

newpay
Bigger buys,
smaller payments



aqua
Build better credit
with Aqua



bip
Cardless credit
you control



Pulse
Rewarding
everyday spend



DEKO
Powering your
checkout

Earnings presentation 2021
25 February 2022

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References to adjusted EBITDA throughout this Presentation in respect of periods ended prior to 31 December 2020 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 EU IFRS at the relevant time. However, references to "adjusted EBITDA" throughout this Presentation in respect of the years ended 31 December 2020 (which have been calculated in accordance with EU IFRS) and 31 December 2021 (which have been calculated in accordance with UK IFRS) 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 December 2021 (or, in respect of periods ending prior to 31 December 2021, EU 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 growth and record levels of profitability in 2021

£172M

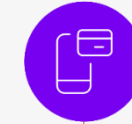
Underlying PBT from continuing operations (+23% growth on 2019)

16%

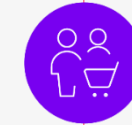
Receivables growth (£3.3bn gross receivables)

907k

New customers (inc record D2C of 530k)



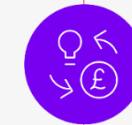
Scalable digital consumer credit engine



Strong Customer Manifesto and corporate purpose



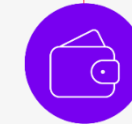
Deep data and underwriting capability



Continuous investment in product innovation



Growing partnerships with e-tailers including regulated BNPL



Strong financial management

£1.4BN

Funding raised

£100M

HYB repayment

31.8%

Market leading Cost:income ratio

bip.

Launched as UK's first digital-only credit card

newpay

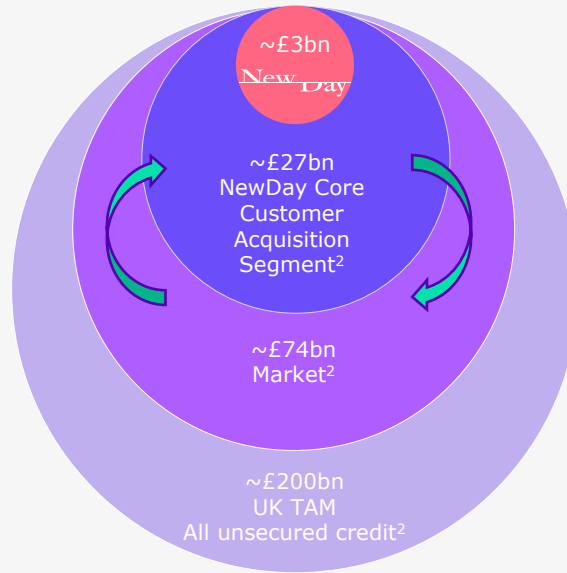
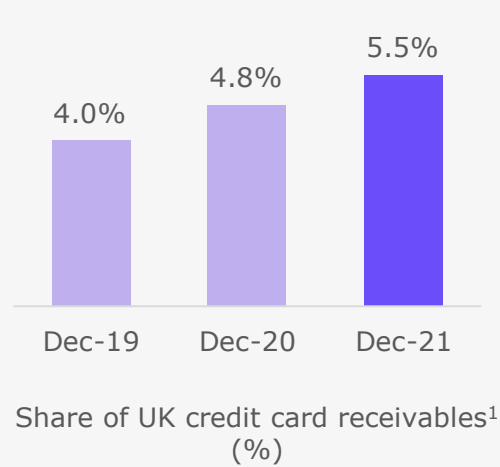
Newpay 1:many launched with Deko



Major new Merchant Partnership signed during Q1 2022

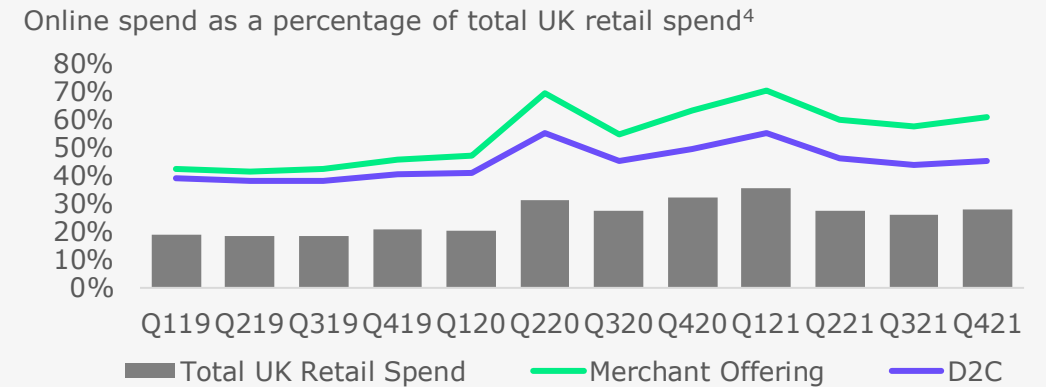
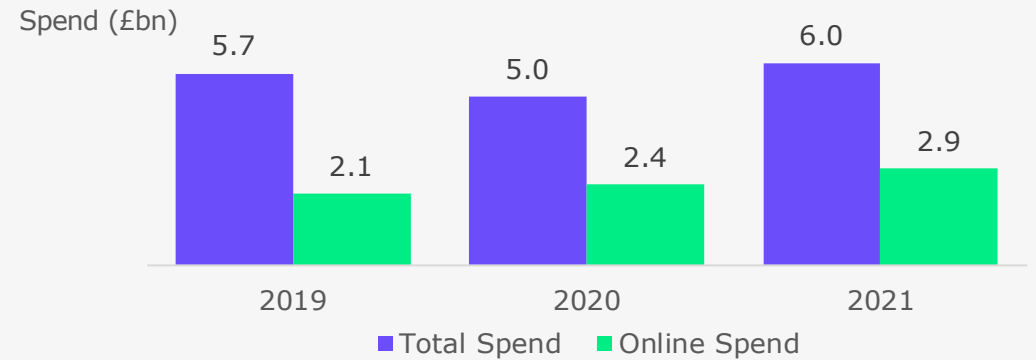
We continue to grow our market share within a ~£74bn credit card and BNPL market

70bps increase in share of UK credit card receivables



1-in-6 of UK credit cards issued in 2021³

£6bn total spend, 20% higher than 2020



Source: Management analysis, BoE, Digital Commerce 360, Forrester, Edge, Euromonitor, eMarketer, BNPL Consumer Survey, Global Data (Retail Banking Analytics, Consumer Credit Analytics), Pyxis, Market Participant Interviews, WorldPay, Morgan Stanley European Fintech Report 2021.

1. UK Credit Cards Bank of England data as at 31 December 2021. % share metrics calculated as total NewDay volumes as a proportion of Bank of England data credit card volumes. Total UK credit card market is £59bn at 31 December 2021 per Bank of England data, sitting within wider c.£74bn market (including Point of Sale lending)

2. All market data points based on receivables at December 2020
 3. Estimated based on eBenchmarks data as at 31 December 2021. NewDay share includes NewPay originations
 4. Office for National Statistics. Internet % of total retail spend

NewDay is *mission driven with a customer centric focus*

We Help People
Move Forward With Credit

We strive to create an exceptional
experience for our colleagues

We are an environmentally conscious
and highly digital business

Strong and established corporate
governance framework

283k

Customers helped with
payment deferrals
during COVID-19¹

80%

Colleague
engagement²

Digitisation



UK Corporate Governance
Code Compliance³



1.8 million

Customers with
improved credit scores
(LTM as of Dec-2021)

83%

Inclusion and
diversity index²

Ecovadis accreditation



Wates Principles Compliance



Strong TrustPilot & Net
Promoter Score

NewDay

TrustPilot
Score⁴

4.0



Net Promoter
Score

+70

2021 average

1. Assumes one account equal to one customer. Between Mar-20 and Sep-21
2. Based on latest Employee Survey (2021)
3. Where deemed appropriate taking account of the size, nature and share ownership of the Group
4. As at 28 January 2022

Proprietary credit models and extensive data underpin our success

c. **20** years

Behavioural data

1 Trillion+

Customer data points

4,500+

Variables in machine learning

2 Million+

Customers used to develop credit models

800+

customer data points refreshed daily

4,000+

unique monthly customer data points

25

Credit models

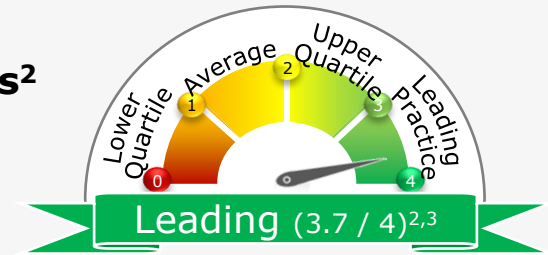
<4 Second

credit decisions¹

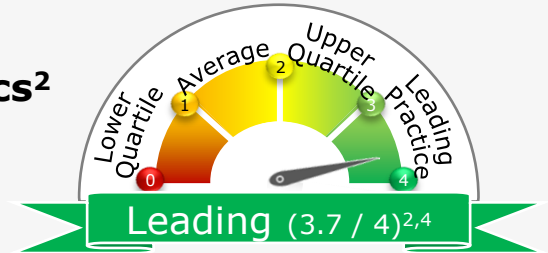


Real time interactions

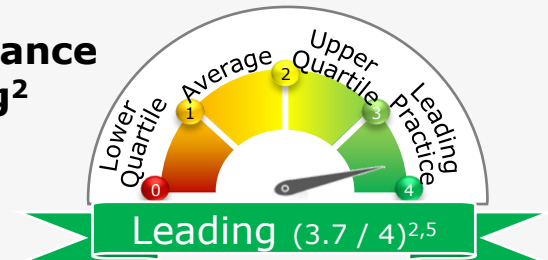
Data Insights²



Credit Analytics²



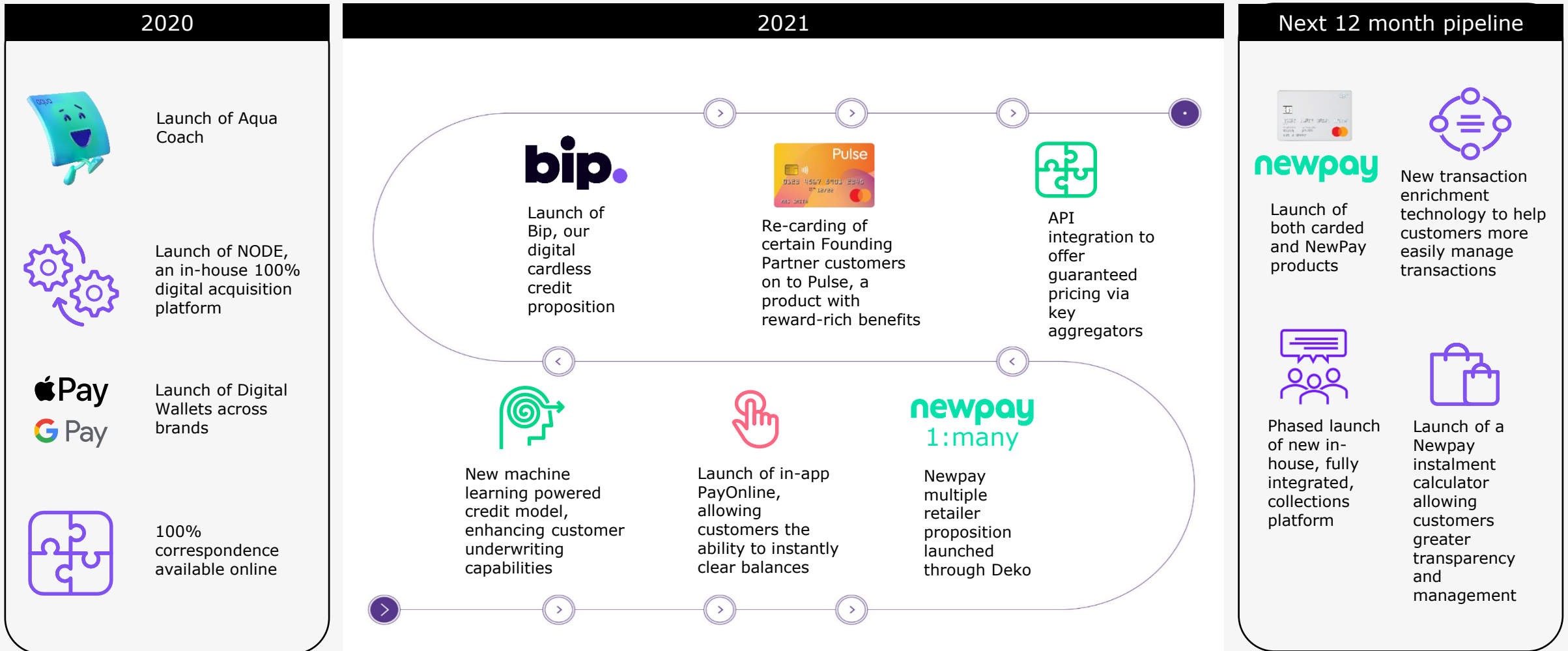
Performance Tracking²



1. < 4 second credit decisions in 95% of cases. .
 2. Management analysis, NewDay's position (as at Aug-21) vs management view of known industry best practice (as at mid-2020)
 3. The availability of, and access to, comprehensive data and the extent it is valued and used within decision making & process

support.
 4. Measurement & understanding of performance & risk through development, use & maintenance of appropriately detail reports.
 5. Development of customer insight through sophisticated data analytics to produce predictive models and segmentations.

We continue to innovate, *driving growth and an evolving customer proposition*



Our brand estate continues to expand through new products and partnerships

bip.

The UK's Only Fully Digital Credit "Card"

18k
Customer Accounts



newpay

White-labelled BNPL



Continued growth
c.9% of AO's UK Product Revenue¹



New partnership
signed in Aug-21

1:many BNPL

75

Retailer agreements reached



Business Development



- Major new Merchant partnership signed with launch planned for H2'22

newpay

- Expect to announce white-labelled e-tailer for NewPay proposition

1. NewDay % of AO UK Product Revenue since product launch (Aug-19) to 30 September 2021

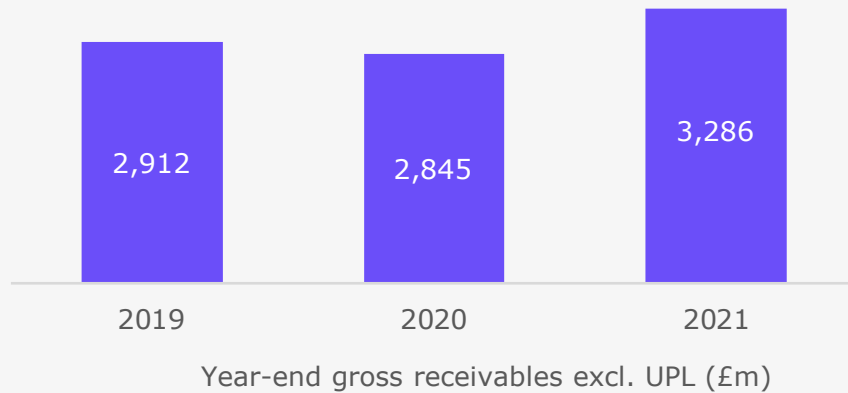
Business Performance



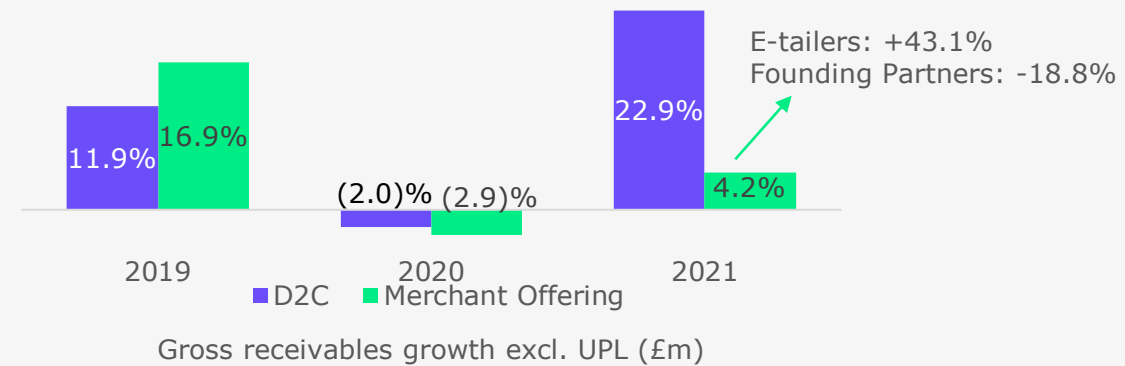
16% receivables growth vs 1% for UK Credit Card Receivables

Above market receivables growth

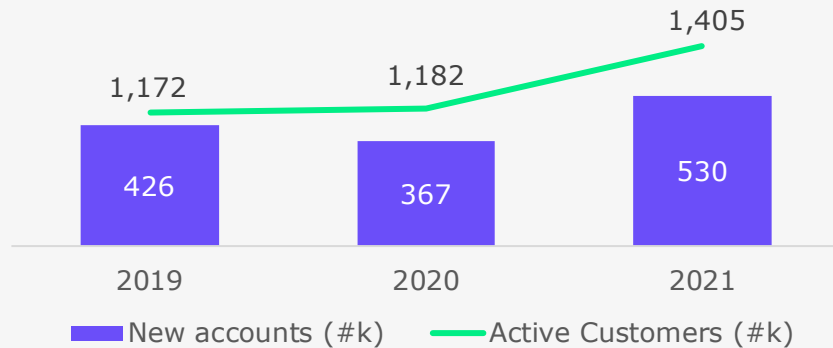
£441m receivables growth since 2020, in the context of modest 1% growth in UK credit card receivables¹



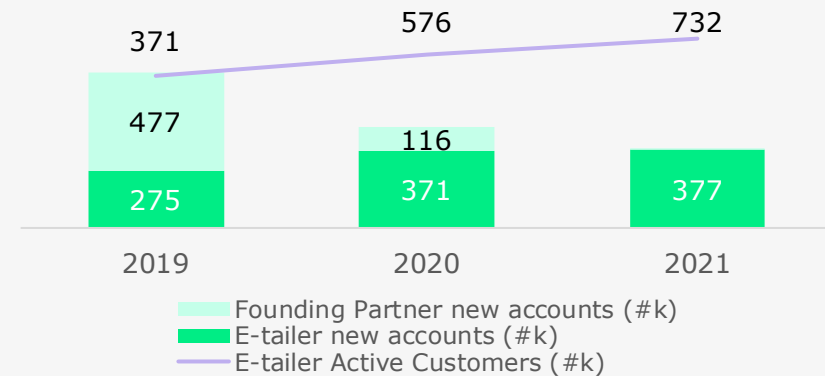
23% D2C receivables growth with Merchant Offering impacted by partner closures



Record levels of D2C new account origination, resulting in 1.4m active customers, 19% higher than 2020



E-tailer origination levels remain strong with e-tailer active customers continuing to grow

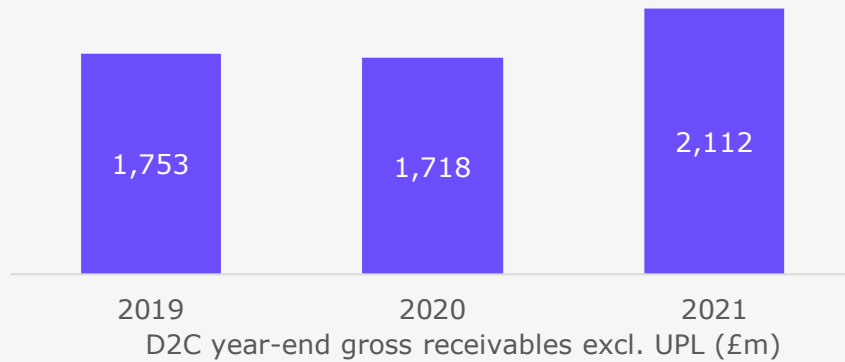


1. UK Credit Cards Bank of England data as at 31 December 2021

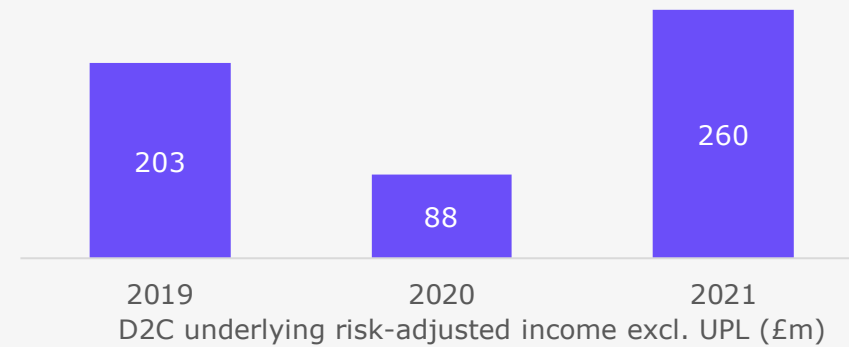
23% receivables growth in D2C and 43% in E-tailers

Increased receivables, driving higher underlying RAI

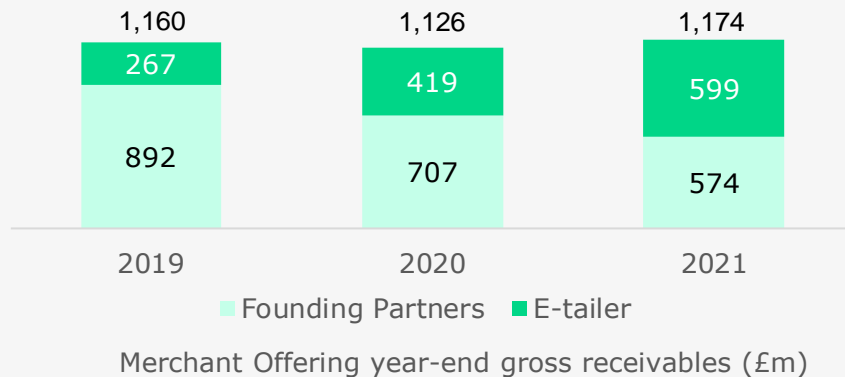
23% increase in D2C receivables since 2020 compared to modest 1% growth in UK credit card receivables¹



D2C RAI significantly higher than 2020 and 28% higher than 2019



4% increase in Merchant Offering receivables (43% for e-tailers), outperforming the overall UK credit card market¹



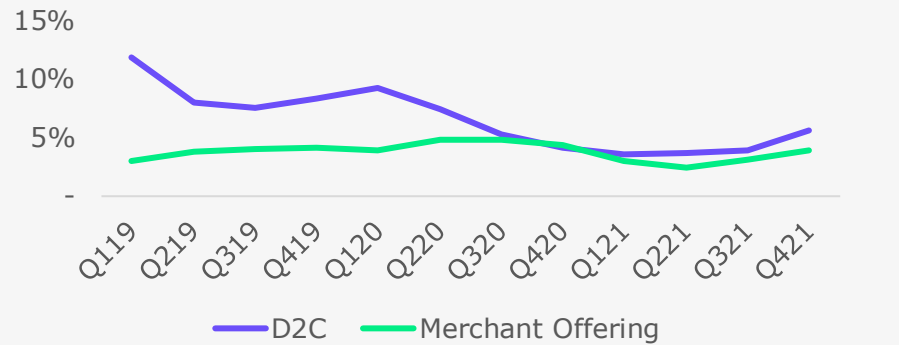
Merchant Offering RAI 27% higher than 2020



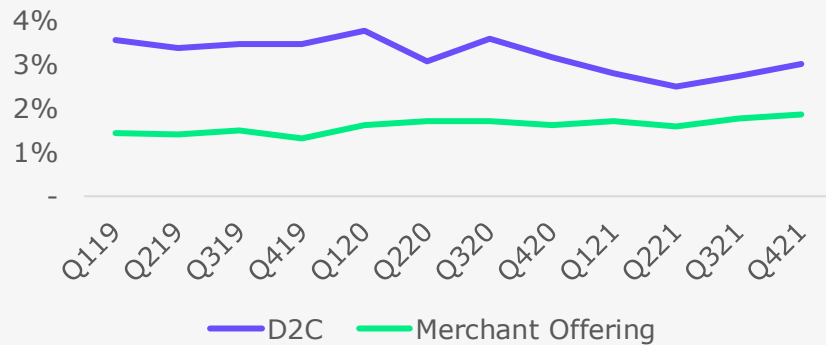
1. UK Credit Cards Bank of England data as at 31 December 2021

Credit quality begins to normalise, with *credit indicators remaining stronger than pre-pandemic levels*

Early credit indicators trending upwards, as expected, post furlough and expiry of Covid-19 related Payment Holidays

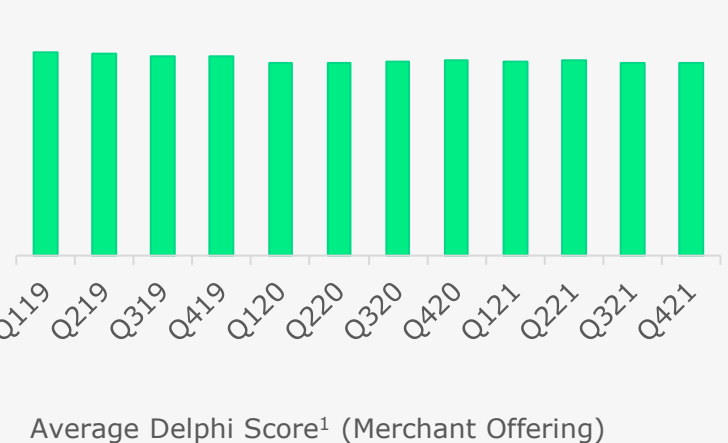
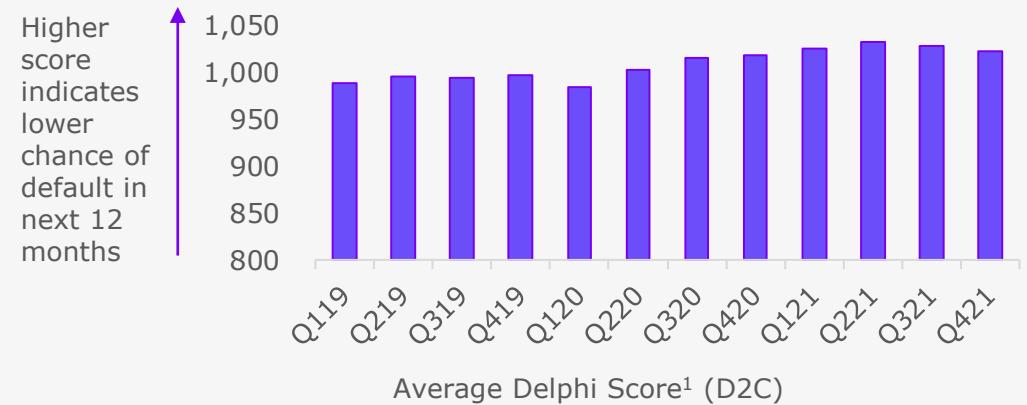


% of customers with two or more missed payments after 6 months



% of receivables entering delinquency

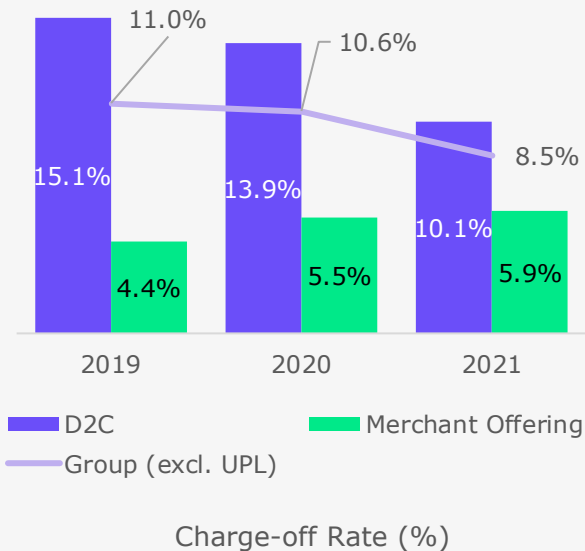
Credit quality broadly trending upwards for D2C, while Merchant Offering is stable despite mix shift towards e-tailers



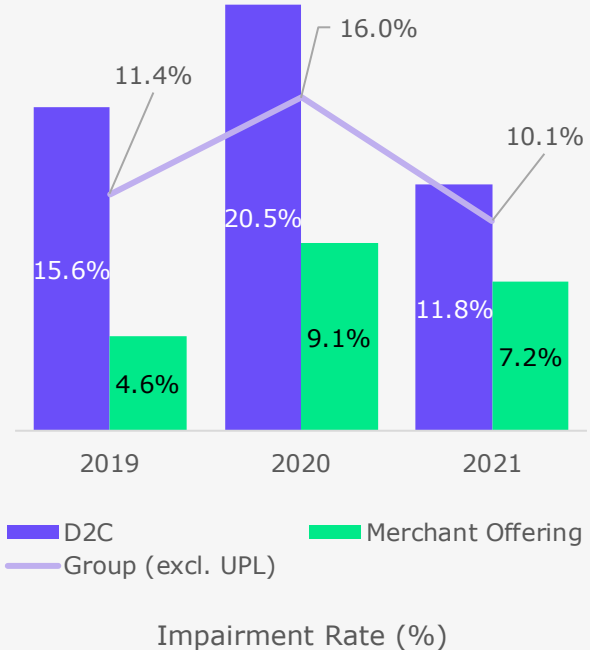
1. Experian Delphi for Customer Management AAM score, which predicts the likelihood of delinquency within the next 12 months. A higher score indicates a lower likelihood.

210bps lower charge-offs year on year contributing to an *overall reduction in impairment rate of 590bps*

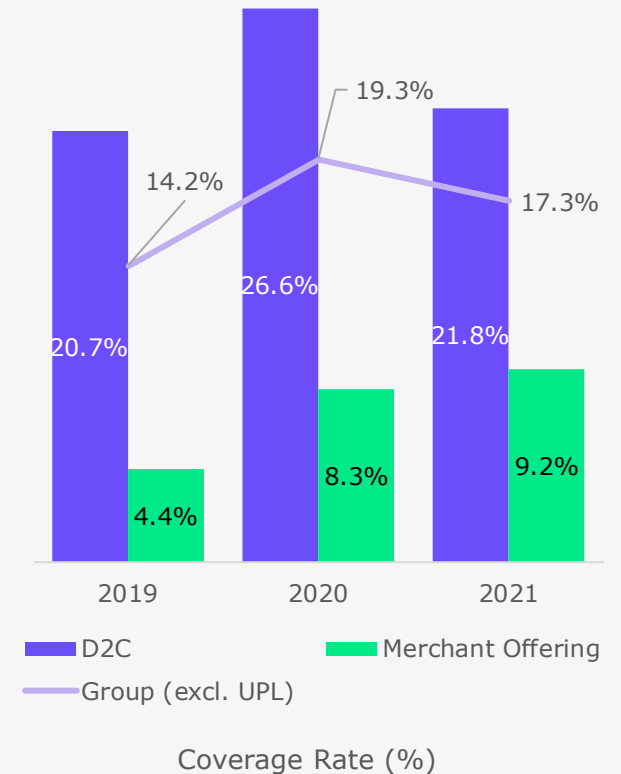
210bps lower Group Charge-off Rate year on year due to payment deferral support and credit management



Significant fall in Impairment Rate to reflect the underlying credit position and improved macro outlook

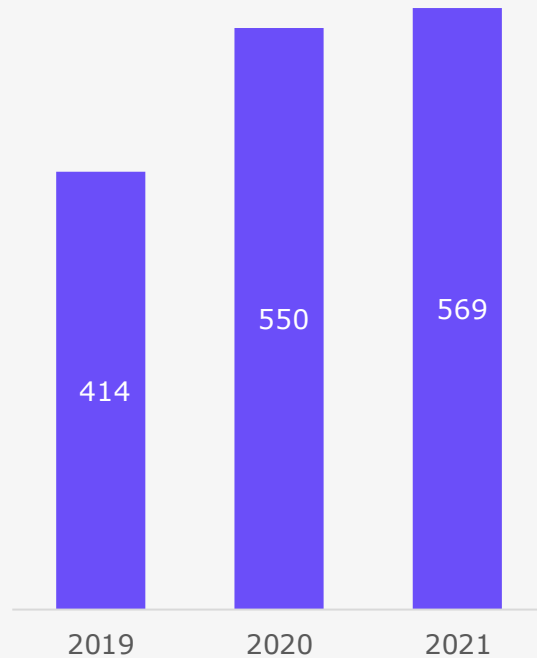


200bps Coverage Rate fall but still operating higher than pre-pandemic levels due to ongoing macro risks



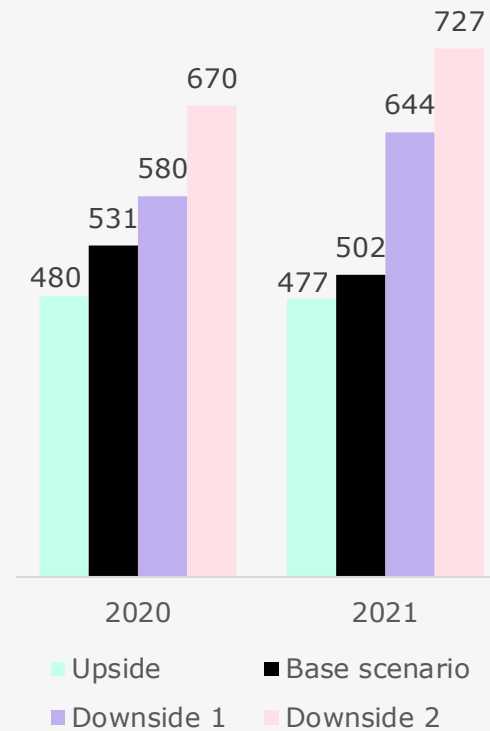
Marginal increase in ECL since Dec-20 despite £441m of receivables growth

£19m increase in overall ECL since 2020 driven by receivables growth



ECL Allowance (£m)

ECL Base scenario has reduced by £29m since December 2020



ECL scenarios (£m)

£48m higher macro uplift reflects cautiousness in light of ongoing economic uncertainty

	Unemployment Peak	5 yr avg	ECL (£m) assuming 100%	Probability weighting
Dec-21				
Upside	4.2%	3.9%	477	5%
Base	4.6%	4.3%	502	50%
Downside 1	9.1%	6.3%	644	40%
Downside 2	11.9%	7.3%	727	5%

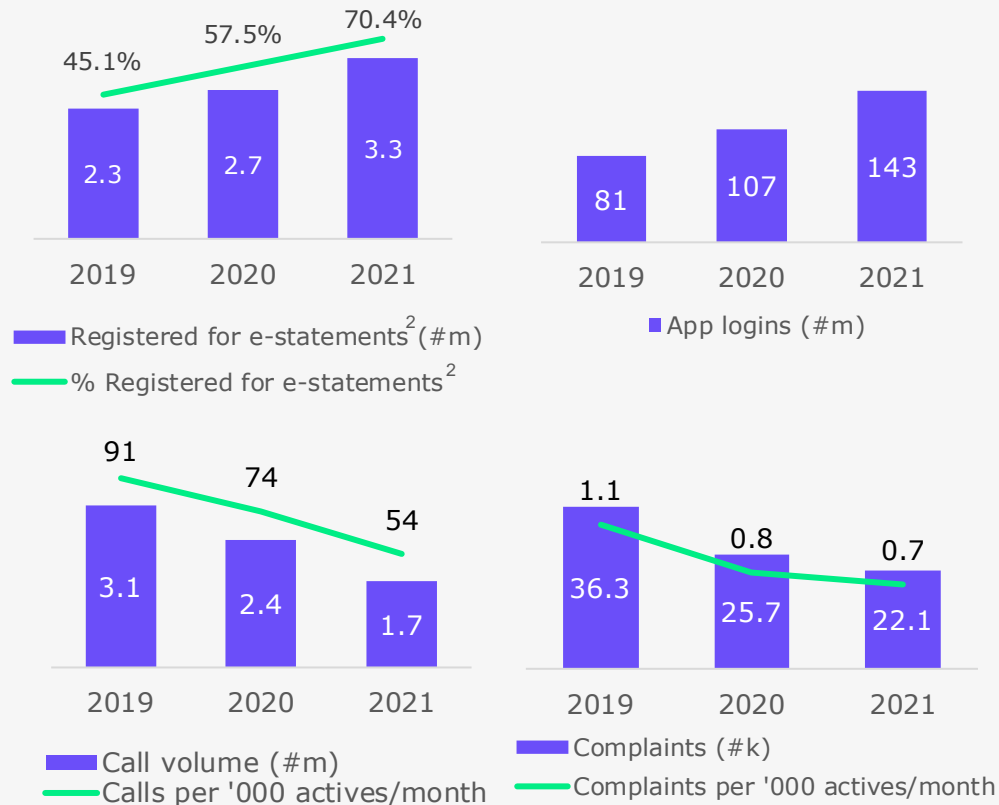
	2020	2021
Base scenario	531	502
Macro uplift	19	67
ECL allowance	550	569

Macroeconomic scenarios (£m)

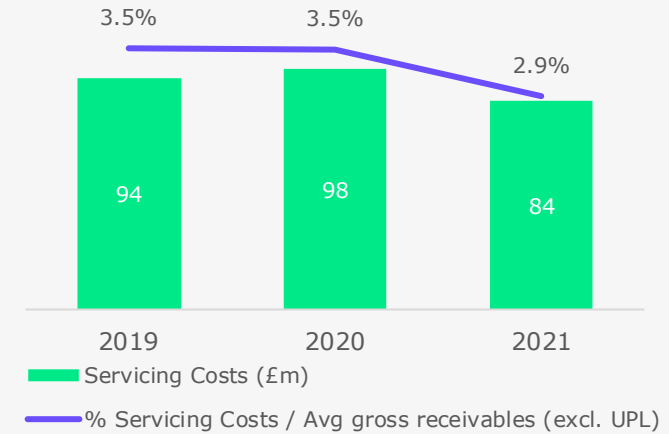
Scenarios are based on a panel of external forecasts taken from HM Treasury

Improving cost efficiencies and customer experience through continued investment in digitisation

600+ digital deployments per month¹ resulting in increased automation



Servicing costs decreased to lower than 3% of average receivables coupled with improved customer satisfaction



+73
NES³
(2020: +72)

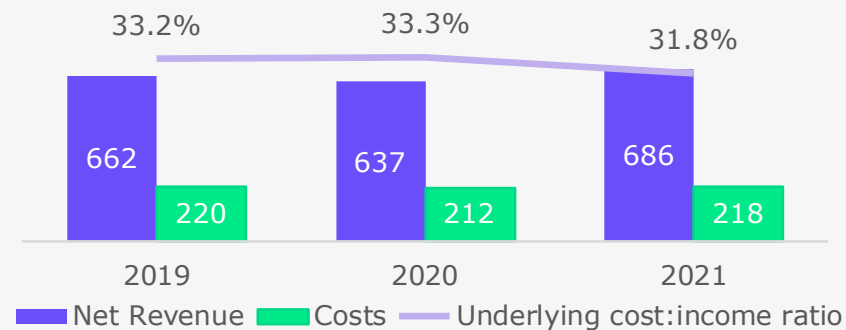
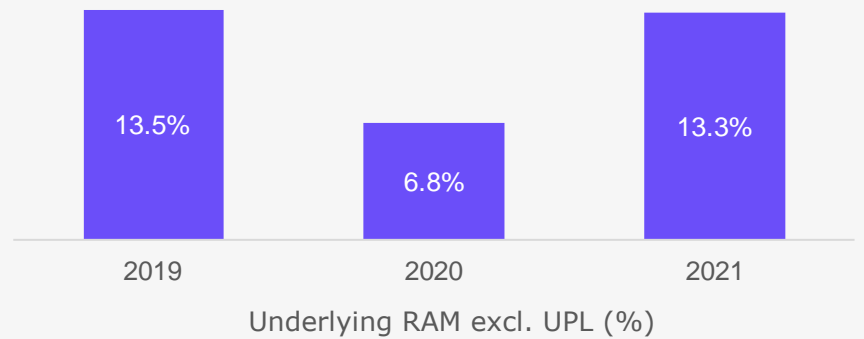


+70
NPS³
(2020: +67)

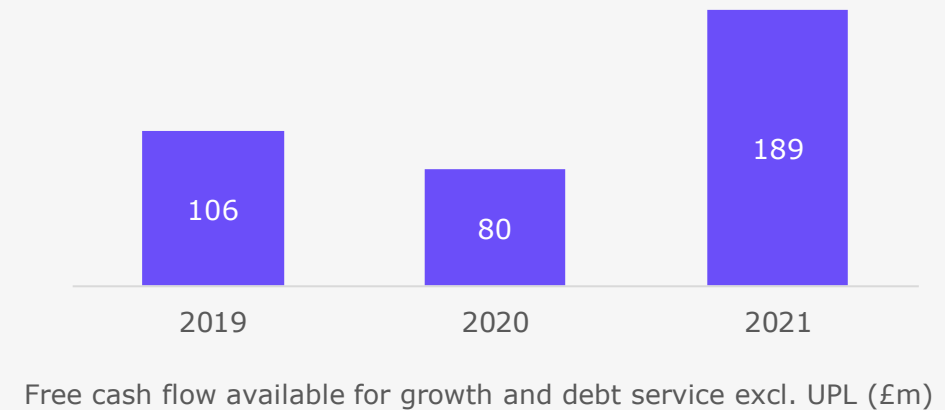
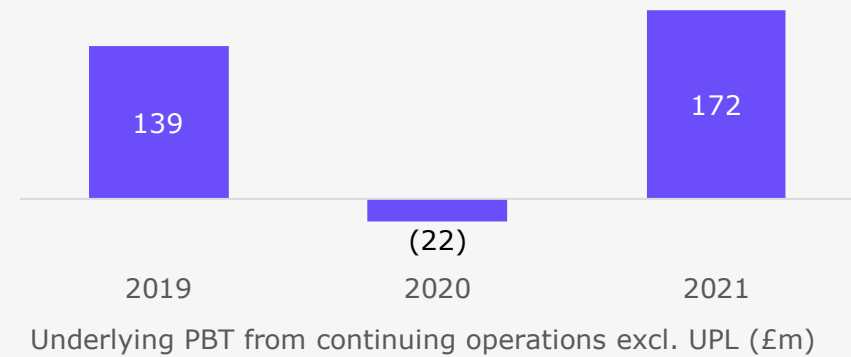
1. Since June 2021
2. At year end
3. Net Easy Score/ Net Promoter Score (Year average)

RAM recovery and continuing improvements in underlying cost:income drive *record profitability and strong cash generation*

Underlying RAM¹ recovered to pre-Covid levels coupled with improved underlying cost:income

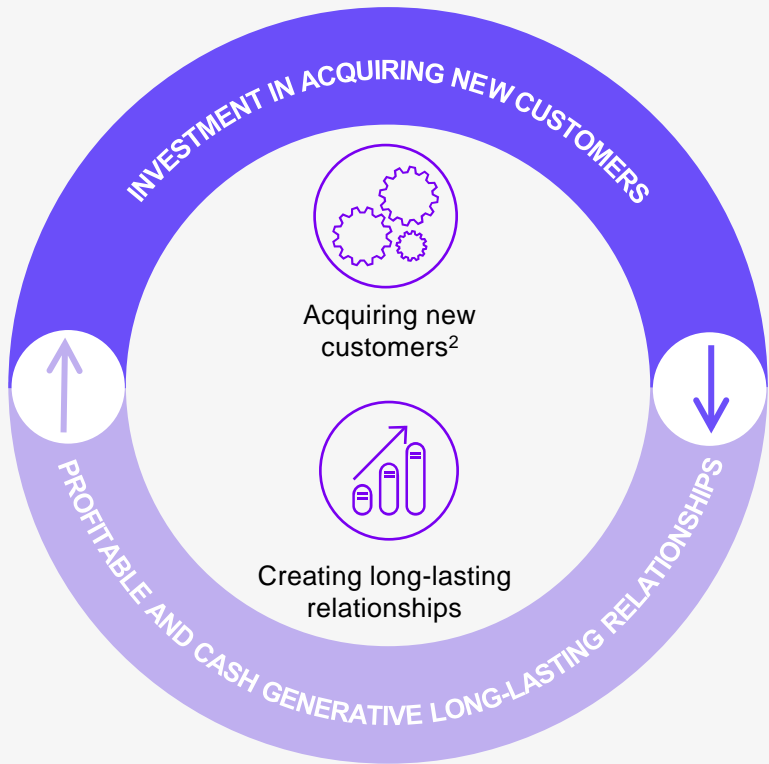


Record levels of profitability with strong cash generation enabling £100m repayment of HYB

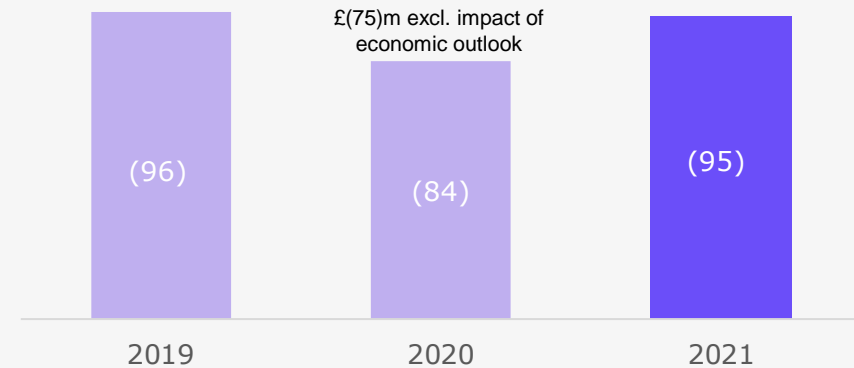


1. Underlying RAM calculated as Underlying risk-adjusted income over average receivables

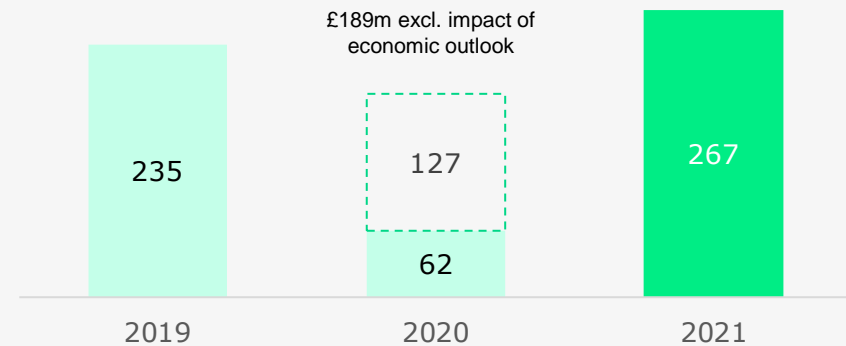
Investment in new customers returned to pre-pandemic levels. *Existing customers¹ generated £267m underlying PBT from continuing operations*



Underlying PBT from continuing operations of new customers² (£m)



Underlying PBT from continuing operations of existing customers¹ (£m)



1. Existing customers defined as >12 months
 2. New customer defined as a rolling cohort of customers acquired within the previous 12 months

Growing revenues with improved impairment and cost:income ratio drive *underlying PBT from continuing operations of £172m*

£m	2020	2021
Interest income	653	700
Cost of funds	(60)	(62)
Fee and commission income	44	48
Net Revenue	637	686
Impairment	(447)	(296)
Underlying risk-adjusted income	191	390
Servicing costs	(98)	(84)
Change costs	(39)	(44)
Marketing and partner payments	(47)	(42)
Collection fees	26	24
Contribution	32	244
Salaries, benefits and overheads	(54)	(72)
Underlying PBT from continuing operations	(22)	172
Add back: depreciation and amortisation	10	11
Adjusted EBITDA	(12)	183
Average gross receivables	2,787	2,931
Net Revenue margin (%)	22.9%	23.4%
Impairment (%)	16.0%	10.1%
Cost:Income (%)	33.3%	31.8%
Underlying RAM (%)	6.8%	13.3%
Senior Secured Debt to Adjusted EBITDA ¹	n/m	0.4x
Adjusted EBITDA to pro forma cash interest expense ¹	n/m	7.6x

£686m

(2020: £637m)

Net Revenue

Strong performance drives 8% higher revenue than prior year

£296m

(2020: £447m)

Impairment

34% reduction as provisioning remains broadly flat

£218m

(2020: £212m)

Total costs

3% Increase in cost base as investment in innovation and people continues combined with limited variable pay in 2020

31.8%

(2020: 33.3%)

Underlying Cost:income

160bps lower than 2020 as continued investment is offset by increased income and reduced servicing costs

£172m

(2020: £(22m))

Underlying PBT from continuing operations

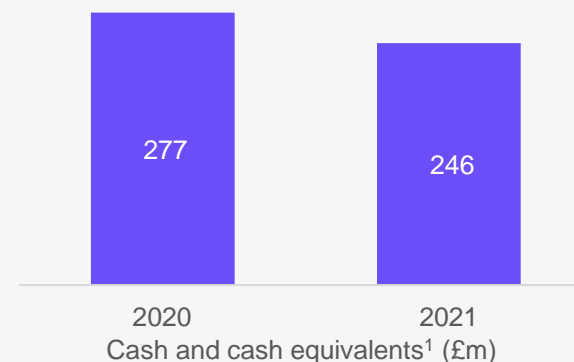
Record profitability, surpassed pre-pandemic levels (2019: £139m)

1. 2020 adjusted EBITDA was negative therefore these metrics are not quoted

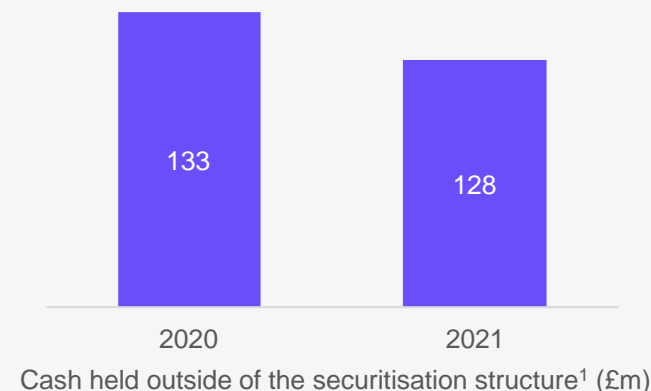
Strong cash generation of *£119m FCF for Senior Secured Debt interest* enabling £100m repayment of High Yield Bond

£m	2020	2021
Adjusted EBITDA	(12)	183
Change in impairment provision	136	19
Adjusted EBITDA excl. provision	125	202
Change in working capital	(14)	17
PPI provision utilisation	(12)	(2)
Capital expenditure	(12)	(9)
Tax paid	(6)	(17)
Exceptional costs	-	(2)
FCF available for growth and debt service	80	189
(Increase) / decrease in gross receivables	67	(459)
Net financing cash flow ¹	(18)	390
FCF available for Senior Secured Debt interest	129	119
Drawdown / (payback) of RCF	30	(30)
Repayment of High Yield Bond	-	(100)
Funding loan to parent ²	(10)	(10)
Debt service - cash payments	(32)	(28)
Cash generated from discontinued operation	8	18
Underlying net increase in cash and cash equivalents	125	(30)
Net movement in funding overlap	244	(244)
Net increase in cash and cash equivalents (excl. restricted cash)	369	(275)
Movements in restricted cash	10	(6)
Net increase in cash and cash equivalents	379	(280)
Net increase in cash and cash equivalents (excl. funding overlap)	135	(36)

Cash¹ £30m lower than prior period reflecting £130m RCF/HYB repayment



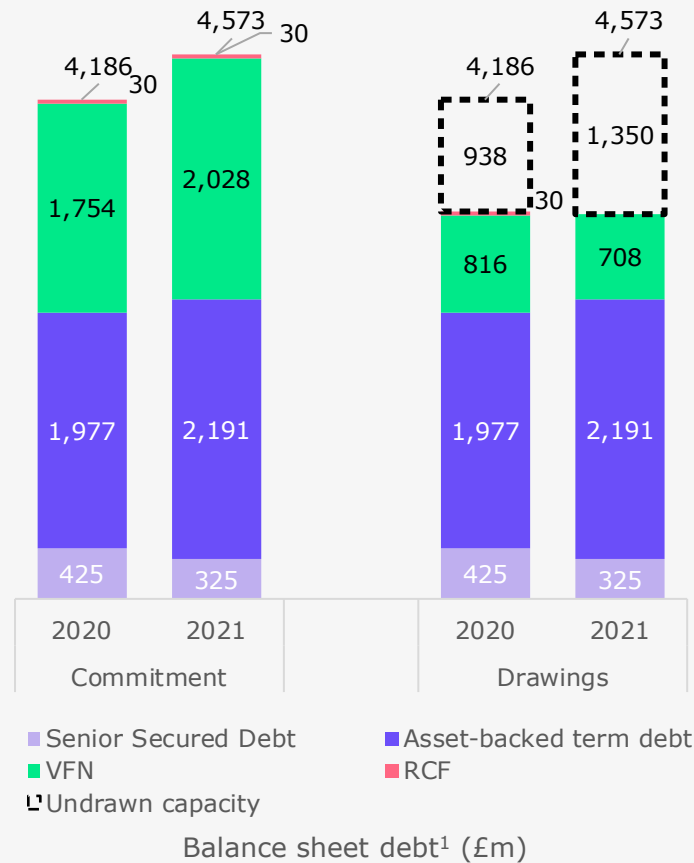
£128m of cash outside the securitisation vehicles. Marginal £5m reduction despite repayment of £130m RCF/HYB



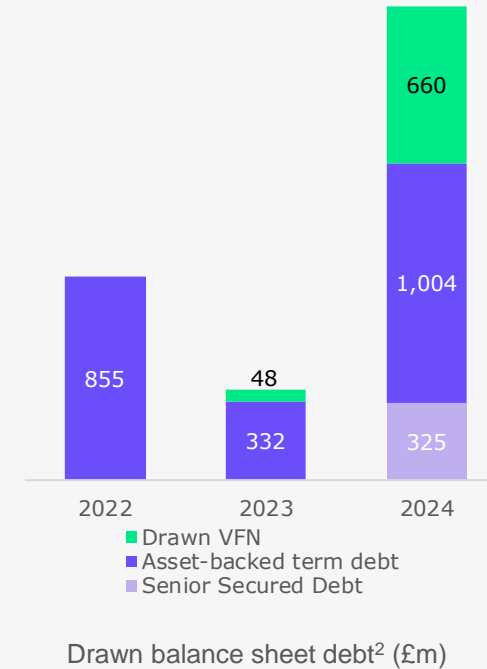
1. Excludes restricted cash. 2020 excludes cash held for repaying the 2015-1 CB deal. £100m of cash was used in July 2021 to repay a portion of the Group's Senior Secured Debt.
 2. Payment to the Group's immediate parent company, Neman MidCo Limited

£1.3bn funding headroom¹ for future growth with no deals maturing until June 2022

Diverse and growing funding structures, with £1.4bn of additional commitments added in 2021



Three ABS deals maturing in 2022, with no deals maturing before June



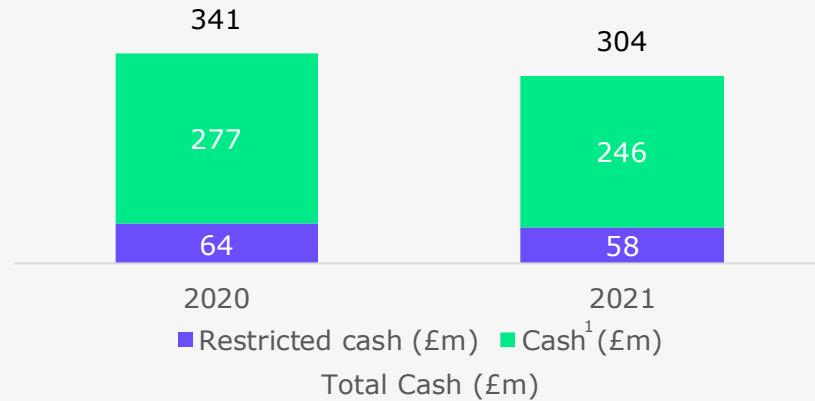
2022 ABS term debt maturity (€m)

OB 2019-1	273	Jun-22
OB 2019-2	289	Nov-22
CB 2017-1	294	Dec-22
Total	855	

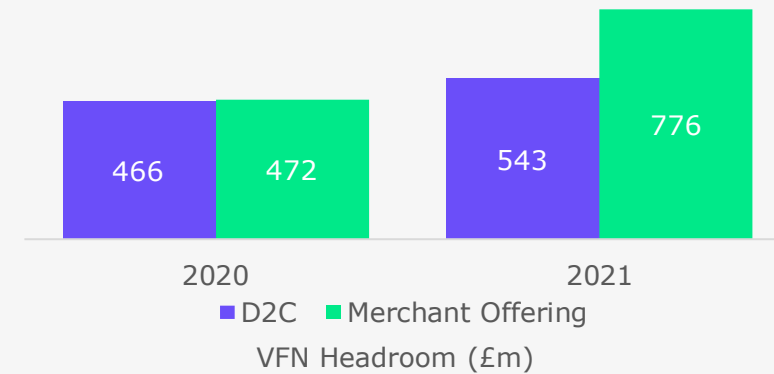
1. £1,350m funding headroom includes VFN and RCF headroom
 2. Excluding accrued interest

Strong cash position and substantial VFN headroom providing a *strong base for further growth*

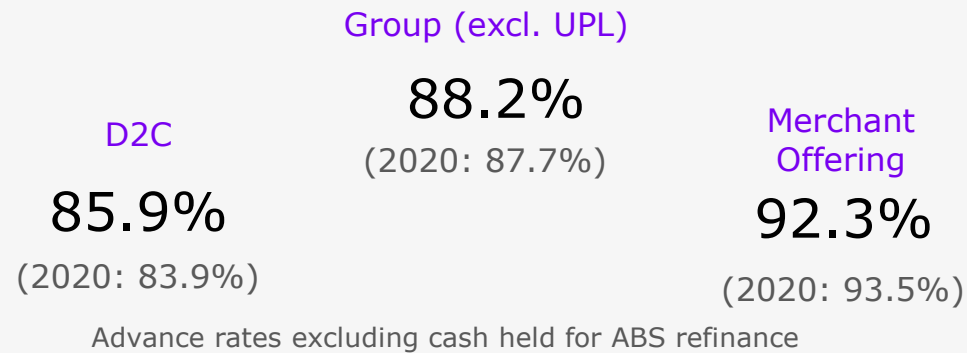
Cash £36m lower than 2020 after RCF and HYB repayments totalling £130m



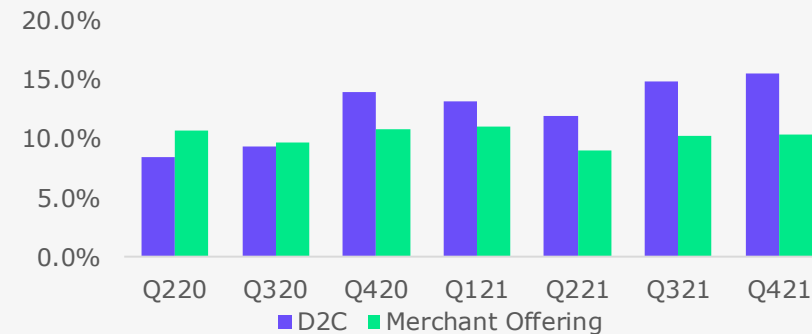
Substantial VFN headroom across portfolios (£1,320m)



Advance Rates broadly stable year on year



Excess spread levels remain healthy, with D2C excess spread exceeding 15% by Q421



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.

1. 2020 excludes £244m cash held for repaying the 2015-1 CB deal.

Appendix



New Day

Statutory Earnings

£m	2020	2021
Underlying Profit from continuing operations	(22)	172
Senior Secured Debt interest and related costs	(34)	(31)
Impairment of retail partner relationships intangible assets arising on the Acquisition	(6)	-
Platform development costs	-	(2)
Fair value unwind	1	1
PPI	(8)	(5)
Debenhams asset write-off	(7)	-
Amortisation of Acquisition intangibles	(53)	(57)
Profit / Loss before tax from continuing operations	(129)	79
Discontinued operation	(5)	3
Statutory PBT / (LBT)	(133)	82

- Senior Secured Debt interest and related costs: includes the interest charge and other costs associated with the issuance and servicing of Senior Secured Notes and the Revolving Credit Facility
- Impairment of retail partner relationships intangible assets arising on the Acquisition: primarily represents a write-down of the carrying value of the Group's retail relationship with Laura Ashley following its administration
- Platform development costs: reflects expenses incurred to enhance the capabilities of our in-house operating platforms.
- Fair value unwind: reflects the amortisation of fair value adjustments on the Group's acquired portfolios and debt issued
- PPI: primarily reflects the uplift to the Group's PPI provision following information received from a third party that the Group's share of redress costs for customer complaints which are processed by the third party will be higher than initially estimated
- Debenhams asset write off: represents a one-off write-off relating to our retail partnership with Debenhams. This asset was written-off following further developments to Debenhams' administration in December 2020. The asset was originally being amortised over the life of our contract with Debenhams
- Amortisation of Acquisition intangibles: represents the amortisation of the intangible assets recognised on the acquisition of the Group by funds advised by Cinven and CVC in January 2017
- Discontinued operation: represents the results of the UPL segment which was discontinued in 2020 with the receivables portfolio subsequently being sold in Q1 2021

Contribution by segment

D2C income statement £m	2020	2021
Interest income	446	488
Cost of funds	(37)	(41)
Fee and commission income	28	31
Net Revenue	436	478
Impairment	(348)	(218)
Underlying risk-adjusted income	88	260
Servicing costs	(45)	(44)
Change costs	(23)	(22)
Marketing costs	(12)	(22)
Collection fees	15	15
Contribution	23	187
Average gross receivables	1,699	1,843
Net Revenue margin (%)	25.7%	25.9%
Impairment (%)	20.5%	11.8%
Underlying RAM (%)	5.2%	14.1%

Merchant Offering income statement £m	2020	2021
Interest income	207	213
Cost of funds	(23)	(21)
Fee and commission income	17	16
Net Revenue	201	208
Impairment	(99)	(78)
Underlying risk-adjusted income	103	130
Servicing costs	(52)	(41)
Change costs	(16)	(16)
Marketing and partner payments	(36)	(20)
Collection fees	10	9
Contribution	9	63
Average gross receivables	1,088	1,088
Net Revenue margin (%)	18.5%	19.1%
Impairment (%)	9.1%	7.2%
Underlying RAM (%)	9.4%	11.9%

1. Note: £1m of Fee and commission income and £6m of additional change costs are included within the Platform Services segment (2020: £Nil)

Balance Sheet

£m	2020	2021
Gross receivables	2,845	3,286
Impairment provision	(550)	(569)
Other	110	128
Net receivables	2,404	2,845
Restricted cash	64	58
Cash	521	246
Intangible assets	210	154
Goodwill	280	280
Other assets	75	69
Receivables held for sale	69	-
Total assets	3,623	3,652
Asset-backed term debt	1,980	2,192
Variable funding notes	817	709
Senior Secured Debt	465	335
PPI provision	5	8
Other provisions	6	3
Other liabilities	90	92
Total liabilities	3,363	3,339
Net assets	260	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 £134m at Dec-21
- Receivables held for sale represents the UPL receivables portfolio which was sold in Q1 2021. Accordingly, as per the requirements of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the UPL loans and advances to customers were classified as held for sale as at 31 December 2020
- 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 £30m RCF and £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	2020	2021
Adjusted EBITDA	(12)	183
Senior Secured Debt	455	325
Cash ¹	(277)	(246)
Net corporate Senior Secured Debt	178	79
Senior Secured Debt to Adjusted EBITDA	n/m	0.4x
Senior corporate interest expense	32	24
Adjusted EBITDA to pro forma cash interest expense	n/m	7.6x

- 2020 Adjusted EBITDA was negative and therefore Senior Secured Debt to Adjusted EBITDA and Adjusted EBITDA to pro forma cash interest expense metrics are not quoted
- The decrease in Senior Secured Debt represents the £30m RCF and £100m HYB repayments in 2021

1. Excludes restricted cash. Excludes cash held arising from funding overlaps

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 '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

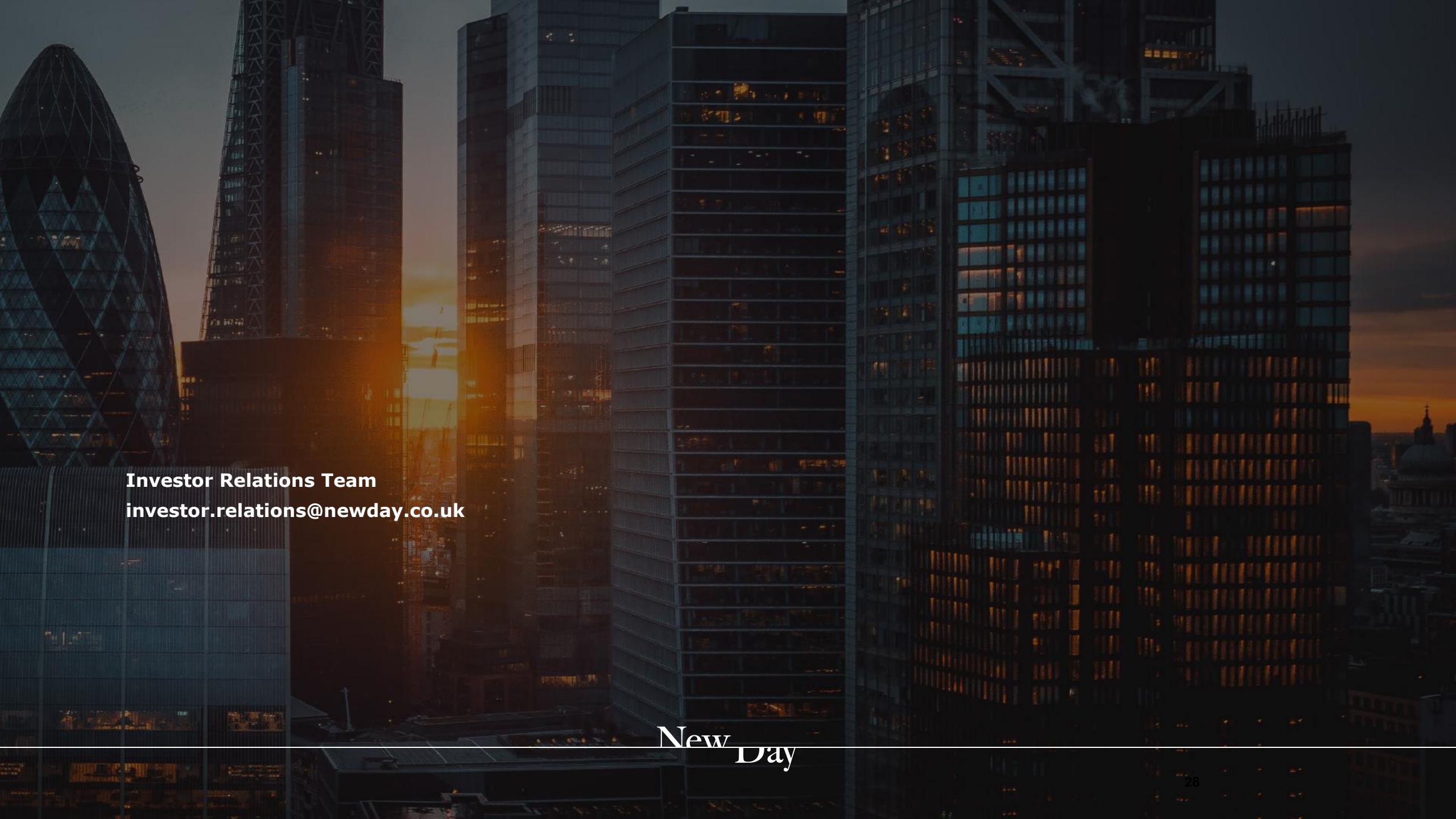
RCF: Revolving credit facility

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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**New
Day**