilities			
Amounts receivable from customers	**(5.7)**	(8.3)	(3.8)
Other receivables	**(5.2)**	1.0	0.9
Trade and other payables	**(5.1)**	(9.5)	4.8
Provision for liabilities and charges	**3.9**	(1.2)	(4.7)
Retirement benefit asset	**(0.1)**	-	(0.1)
Derivative financial instruments	**(3.0)**	11.0	1.5
Cash generated from operating activities	**71.6**	85.1	193.4

20. Foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods and closing exchange rates at the relevant period ends.

	Average H1 2024	**Closing June 2024**	Average H1 2023	Closing June 2023	Average Year 2023	Closing December 2023
Polish zloty	**5.1**	**5.1**	5.3	5.2	5.2	5.0
Czech crown	**29.2**	**29.4**	27.1	27.5	27.9	28.5
Euro	**1.2**	**1.2**	1.1	1.2	1.1	1.2
Hungarian forint	**457.0**	**468.0**	433.2	430.0	437.3	441.3
Romanian leu	**5.8**	**5.9**	5.7	5.8	5.7	5.7
Mexican peso	**21.7**	**22.8**	22.2	21.8	21.9	21.5
Australian dollar	**1.9**	**1.9**	1.8	1.9	1.9	1.9

The £25.6m exchange loss on foreign currency translations shown within the consolidated statement of comprehensive income arises on retranslation of net assets denominated in currencies other than sterling, due to the change in foreign exchange rates against sterling between December 2023 and June 2024 shown in the table above.

21. Post balance sheet events

Following the successful refinancing of the Group's Eurobond, SEK 450m (c.£35m) of Nordic bonds were redeemed in July, some three months in advance of their original maturity date.

22. Contingent Liabilities

In the course of its business the Group is subject to complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customer representatives, customers, investors or other third parties. This extends to legal and regulatory challenges and investigations (including relevant consumer bodies) combined with tax authorities taking a view that is different to the view the Group has taken on the tax treatment in its tax returns. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established based on management's best estimate of the amount required at the relevant balance sheet date. In some cases, it may not be possible to form a view, for example because the facts are unclear or because further time is needed to assess properly the merits of the case, and no provisions are held in relation to such matters. In these circumstances, specific disclosure in relation to a contingent liability will be made where material. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

Responsibility statement

The following statement is given by each of the directors: namely; Stuart Sinclair, Chairman; Gerard Ryan, Chief Executive Officer; Gary Thompson, Chief Financial Officer; Katrina Cliffe, Senior independent non-executive director; Deborah Davis, non-executive director; Richard Holmes, non-executive director; and Aileen Wallace, non-executive director.

The directors confirm that to the best of their knowledge:

- the condensed consolidated interim financial statements, which have been 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 issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;
- the half-year financial report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the half-year financial report includes a fair review of the information required by DTR 4.2.8 (disclosure of related parties' transactions and changes therein).

Alternative performance measures (APMs)

This half-year financial report provides APMs which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide readers with important additional information on our business. To support this we have included a reconciliation of the APMs we use, where relevant, and a glossary indicating the APMs that we use, an explanation of how they are calculated and why we use them.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income statement measures			
Customer lending growth at constant exchange rates (%)	None	Not applicable	Customer lending is the principal value of loans advanced to customers and is an important measure of the level of lending in the business. Customer lending growth is the period-on-period change in this metric which is calculated by retranslating the previous half-year's customer lending at the average actual exchange rates used in the current financial year. This ensures that the measure is presented having eliminated the effects of exchange rate fluctuations on the period-on-period reported results.
Revenue growth at constant exchange rates (%)	None	Not applicable	The period-on-period change in revenue which is calculated by retranslating the previous half-year's revenue at the average actual exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.
Revenue yield (%)	None	Not applicable	Revenue yield is reported revenue divided by average gross receivables (before impairment provision) and is an indicator of the return being generated from average gross receivables. This is reported on a rolling annual basis (annualised).
Impairment rate (%)	None	Not applicable	Impairment as a percentage of average gross receivables (before impairment provision). This is reported on a rolling annual basis (annualised).
Cost-income ratio (%)	None	Not applicable	The cost-income ratio is costs, including customer representatives' commission, excluding interest expense, divided by reported revenue. This measure is reported on a rolling annual basis (annualised). This is useful for comparing performance across markets.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Balance sheet and returns measures			
Equity to receivables ratio (%)	None	Not applicable	Total equity divided by amounts receivable from customers, this is a measure of balance sheet strength and the Group targets a ratio of around 40%.
Headroom (£m)	Undrawn external bank facilities	None	Calculated as the sum of undrawn external bank facilities and non-operational cash.
Net debt (£m)	None	Not applicable	Borrowings less cash.
Gross receivables (£m)	None	Not applicable	Gross receivables is the same definition as gross carrying amount.
Impairment coverage ratio (%)	None	Not applicable	Expected loss allowance divided by gross receivables (before impairment provision).
Pre-exceptional RoE (%)	None	Not applicable	Return on equity (RoE) calculated as rolling annual pre-exceptional profit after tax divided by average net assets over the same period.
Pre-exceptional RoRE (%)	None	Not applicable	Return on required equity (RoRE) is calculated as rolling annual pre-exceptional profit after tax divided by required equity of 40% of average net receivables.
Other measures			
Customers	None	Not applicable	Customers that are being served by our customer representatives or through our money transfer product in the home credit business and customers that are not in default in our digital business.

Constant exchange rate reconciliations

The period-on-period change in pre-exceptional profit and loss accounts is calculated by retranslating the 2023 half-year's profit and loss account at the average actual exchange rates used in the current year.

H1 2024

£m	**European home credit**	**Mexico home credit**	**IPF Digital**	**Central costs**	**Group**
Customer numbers (000s)	**717**	**710**	**229**	**-**	**1,656**
Customer lending	**315.4**	**156.0**	**126.0**	**-**	**597.4**
Average gross receivables	**744.8**	**319.1**	**306.0**	**-**	**1,369.9**
Closing net receivables	**444.0**	**183.0**	**237.4**	**-**	**864.4**
Revenue	**166.0**	**139.9**	**65.8**	**-**	**371.7**
Impairment	**(5.7)**	**(44.7)**	**(13.9)**	**-**	**(64.3)**
Revenue less impairment	**160.3**	**95.2**	**51.9**	**-**	**307.4**
Costs	**(112.1)**	**(70.1)**	**(35.9)**	**(7.3)**	**(225.4)**
Interest expense	**(18.4)**	**(7.4)**	**(8.8)**	**(0.1)**	**(34.7)**
Profit before tax	**29.8**	**17.7**	**7.2**	**(7.4)**	**47.3**

H1 2023 performance, at average H1 2023 foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	779	700	239	-	1,718
Customer lending	310.9	142.9	125.0	-	578.8
Average gross receivables	784.7	274.8	283.7	-	1,343.2
Closing net receivables	499.1	176.1	217.9	-	893.1
Revenue	190.4	125.4	64.2	-	380.0
Impairment	(25.0)	(44.0)	(20.2)	-	(89.2)
Revenue less impairment	165.4	81.4	44.0	-	290.8
Costs	(109.9)	(64.1)	(33.1)	(8.0)	(215.1)
Interest expense	(23.7)	(5.9)	(8.3)	-	(37.9)
Profit before tax	31.8	11.4	2.6	(8.0)	37.8

Foreign exchange movements

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	-	-	-	-	-
Customer lending	(3.6)	4.5	(0.9)	-	-
Average gross receivables	11.7	15.4	0.9	-	28.0
Closing net receivables	(14.0)	(8.2)	(2.9)	-	(25.1)
Revenue	(1.5)	3.9	(0.2)	-	2.2
Impairment	(0.2)	(1.4)	0.1	-	(1.5)
Revenue less impairment	(1.7)	2.5	(0.1)	-	0.7
Costs	0.9	(2.0)	0.1	-	(1.0)
Interest expense	0.1	(0.1)	-	-	-
Profit before tax	(0.7)	0.4	-	-	(0.3)

Constant exchange rate reconciliations (continued)

H1 2023 performance, at average H1 2024 foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	779	700	239	-	1,718
Customer lending	307.3	147.4	124.1	-	578.8
Average gross receivables	796.4	290.2	284.6	-	1,371.2
Closing net receivables	485.1	167.9	215.0	-	868.0
Revenue	188.9	129.3	64.0	-	382.2
Impairment	(25.2)	(45.4)	(20.1)	-	(90.7)
Revenue less impairment	163.7	83.9	43.9	-	291.5
Costs	(109.0)	(66.1)	(33.0)	(8.0)	(216.1)
Interest expense	(23.6)	(6.0)	(8.3)	-	(37.9)

Year-on-year movement at constant exchange rates

%	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customer numbers (000s)	(8.0%)	1.4%	(4.2%)	-	(3.6%)
Customer lending	2.6%	5.8%	1.5%	-	3.2%
Average gross receivables	(6.5%)	10.0%	7.5%	-	(0.1%)
Closing net receivables	(8.5%)	9.0%	10.4%	-	(0.4%)
Revenue	(12.1%)	8.2%	2.8%	-	(2.7%)
Impairment	77.4%	1.5%	30.8%	-	29.1%
Revenue less impairment	(2.1%)	13.5%	18.2%	-	5.5%
Costs	(2.8%)	(6.1%)	(8.8%)	8.8%	(4.3%)
Interest expense	22.0%	(23.3%)	(6.0%)	-	8.4%

Balance sheet and returns measures

Average gross receivables (before impairment provisions) are used in the revenue yield and impairment rate calculations.

Average Gross Receivables	**Unaudited 30 June 2024 £m**	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
European home credit	**744.8**	784.7	791.1
Mexico home credit	**319.1**	274.8	299.4
IPF Digital	**306.0**	283.7	298.4
Group	**1,369.9**	1,343.2	1,388.9

The impairment coverage ratio is calculated as loss allowance divided by gross carrying amount.

Impairment coverage ratio	**Unaudited 30 June 2024 £m**	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Closing gross carrying amount	**1,323.4**	1,407.4	1,401.1
Loss allowance	**(459.0)**	(514.3)	(508.2)
Closing net receivables	**864.4**	893.1	892.9
Impairment coverage ratio	**34.7%**	36.5%	36.3%

Pre-exceptional return on equity (RoE) is calculated as rolling annual pre-exceptional profit divided by pre-exceptional equity.

Pre-exceptional RoE 30 June 2024	**Unaudited 30 June 2024 £m**	Unaudited 30 June 2023 £m	Audited 31 December 2023 £m
Equity (net assets)	**480.4**	462.9	501.9
Exceptional items	**8.7**	4.0	4.0
Pre-exceptional equity	**489.1**	466.9	505.9
Average pre-exceptional equity	**478.0**	430.1	470.3
Profit after tax	**19.7**	18.7	48.0
Exceptional items	**8.7**	4.0	4.0
Pre-exceptional profit	**28.4**	22.7	52.0
Pre-exceptional profit 12 months to 30 June 2024	**57.7**		-
Pre-exceptional RoE	**12.1%**		11.1%

Pre-exceptional RoE 30 June 2023	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Equity (net assets)	462.9	403.8	445.2
Exceptional items	4.0	(10.5)	(10.5)
Pre-exceptional equity	466.9	393.3	434.7
Average pre-exceptional equity	430.1	378.2	400.9
Profit after tax	18.7	30.8	56.8
Exceptional items	4.0	(10.5)	(10.5)
Pre-exceptional profit	22.7	20.3	46.3
Pre-exceptional profit 12 months to 30 June 2023	48.7		-
Pre-exceptional RoE	11.3%		11.5%

Pre-exceptional return on required equity (RoRE) is calculated as rolling annual pre-exceptional profit divided by required equity of 40% of average net receivables.

Pre-exceptional RoRE 30 June 2024	European home credit £m	Mexico home credit £m	IPF Digital £m	Group £m
Closing net receivables H1 2023	**499.1**	**176.1**	**217.9**	**893.1**
Closing net receivables H1 2024	**444.0**	**183.0**	**237.4**	**864.4**
Average net receivables	**471.5**	**179.6**	**227.7**	**878.8**
Equity (net assets) at 40%	**188.6**	**71.8**	**91.1**	**351.5**
Pre-exceptional profit before tax:				
FY 2023	**67.7**	**23.1**	**8.1**	**83.9**
Exclude H1 2023	**(31.8)**	**(11.4)**	**(2.6)**	**(37.8)**
H2 2023	**35.9**	**11.7**	**5.5**	**46.1**
H1 2024	**29.8**	**17.7**	**7.2**	**47.3**
12 MO to H1 2024	**65.7**	**29.4**	**12.7**	**93.4**
Tax at 40% H1 2024 (38% H2 2023)	**(25.5)**	**(11.5)**	**(5.0)**	**(36.4)**
Pre-exceptional profit after tax	**40.2**	**17.9**	**7.7**	**57.0**
Pre-exceptional RoRE	**21.3%**	**24.9%**	**8.5%**	**16.2%**

Pre-exceptional RoRE 30 June 2023	European home credit £m	Mexico home credit £m	IPF Digital £m	Group £m
Closing net receivables H1 2022	438.6	140.8	190.5	769.9
Closing net receivables H1 2023	499.1	176.1	217.9	893.1
Average net receivables	468.8	158.5	204.2	831.5
Equity (net assets) at 40%	187.5	63.4	81.7	332.6
Pre-exceptional profit before tax:				
FY 2022	69.9	17.7	4.5	77.4
Exclude H1 2022	(31.1)	(7.4)	(3.0)	(33.8)
H2 2022	38.8	10.3	1.5	43.6
H1 2023	31.8	11.4	2.6	37.8
12 MO to H1 2023	70.6	21.7	4.1	81.4
Tax at 40%	(28.2)	(8.7)	(1.6)	(32.6)
Pre-exceptional profit after tax	42.4	13.0	2.5	48.8
Pre-exceptional RoRE	22.6%	20.5%	3.1%	14.7%

Pre-exceptional RoRE 2023	European home credit £m	Mexico home credit £m	IPF Digital £m	Group £m
Closing net receivables 2023	475.4	187.1	230.4	892.9
Closing net receivables 2022	496.3	158.5	214.0	868.8
Average net receivables	485.8	172.8	222.2	880.8
Equity (net assets) at 40%	194.3	69.1	88.9	352.3
Pre-exceptional profit before tax	67.7	23.1	8.1	83.9
Tax at 38%	(25.7)	(8.8)	(3.1)	(31.9)
Pre-exceptional profit after tax	42.0	14.3	5.0	52.0
Pre-exceptional RoRE	21.6%	20.7%	5.6%	14.8%

INDEPENDENT REVIEW REPORT TO INTERNATIONAL PERSONAL FINANCE PLC

Conclusion

We have been engaged by the group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted IASs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of financial information

In reviewing the half-yearly report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 8 May 2024. Our review has been undertaken so that we might state to the company's directors those matters we have agreed to state to them in a reviewer'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 directors as a body, for our work, for this report, or for the conclusions we have formed.

PKF Littlejohn LLP
Statutory Auditor
31 July 2024

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