JOHN LEWIS
& PARTNERS

Q1 2022
Earnings presentation

18th May 2022

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New Day

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References to adjusted EBITDA throughout this Presentation in respect of periods commencing on or after 1 January 2022 are references to "Consolidated EBITDA" as defined in the legal documentation relating to the £425m Senior Secured Notes issued by NewDay BondCo plc on 25 January 2017 (the Senior Secured Debt) and the Super Senior Revolving Credit Facility entered into by the Company on 25 January 2017 (the Revolving Credit Facility) based on UK IFRS at the relevant time. However, references to "adjusted EBITDA" throughout this Presentation in respect of periods ended on or prior to 31 December 2021 (which have also been calculated in accordance with UK IFRS at the relevant time) are not the same as "Consolidated EBITDA" as defined in the legal documentation relating to the Senior Secured Debt and Revolving Credit Facility due to the fact that adjusted EBITDA for such periods excludes the performance of the Unsecured Personal Loans business. In addition, all ratios, baskets and calculations required under the terms of the Senior Secured Debt and Revolving Credit Facility are based on UK IFRS as in force as at 1 January 2021 (subject to certain adjustments permitted or required under the terms of the Senior Secured Debt and Revolving Credit Facility which, amongst other things, disregard the impact of IFRS 9 'Financial Instruments' and IFRS 16 'Leases'). As a result, such ratios, baskets and calculations may differ significantly from any ratios or figures which are contained in this Presentation. In particular, except where otherwise expressly stated to be the case, references to "Senior Secured Debt to adjusted EBITDA" and "adjusted EBITDA to pro forma cash interest expense" contained in this Presentation have been calculated (subject to certain adjustments) in accordance with UK IFRS as in force as at 31 March 2022 (or, in respect of periods ending prior to 31 March 2022, UK IFRS at the relevant time). As a result, such figures will differ significantly from the calculation of Consolidated Senior Secured Net Leverage Ratio and Fixed Charge Corporate Debt Coverage Ratio (as defined under the terms of the Senior Secured Debt and Revolving Credit Facility).

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Market-beating receivables growth and record profitability

£47M

Underlying PBT[1]
(39% growth on Q1 2021)

21%

Receivables growth
(£3.3bn gross receivables)

244k

New customers
(incl. record D2C of 166k)

£1.7bn

Total Spend
(49% higher than Q1 2021)

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Launch summer 2022

bip.

39k accounts & £22m receivables to date

29.3%

Market leading cost:income ratio

1.8M

Customers with improved credit scores
(LTM as of Mar-2022)

+72 NPS

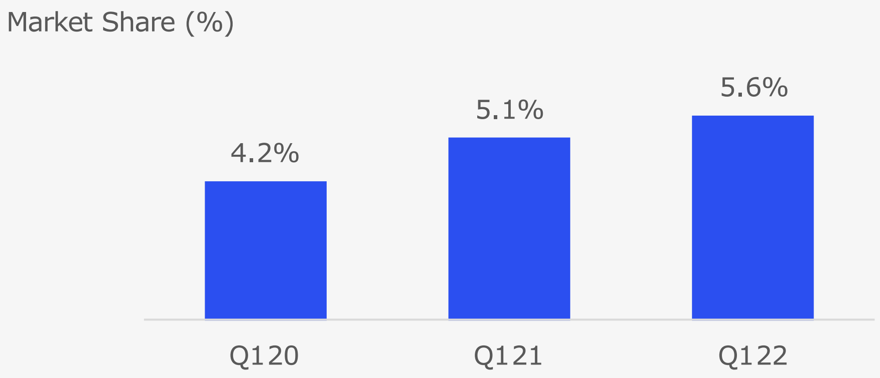
+65 in Q1 2021

- Scalable digital consumer credit engine
- Strong Customer Manifesto and corporate purpose
- Deep data and underwriting capability
- Continuous investment in product innovation
- Growing partnerships with e-tailers including regulated BNPL
- Strong financial management

1. Underlying PBT from continuing operations

We continue to grow our market share

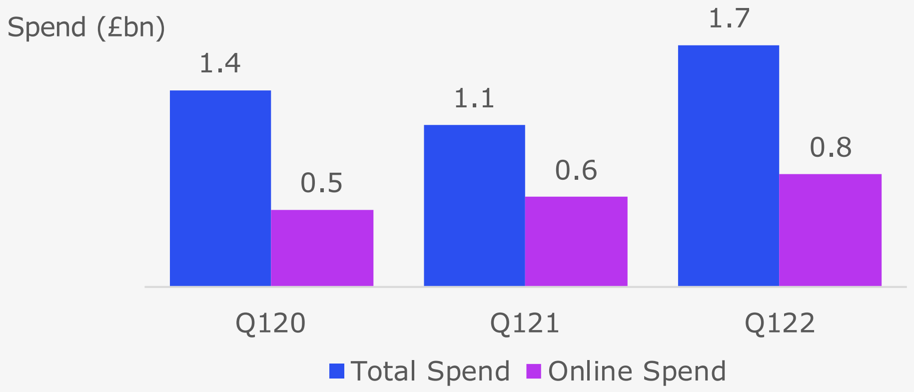
50bps increase in share of UK credit card receivables



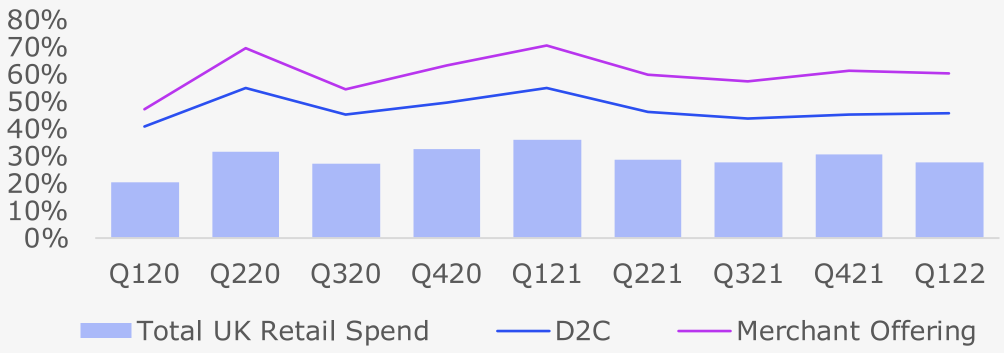
Share of UK credit card receivables[1] (%)

1-in-6 UK credit cards issued in last 12 months[2]

£1.7bn total spend, 49% higher than Q121



Online spend as a percentage of total UK retail spend[3]



1. UK Credit Cards Bank of England data as at 31 March 2022. % share metrics calculated as total NewDay volumes as a proportion of Bank of England data credit card volumes. Total UK credit card market is £60bn at 31 March 2022 per Bank of England data, sitting within wider c.£74bn market (including Point of Sale lending)
2. Estimated based on eBenchmarkers data as at 31 March 2022. NewDay share includes NewPay originations
3. Office for National Statistics. Internet % of total retail spend

Our D2C segment continues to perform strongly

166k

Record originations in Q1

£2.2bn

Gross Receivables
28% increase vs Q121

79%

Activity Rate[1]

391k

Customers registered for Aqua Coach[2]

1. Average Q1 active accounts/total accounts
2. Customers registered since launch of Aqua Coach

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Major Merchant partnership to launch in summer

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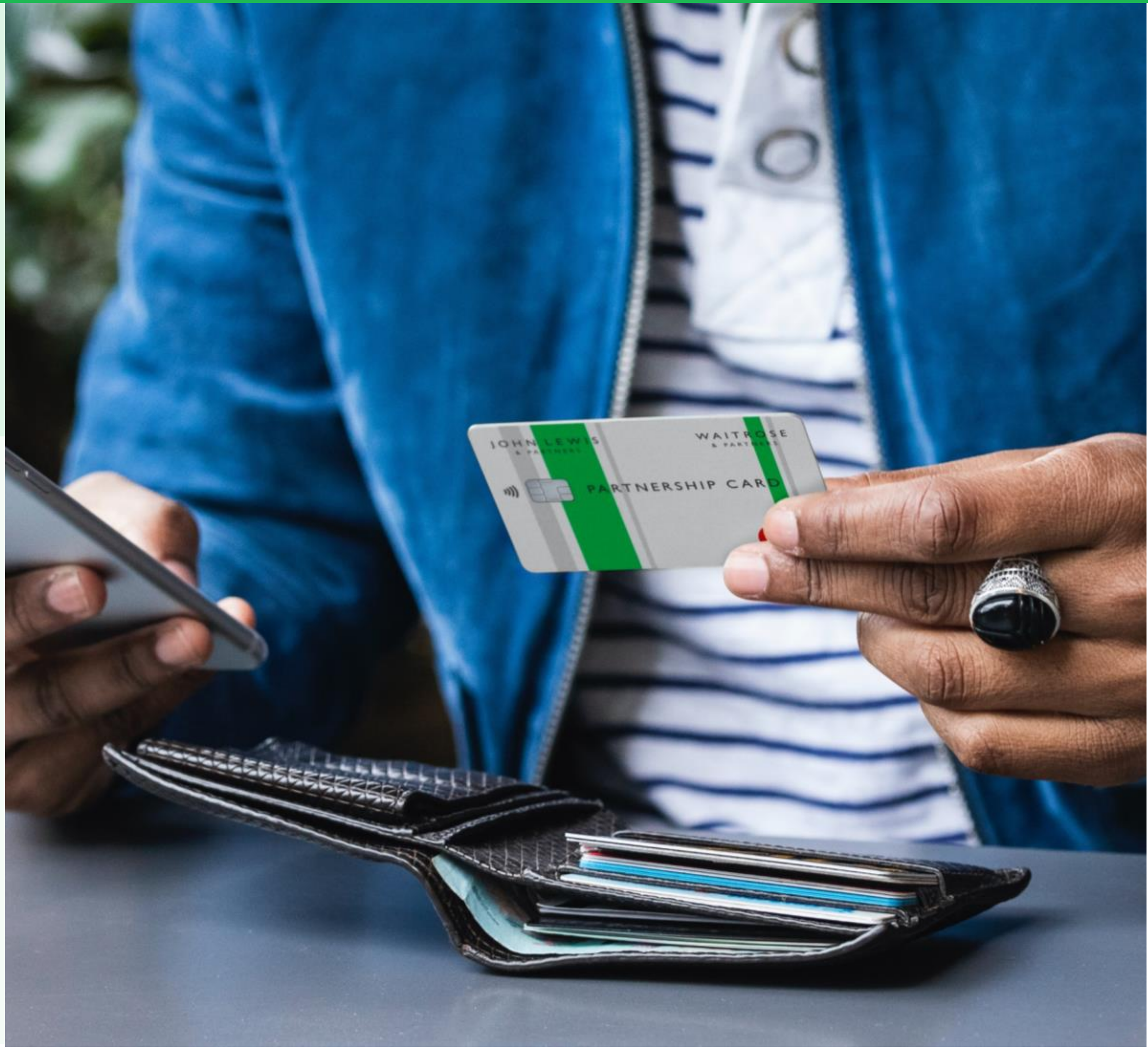
WAITROSE
& PARTNERS

- Top 10 UK online retailer[1] with major high street footprint
- Supported application process for existing Partnership Card customers to our new programme in the summer
- Exciting rewards programme to support John Lewis
- Highly digital servicing model

1. Per Statista.com



Our Merchant Offering segment is at scale and evolving

2.8m

Customer accounts

£1.2bn

Gross Receivables

£600m+

Spend financed with our partners in last 12 months

>100

NewPay merchant partners

Multi-product within a single, scalable platform

White-labelled Credit Cards

Flexible, digital credit

newpay

- Buy Now Pay Later
- 0% finance
- Instalment plans
- Revolving credit

Online & in-store capability

Founding partners

TOPSHOP
TOPMAN
Miss Selfridge
OUTFIT
LAURA ASHLEY
DEBENHAMS
HOUSE OF FRASER

Card partnerships

JOHN LEWIS & PARTNERS
WAITROSE & PARTNERS
Argos
amazon.com

Digital PoS finance

ao
currys
Strong Business Development pipeline

>100 merchant partners on newpay via DEKO

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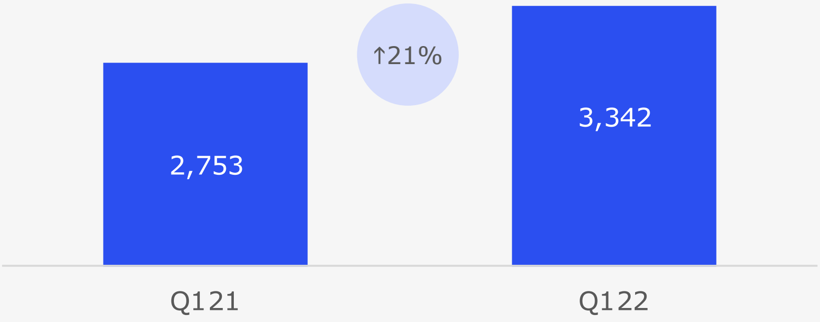
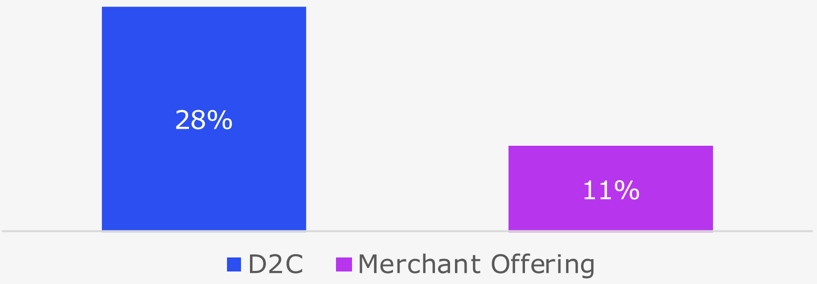
Receivables growth significantly above market

21% receivables growth since Q121 vs 11% market growth[1]



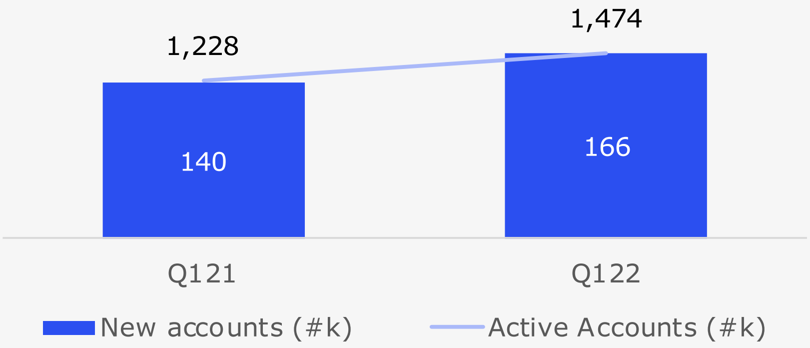
Period-end gross receivables (£m)

28% YoY growth in D2C and 11% in Merchant Offering

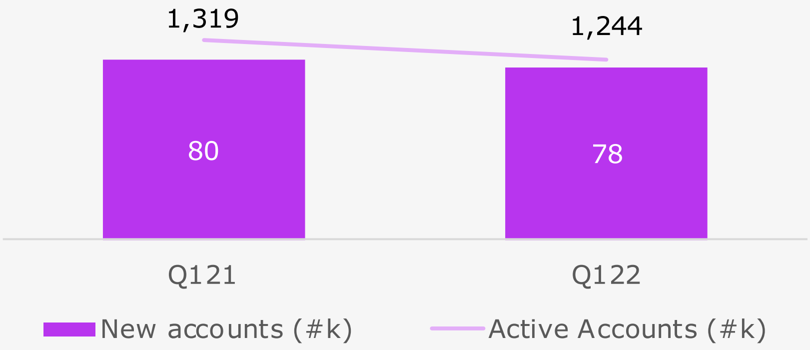


Gross receivables growth (£m)

Record D2C new accounts. 1.5m active customers, 20% higher than Q121



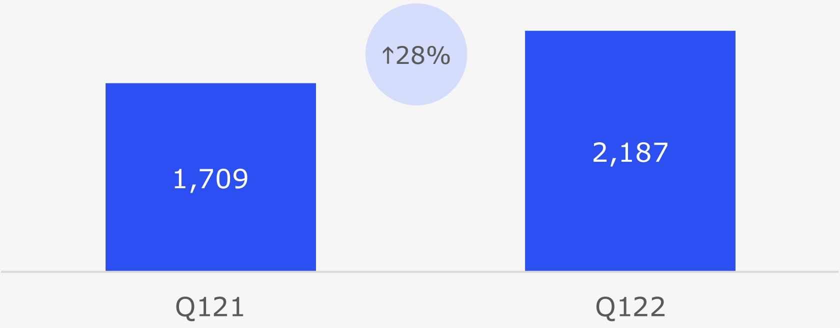
Merchant originations broadly flat and active accounts marginally lower than Q121 due to Partner closures



1. UK Credit Cards Bank of England data as at 31 March 2022

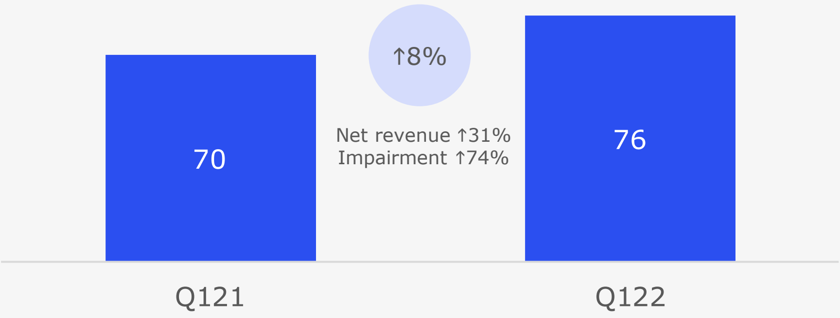
Increased receivables, driving higher underlying RAI

28% increase in D2C receivables since Q121 compared to 11% market growth[1]



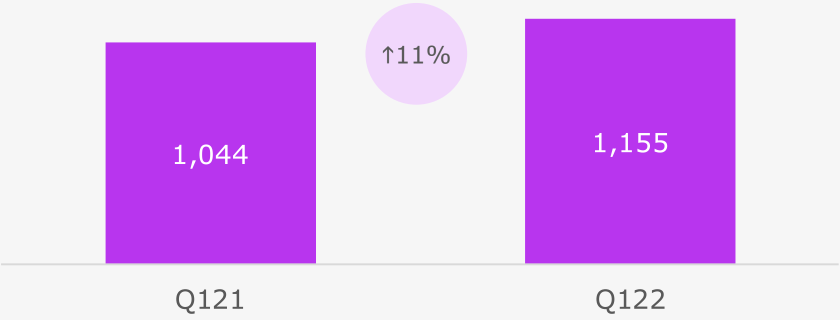
Period-end gross receivables (£m)

D2C RAI 8% higher than Q121 reflecting the investment in receivables growth impacting impairment



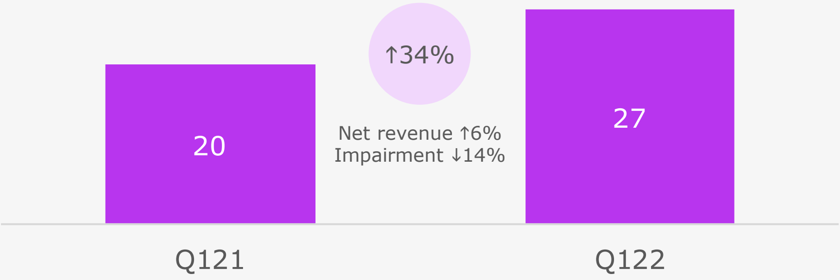
RAI (£m)

11% increase in Merchant Offering receivables since Q121 in line with 11% market growth[1]



Period-end gross receivables (£m)

Merchant Offering RAI 34% higher than Q121



RAI (£m)

1. UK Credit Cards Bank of England data as at 31 March 2022

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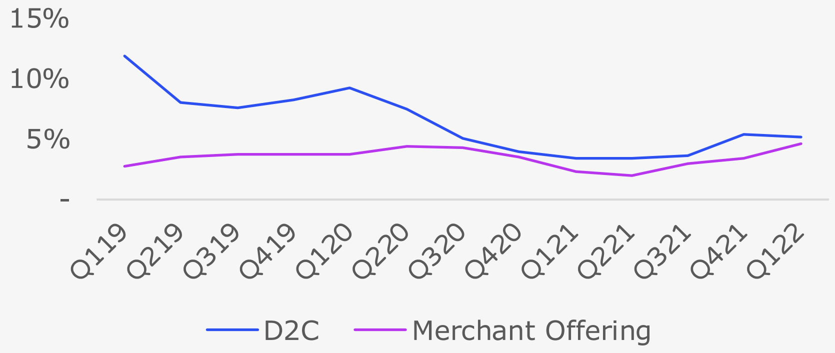
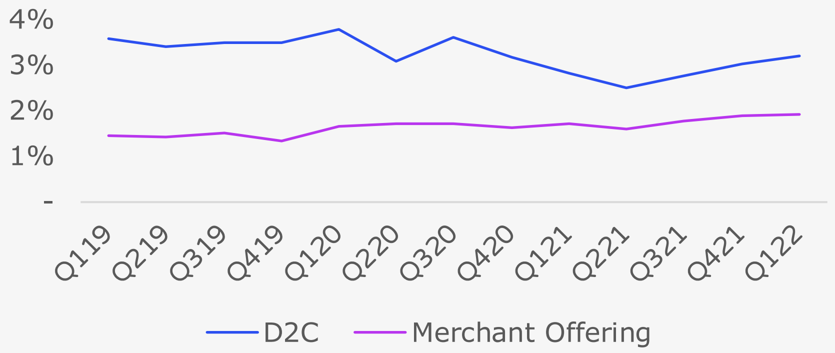
Credit indicators, particularly in D2C, remain strong

Early credit indicators normalising post-Covid and within expectations

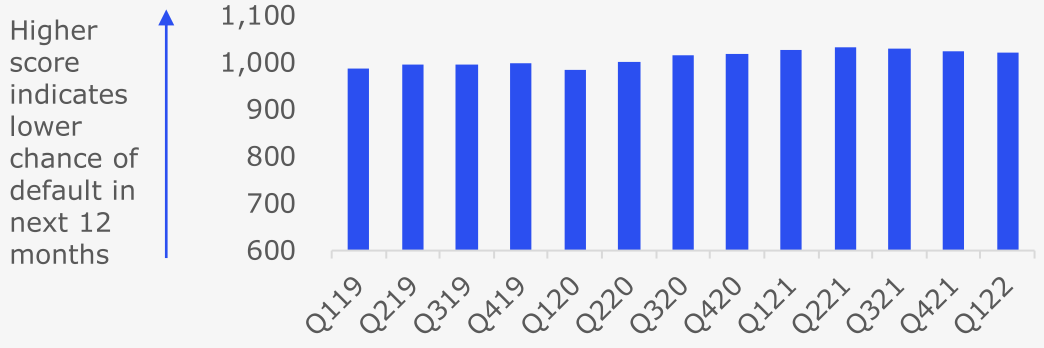


% of customers with two or more missed payments after 6 months[1]

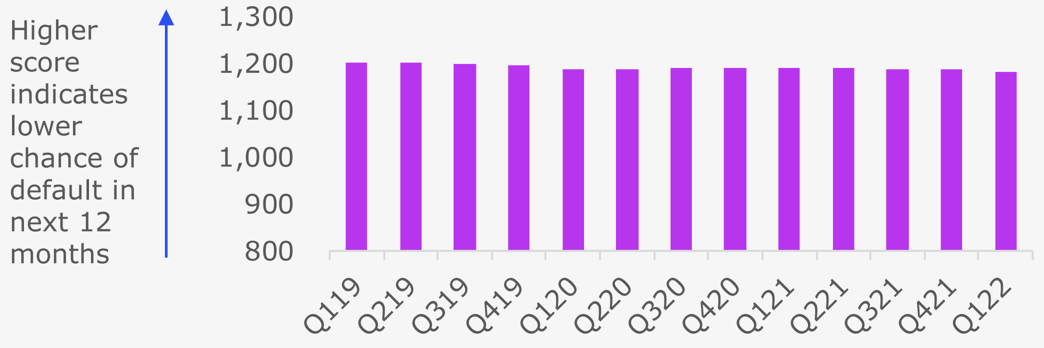


% of receivables entering delinquency

Credit quality improving in D2C. Merchant Offering falling slightly as we underwrite the whole of the market



D2C Average Delphi Score[2]



Merchant Offering Average Delphi Score[2]

1. This represents credit losses and excludes fraudulent balances
2. Experian Delphi for Customer Management AAM score, which predicts the likelihood of delinquency within the next 12 months.

We are well placed to manage emerging macroeconomic risks

Customer pricing is typically linked to bank base rates where we can pass on rate movements

Securitisation cost of funds rates linked to SONIA…

…mitigated by hedging strategy

Natural hedge as we pass on rate movements to customers where possible…

…augmented by a hedge programme protecting against significant interest rate rises

Our cost base is well controlled

Inflationary pressures driving wage rises and increasing supplier costs…

…offset by strong cost control

29.3% cost:income ratio (700bps below Q121)

Contractual caps apply to major suppliers where possible, capping cost increases significantly below current RPI levels

Our affordability solutions allow us to monitor estimated disposable income and assess inflation impacts in real-time

Household disposable income under pressure…

…monitored and managed

Range of forbearance options to appropriately support our customers

Affordability assessments based on diverse inputs and flexible, sophisticated modelling

Our affordability models enable an agile response to the rising cost of living

Inputs from a variety of sources

Sophisticated modelling producing timely outputs

Innovative datasets allowing book segmentation

Appropriate, timely responses

- Cost of Living
- Income Rises
- NI Increases
- Mortgage Payments
- Rental Costs
- Cost of Credit

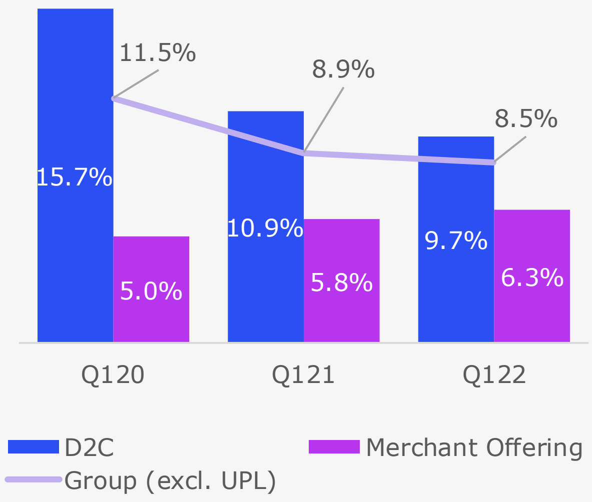
Innovative customer profiling based on over 50 datasets including over 20 years of history and data science techniques…

…allowing us to enrich our understanding of our customers and identify segments where additional conservatism is appropriate for estimated disposable income assessments

- Tightening of affordability criteria and initial credit limits for new customers
- Tightening affordability criteria in credit line management strategies for existing customers
- Leveraging expansive forbearance toolkit to support customers where necessary
- Monitoring spending and payment dynamics along with credit risk indicators on a timely basis

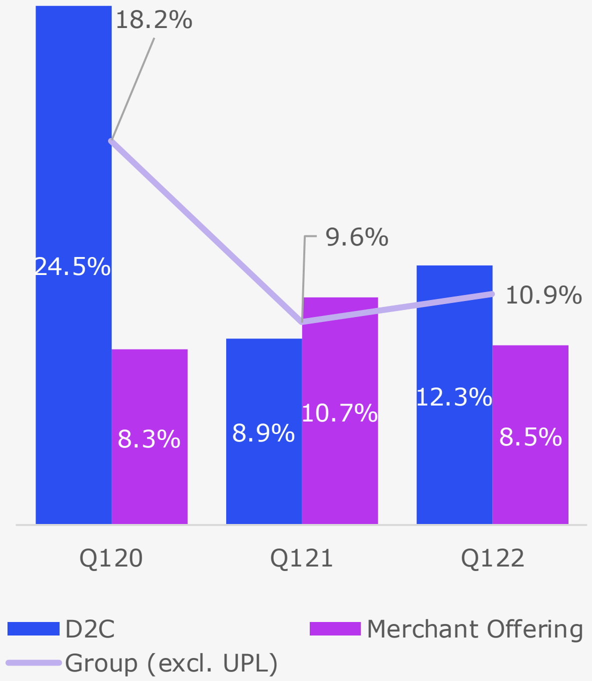
Lower charge-offs and higher coverage rates than pre-Covid levels

40bps lower Group Charge-off Rate year on year



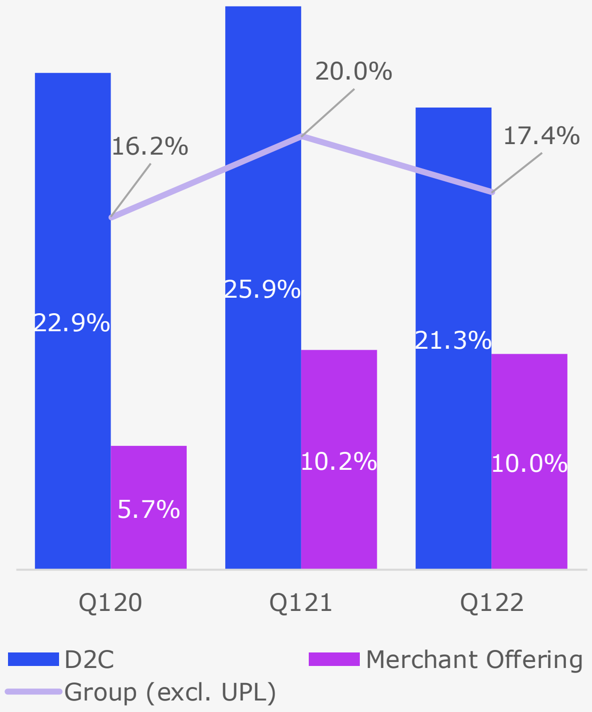
Charge-off Rate (%)

YoY increase in impairment due to impact of higher in-year receivables growth on provisioning



Impairment Rate (%)

Coverage rate reduced by 260bps but remains higher than pre-pandemic levels



Coverage Rate (%)

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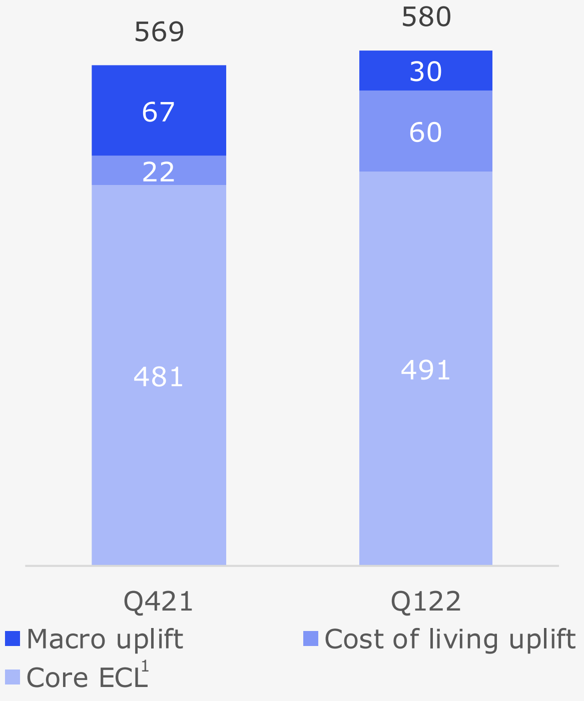
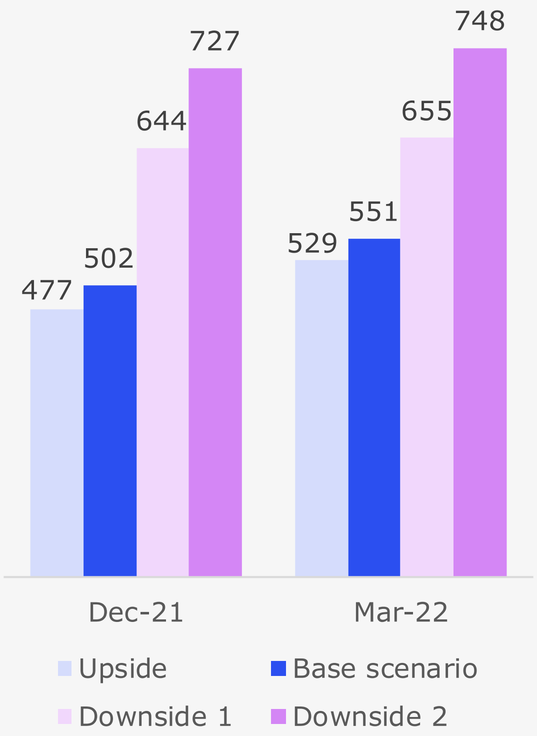
Marginal increase in ECL but higher coverage for costs of living

£11m increase in overall ECL since December 2021



ECL Allowance (£m)

ECL Base scenario has increased by c.£50m



ECL scenarios (£m)

Base scenario includes cost of living related provisioning while macro uplift reduces with improved unemployment outlook

	Unemployment		ECL (£m) assuming 100%	Probability weighting
	Peak	5 yr avg		
Mar-22				
Upside	3.9%	3.6%	529	5%
Base Scenario	4.1%	4.1%	551	70%
Downside 1	6.1%	5.3%	655	20%
Downside 2	8.1%	6.5%	748	5%

	Dec-21	Mar-22
Core ECL	481	491
Cost of living	22	60
Base Scenario	**502**	**551**
Macro uplift	67	30
ECL allowance	**569**	**580**
Coverage Rate	17.3%	17.4%

Macroeconomic scenarios (£m)

1. Core ECL is the Base Scenario excluding Cost of Living uplift

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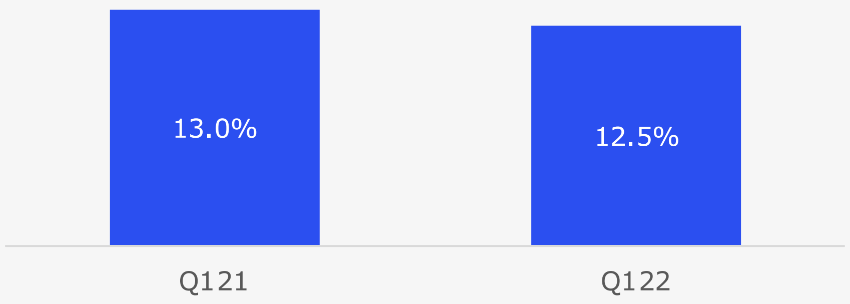
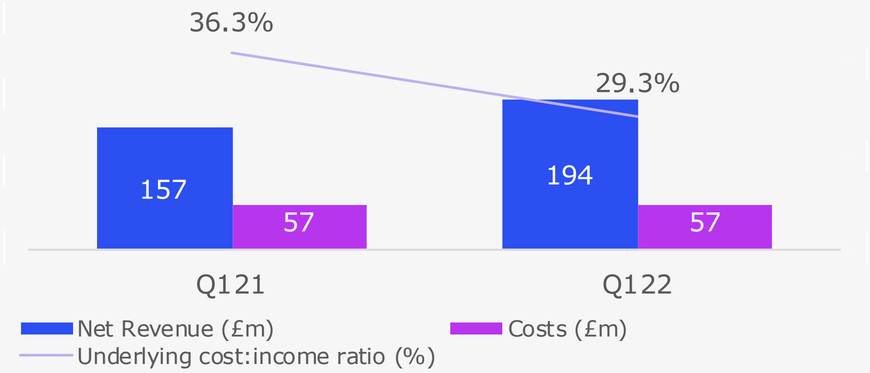
Record profitability and strong cash generation

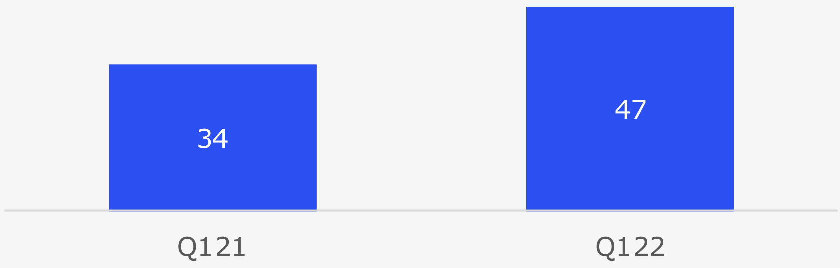
Underlying RAM[1] of 12.5% with underlying cost:income ratio falling below 30%



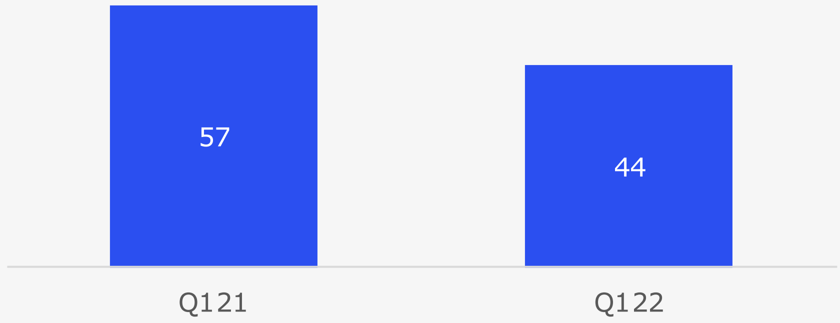
Underlying RAM (%)



Record levels of profitability with continued strong cash generation



Underlying PBT from continuing operations (£m)



Free cash flow available for growth and debt service (£m)

1. Underlying RAM calculated as Underlying risk-adjusted income over average receivables

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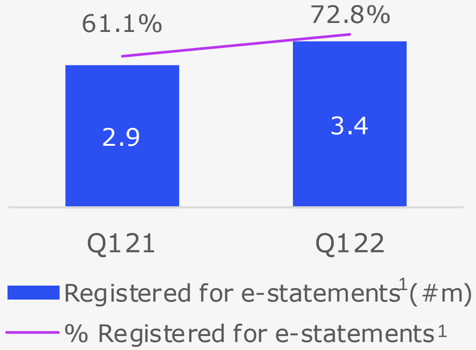
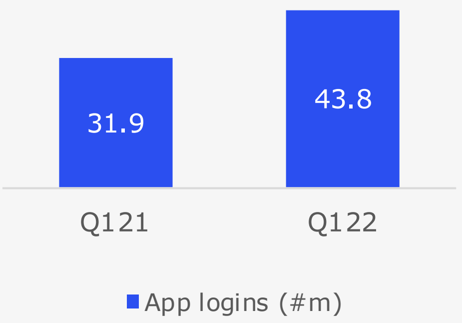
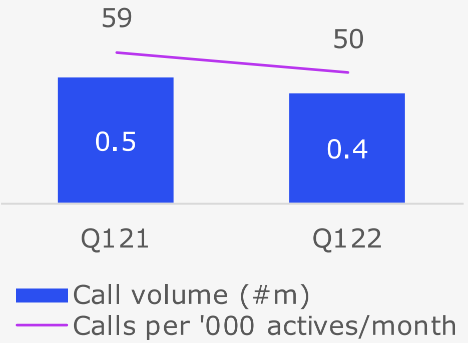
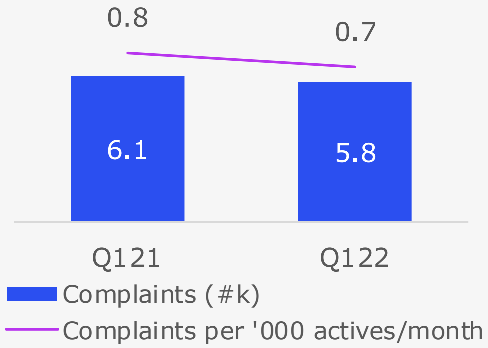
Improving cost efficiencies and overall customer experience

Increased automation driving cost efficiencies and improved customer satisfaction

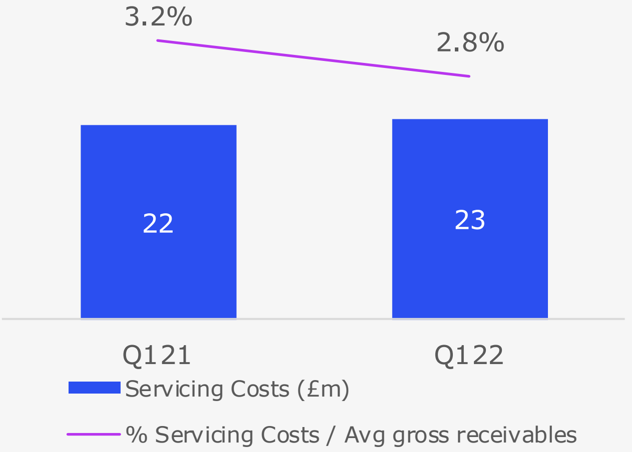








Servicing costs lower than 3% of average receivables alongside strong customer satisfaction metrics



+71
NES[2]
(Q121: +73)

+72
NPS[2]
(Q121: +65)

1. At quarter end
2. Net Easy Score/ Net Promoter Score (Quarter average)

NewDay

Record underlying PBT from continuing operations of £47m

£m	Q121	Q122	2021	LTM Q122
Interest income	163	199	700	737
Cost of funds	(15)	(19)	(62)	(66)
Fee and commission income	8	14	48	53
Net Revenue	**157**	**194**	**686**	**723**
Impairment	(67)	(91)	(296)	(320)
Underlying risk-adjusted income	**91**	**104**	**390**	**403**
Servicing costs	(22)	(23)	(84)	(85)
Change costs	(10)	(13)	(44)	(46)
Marketing and partner payments	(11)	(10)	(42)	(41)
Collection fees	5	7	24	26
Contribution	**53**	**65**	**244**	**256**
Salaries, benefits and overheads	(19)	(18)	(72)	(71)
Underlying PBT from continuing operations	**34**	**47**	**172**	**185**
Add back: depreciation and amortisation	3	3	11	11
Adjusted EBITDA	**36**	**49**	**183**	**196**
Average gross receivables	2,779	3,310	2,931	3,053
Net Revenue margin (%)	22.6%	23.4%	23.4%	23.7%
Impairment (%)	9.6%	10.9%	10.1%	10.5%
Cost:income (%)	36.3%	29.3%	31.8%	30.1%
Underlying RAM (%)	13.0%	12.5%	13.3%	13.2%
Senior Secured Debt to Adjusted EBITDA			0.4x	0.3x
Adjusted EBITDA to pro forma cash interest expense			7.6x	8.1x

£194m
(Q121: £157m)

Net Revenue
23% higher revenue than prior year predominantly driven by receivables growth

£91m
(Q121: £67m)

Impairment
36% increase primarily driven by receivables growth

29.3%
(Q121 : 36.3%)

Underlying cost:income
700bps lower as strong growth in Net Revenue is coupled with unchanged costs

£47m
(Q121: £34m)

Underlying PBT from continuing operations
39% higher than Q121.
Record profitability, surpassing pre-pandemic levels

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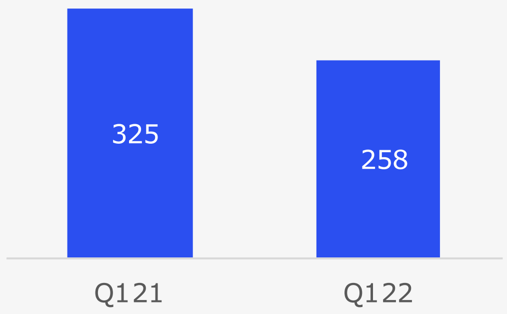
Cash generation despite investment in receivables growth

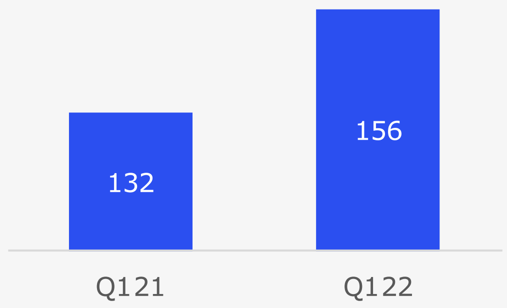
£m	Q121	Q122	2021	LTM Q122
Adjusted EBITDA	**36**	**49**	**183**	**196**
Change in impairment provision	(1)	11	19	31
Adjusted EBITDA excl. provision	**35**	**61**	**202**	**227**
Change in working capital	28	(4)	17	(15)
PPI provision utilisation	(0)	(0)	(2)	(2)
Capital expenditure	(3)	(4)	(9)	(11)
Tax paid	(4)	(6)	(17)	(19)
Exceptional costs	-	(3)	(2)	(4)
FCF available for growth and debt service	**57**	**44**	**189**	**176**
(Increase) / decrease in gross receivables	89	(61)	(459)	(609)
Net financing cash flow[1]	(73)	45	390	508
FCF available for Senior Secured Debt interest	**73**	**28**	**119**	**74**
(Payback) of RCF	(30)	-	(30)	-
Repayment of High Yield Bond	-	-	(100)	(100)
Funding loan to parent[2]	-	(4)	(10)	(14)
Debt service - cash payments	(13)	(12)	(28)	(27)
Cash generated from discontinued operation	18	-	18	0
Underlying net increase in cash and cash equivalents	**48**	**12**	**(30)**	**(67)**
Net movement in funding overlap	284	-	(244)	(528)
Net increase in cash and cash equivalents (excl. restricted cash)	**332**	**12**	**(275)**	**(595)**
Movements in restricted cash	(2)	2	(6)	(2)
Net increase in cash and cash equivalents	**330**	**14**	**(280)**	**(597)**

Cash[1] £67m lower than prior period reflecting £100m HYB repayment in 2021



Cash and cash equivalents[1] (£m)

£156m of cash outside the securitisation vehicles. £24m increase despite repayment of £100m HYB in 2021

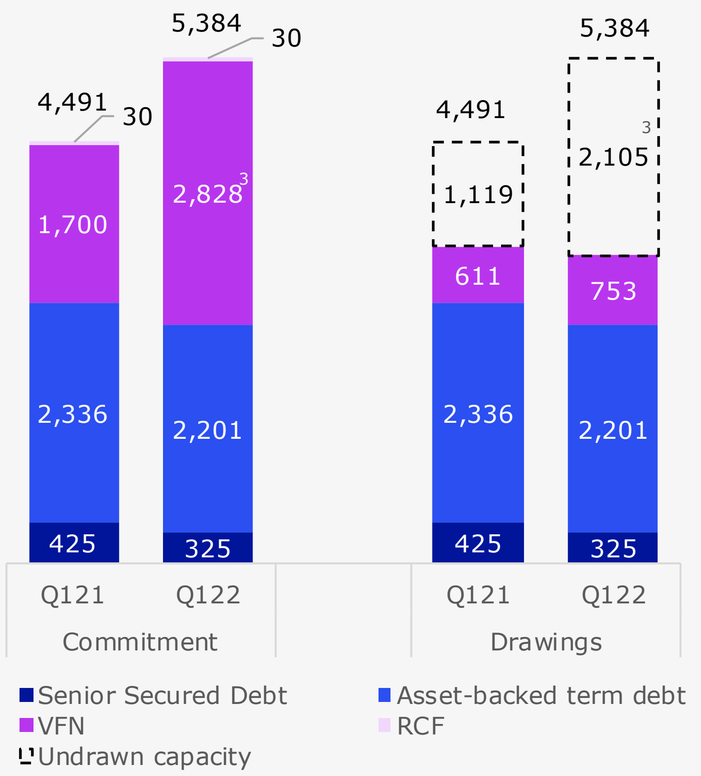


1. Excludes restricted cash. 2021 excludes cash held for repaying the 2015-1 CB deal. £100m of cash was used in July 2021 to repay a portion of the Group's Senior Secured Debt.
2. Payment to the Group's immediate parent company, Nemean MidCo Limited

NewDay

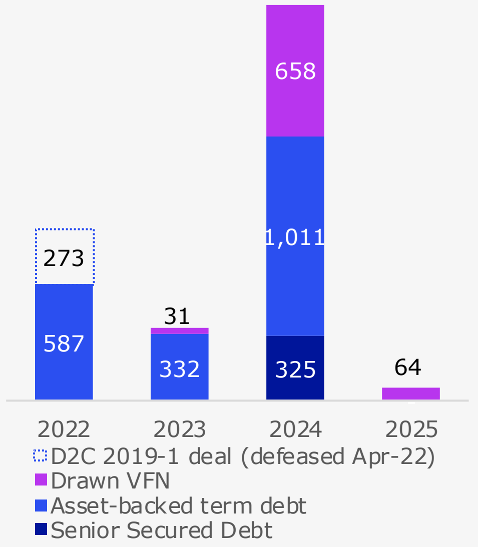
£2bn funding headroom[1] for future growth

Diverse and growing funding structures



Balance sheet debt[1] (£m)

One ABS deal re-financed in April 2022 with two deals maturing in Q4



Drawn balance sheet debt[2] (£m)

2022 ABS term debt maturity (£m)		
D2C 2019-1*	273	Jun-22
D2C 2019-2	293	Nov-22
MO 2017-1	294	Dec-22
Total	**859**	

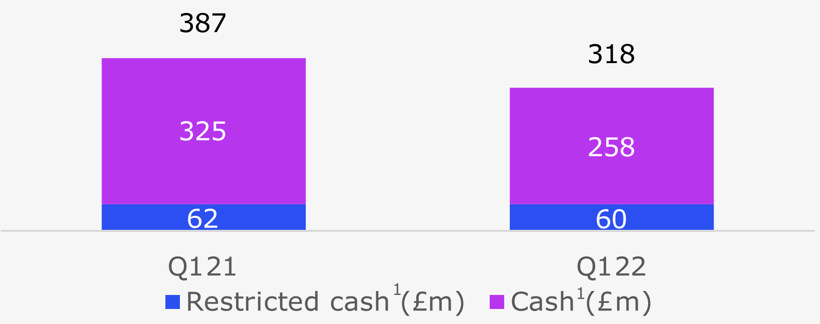
1. £2,105m funding headroom includes VFN, RCF and specific JLP facility headroom
2. Excluding accrued interest
3. Includes £650m JLP funding facility. No funds drawn to date.

*In April 2022, a new ABS deal was struck, the proceeds of which will be used to repay the D2C 2019-1 deal maturing in June

NewDay

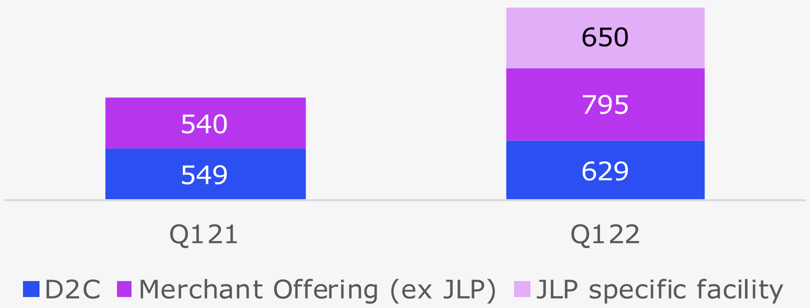
Strong cash position and substantial VFN headroom

Cash £69m lower than Q121 after HYB £100m repayment in 2021



Total Cash[1] (£m)

Substantial VFN headroom (£2,075m) including £650m facility for the new partnership with John Lewis



VFN Headroom (£m)

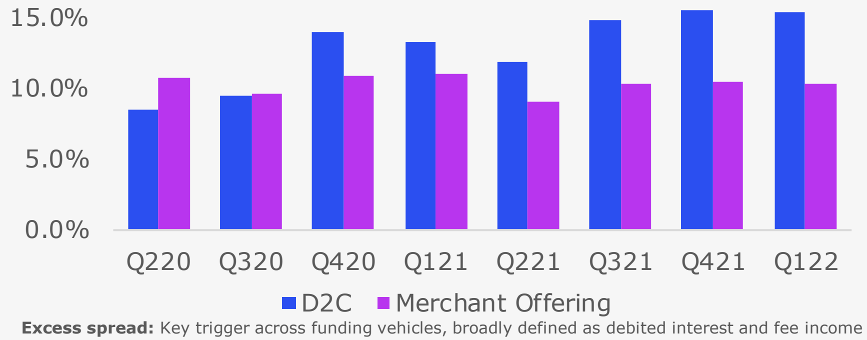
Group Advance Rates broadly stable year on year

D2C	Group	Merchant Offering
86.4%	**88.4%**	92.2%
(Q121: 84.1%)	(Q121: 88.0%)	(Q121: 94.4%)

Advance Rates excluding cash held for ABS refinance

1. Q121 excludes £528m cash held for repaying the 2015-1 CB and 2018-1 OB deals.

Excess spread levels remain healthy, with D2C and Merchant Offering at 15% and 10% respectively



Excess spread: Key trigger across funding vehicles, broadly defined as debited interest and fee income and recoveries, less gross charge-offs, funding costs and senior fees including senior servicing fees, calculated on a 3 month average basis. Excess spreads shown exclude VFNs and Secondary Funding facilities as they are not directly comparable.

Appendix

Statutory Earnings

£m	Q121	Q122	2021	LTM Q122
Underlying Profit from continuing operations	**34**	**47**	**172**	**185**
Senior Secured Debt interest and related costs	(8)	(7)	(31)	(29)
Other	-	(1)	-	(1)
Platform development costs	-	(2)	(2)	(4)
Fair value unwind	0	-	1	1
PPI	-	1	(5)	(4)
Amortisation of Acquisition intangibles	(14)	(14)	(57)	(57)
Profit before tax from continuing operations	**11**	**24**	**79**	**92**
Discontinued operation	3	-	3	0
Statutory PBT	**15**	**24**	**82**	**92**

Senior Secured Debt interest and related costs: includes the interest charge and other costs associated with the issuance and servicing of the Senior Secured Notes issued by NewDay BondCo plc on 25 January 2017 (the Senior Secured Debt) and the Super Senior Revolving Credit Facility entered into by the Company on 25 January 2017 (the Revolving Credit Facility)

Other: relates to non-recurring expenses incurred on specific projects that are not representative of underlying performance

Platform development costs: reflects expenses incurred to enhance the capabilities of the Group's in-house operating platforms. These costs relate to a one-off project expected to go fully live in 2025

Fair value unwind: reflects the amortisation of fair value adjustments on the Group's acquired receivables. The fair value adjustments were fully unwound at the end of 2021

PPI: reflects revisions to expected PPI remediation expenses including costs incurred from third parties that process customer complaints on behalf of the Group

Amortisation of Acquisition intangibles: represents the amortisation of the purchase price that was attributed to intangible assets arising on completion of the Acquisition

Discontinued operation: represents the results of the UPL segment which was discontinued in 2020 with the receivables portfolio subsequently being sold in Q1 2021

NewDay

Contribution by segment

D2C income statement £m	Q121	Q122
Interest income	112	144
Cost of funds	(9)	(12)
Fee and commission income	5	10
Net Revenue	**108**	**142**
Impairment	(38)	(66)
Underlying risk-adjusted income	**70**	**76**
Servicing costs	(11)	(13)
Change costs	(5)	(7)
Marketing costs	(3)	(6)
Collection fees	3	5
Contribution	**54**	**55**
Average gross receivables	1,707	2,148
Net Revenue margin (%)	25.3%	26.4%
Impairment (%)	8.9%	12.3%
Underlying RAM (%)	16.4%	14.1%

Merchant Offering income statement £m	Q121	Q122
Interest income	52	56
Cost of funds	(5)	(7)
Fee and commission income	3	3
Net Revenue	**49**	**52**
Impairment	(29)	(25)
Underlying risk-adjusted income	**20**	**27**
Servicing costs	(11)	(10)
Change costs	(4)	(5)
Marketing and partner payments	(7)	(5)
Collection fees	2	2
Contribution	**0**	**10**
Average gross receivables	1,072	1,162
Net Revenue margin (%)	18.3%	17.9%
Impairment (%)	10.7%	8.5%
Underlying RAM (%)	7.6%	9.4%

Note: £1m of additional change costs are included within the Platform Services segment (Q121: £2m)

Balance Sheet

£m	Q121	Q122	2021
Gross receivables	2,753	3,342	3,286
Impairment provision	(549)	(580)	(569)
Other	113	132	128
Net receivables	**2,316**	**2,894**	**2,845**
Restricted cash	62	60	58
Cash	853	258	246
Intangible assets	197	142	154
Goodwill	280	280	280
Other assets	64	78	69
Total assets	**3,772**	**3,712**	**3,652**
Asset-backed term debt	2,338	2,204	2,192
Variable funding notes	612	754	709
Senior Secured Debt	430	329	335
PPI provision	5	6	8
Other provisions	5	4	3
Other liabilities	108	86	92
Total liabilities	**3,499**	**3,382**	**3,339**
Net assets	**273**	**330**	**312**

Fair value of total assets following the Acquisition in 2017 introduced £396m of intangible assets, primarily relating to the customer and retailer relationships, the brand, trade names and intellectual property. The carrying value of these assets was £120m at Mar-22

Asset-backed term debt represents the term series notes issued by the D2C and Merchant Offering master trust structures

Decrease in Senior Secured Debt year on year includes the repayment of £100m of HYB in 2021

Variable funding notes represents the debt drawn down under the five VFNs across the Group

Leverage and interest ratios

£m	Q121	Q122	2021	LTM Q122
Adjusted EBITDA	**36**	**49**	**183**	**196**
Senior Secured Debt	425	325	325	325
Cash[1]	(325)	(258)	(246)	(258)
Net corporate Senior Secured Debt	**100**	**67**	**79**	**67**
Senior Secured Debt to Adjusted EBITDA			0.4x	0.3x
Senior corporate interest expense			**24**	**24**
Adjusted EBITDA to pro forma cash interest expense			7.6x	8.1x

The decrease in Senior Secured Debt represents the £100m HYB repayment in 2021

1. Q121 excludes £528m cash held for repaying the 2015-1 CB and 2018-1 OB deals.

Glossary

ABS: Asset-backed security

Acquisition: The purchase by NewDay Group (Jersey) Limited of NewDay Group Holdings S.à r.l. and its subsidiaries on 26 January 2017

Active Customers: Customer with a balance of >£5 or a transaction made

Adjusted EBITDA: Earnings before Senior Secured Debt interest (and related costs), tax, depreciation and amortisation

Advance Rate: (ABS + VFN drawn debt)/Gross Receivables

Avg gross receivables: Average of gross receivables during the period/year

Cardless credit: Digital credit without a physical plastic card

Charge-off Rate: Charge-offs/Average Gross Receivables

Coverage Rate: ECL/Year-end Gross Receivables

Delinquency: A customer is considered delinquent if they have not made their contractual minimum payment by the date of their following monthly statement/cycle date

D2C (Direct to Consumer): Our business that markets credit products directly to consumers, comprising our own branded cards. Formerly referred to as 'Own-brand' and includes the Aqua, Fluid, Marbles and Bip brands

ECL: Expected Credit Loss

Excess spread: Key trigger across funding vehicles, broadly defined as debited interest and fee income and recoveries, less gross charge-offs, funding costs and senior fees including senior servicing fees, calculated on a 3-month average basis

FCF: Free cash flow

Impairment Rate: Impairment/Average Gross Receivables

Merchant Offering: Our business that partners with leading brands to offer credit products to customers, which includes carded loyalty platforms, revolving digital credit, retail finance, BNPL and bespoke credit solutions. Formerly referred to as as 'Co-brand'

N/M: Not meaningful

NP Secondary Funding Facility: NewDay Partnership Secondary Funding Facility

Retail spend: Total spend excluding cash, balance transfers, money transfers and refunds

RAI: Risk-adjusted income

RAM: Risk-adjusted margin

RCF: Revolving credit facility

Senior Secured Debt: Comprises the High Yield Bonds and RCF

Underlying PBT from continuing operations: Earnings before Senior Secured Debt interest (and related costs), tax and one-off items

UPL: Unsecured Personal Loans

VFN: Variable funding note

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