MAY 2024

Q1 2024

Results presentation

New Day

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In 2024, to aid understandability of performance the Group revised its policy for the presentation of certain items in its management basis income statement. Interest income earned on the Group's cash deposits is now netted off against cost of funds as opposed to previous years when it was netted off against salaries, benefits and overheads. Additionally, certain partner payments related to interchange fees earned from portfolios which are subsequently passed through to a retail partner are now presented netted off against fee and commission income as opposed to previous years when they were shown within marketing and partner payments. Accordingly, the 2023 comparatives on slides 6, 7, 8, 11, 12, and 18 have been re-presented for consistency.

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A stabilising economic backdrop set the scene for a return to customer account growth. Continued progress against our strategic agenda

1. **New customer accounts were 22% higher than Q1 2023. Near Prime new customer acquisition 59% higher than Q1 2023**
2. **£34m underlying PBT (Q1 2023: £47m). Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living**
3. **£39m FCF available for growth and debt service generated in Q1 2024 (Q1 2023: £38m)**
4. **Continued investment in innovation and capability on our digital platform**
5. **Simplification of our business into Credit and Platform units**
6. **Well-funded with significant headroom to accommodate growth**

151k
New customers
+22% vs Q1 23

+2%
Growth in interest-bearing balances

9.2%
Charge-off rate
(Q1 23: 9.5%)

Simplified structure positions us well to drive growth and efficiencies

NewDay

Credit(1)

aqua marbles fluid bip. Pulse

LLOYDS BANKING GROUP Argos ao newpay JOHN LEWIS & PARTNERS

- Leading near-prime lender
- Providing credit to working Britain
- Encouraging financial responsibility

- Large scale retail programmes
- Embedded finance

Platform

NewDay

LLOYDS BANKING GROUP boohoo group plc

- Proprietary digital and data platforms
- Strong reference clients in LBG (2) and Boohoo

Where next?

- Accelerating new customer acquisition in 2024
- Improve returns on JLP programme and launch / build scale through LBG(2)

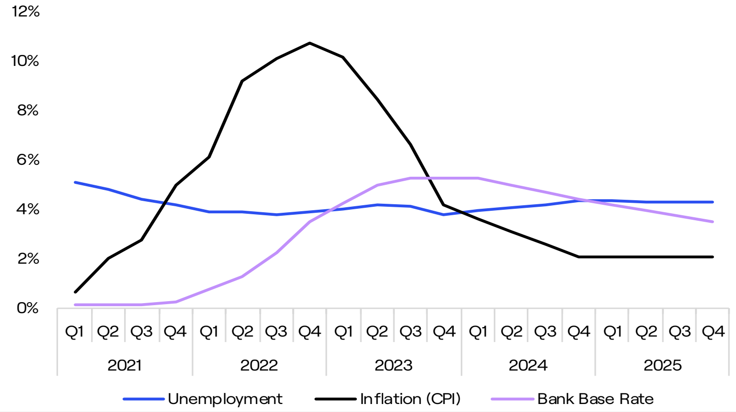
- Continue to invest in Platform innovation and capability
- Shared capability across brands

Note:
(1) Credit is comprised of the business units formerly known as Direct to Consumer (Aqua, Marbles, Fluid and Bip) and Merchant Offering (Pulse, Debenhams, AO, John Lewis & Partners, Argos and Newpay)
(2) Lloyds Banking Group

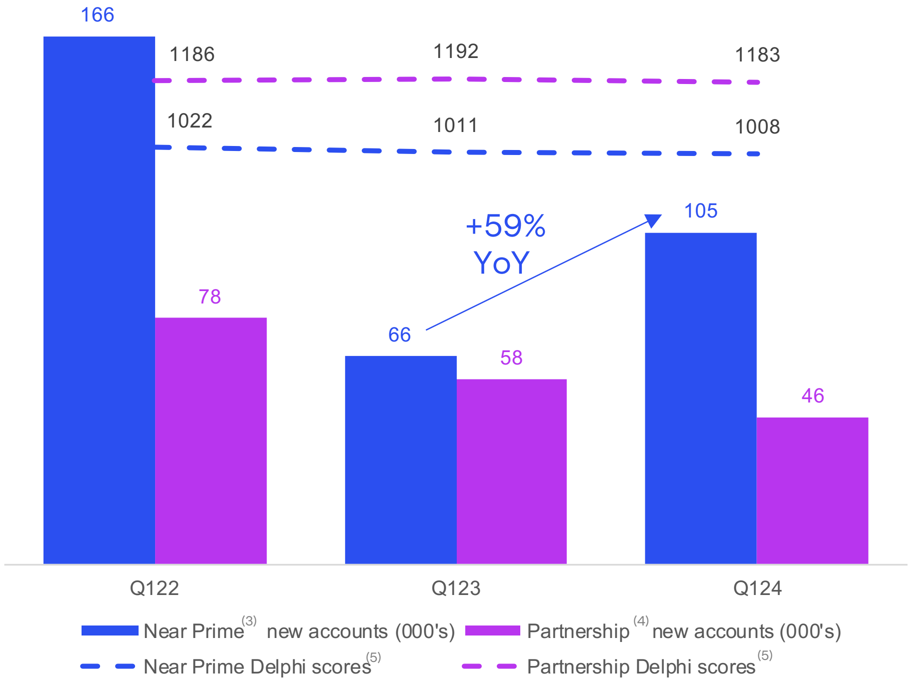
Stabilising economic backdrop drives deliberate increase in customer acquisition in Q1 2024

Strong demand for NewDay products exists in a stabilising economy

- c.20m[1] customers underserved within the UK financial market
- Impairment well controlled with > 20 years of underwriting experience
- Inflation reducing, unemployment rate stable, and base rate forecast to fall in 2024[2]



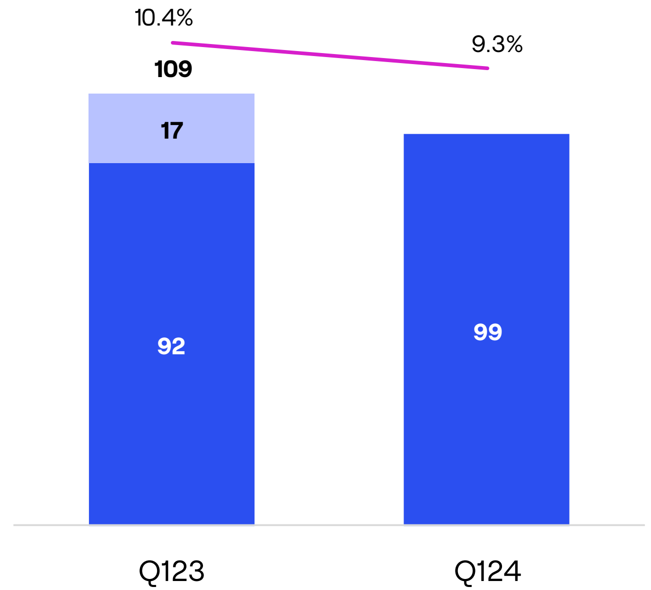
Accelerated customer acquisition in Near Prime[3] towards historical levels while remaining within risk appetite



Note:
(1) Per PWC "Overlooked and financially under-served" report
(2) Per HMT forecast – April Base (HMT mean Jan-March)
(3) Near Prime is made up of Aqua, Marbles, Fluid and Bip brands
(4) Partnership is made up of JLP, AO, Pulse, Debenhams, Argos and Newpay brands
(5) Experian Delphi for Customer Management AAM score, which predicts the likelihood of delinquency within the next 12 months

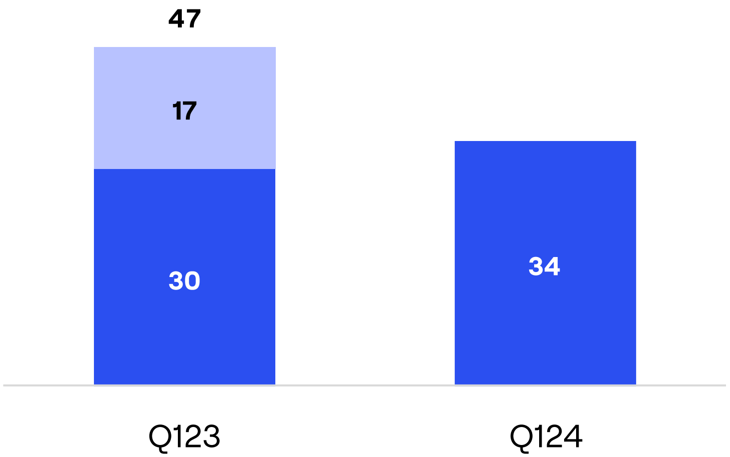
£99m Underlying risk-adjusted income, £34m Underlying PBT and £39m FCF available for growth and debt service

Underlying risk-adjusted income of £99m with 9.3% Underlying RAM



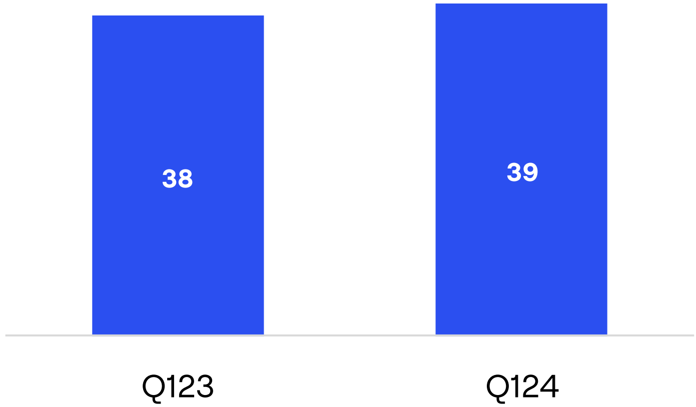
Underlying RAI (ex. ECL impact for cost-of-living) (£m)
ECL impact for cost-of-living (£m)
Underlying RAM

Continued progress with Underlying PBT of £34m



Underlying PBT (ex. ECL impact for cost-of-living) (£m)
ECL impact for cost-of-living (£m)

Consistent FCF available for growth and debt service



FCF available for growth and debt service (£m)

Note:
In 2024, to aid understandability of performance the Group revised its policy for the presentation of certain items in its management basis income statement. Interest income earned on the Group's cash deposits is now netted off against cost of funds as opposed to previous years when it was netted off against salaries, benefits and overheads. Additionally, certain partner payments related to interchange fees earned from portfolios which are subsequently passed through to a retail partner are now presented netted off against fee and commission income as opposed to previous years when they were shown within marketing and partner payments. Accordingly, 2023 comparatives have been re-presented for consistency.

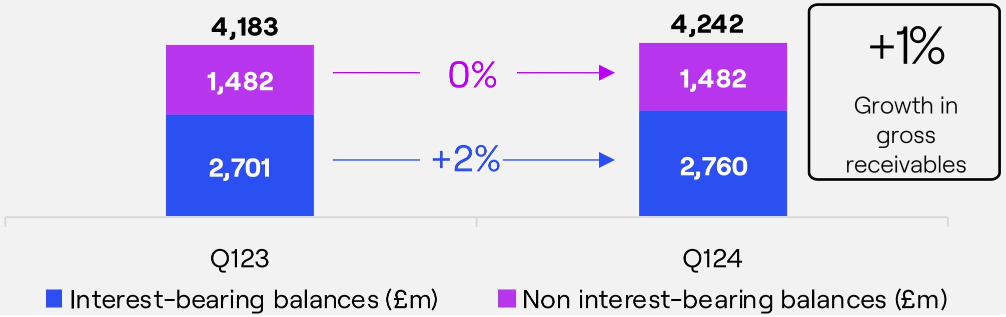
Continued growth in customer spend, receivables and interest-bearing balances

Customer spend expanded year on year

£3.7bn
Spend
(+2% vs Q1 23)

£1.3k
Spend per active customer[(1)]
(+10% vs Q1 23)

Modest growth in receivables as new customer acquisition acceleration precedes balance build. Interest-bearing balances 2% higher YoY



Income growth is offset by higher cost of funds and normalised impairment

+7% Growth in interest income and fee and commission income

+30% Growth in cost of funds

+14% Impairment charge

£99m Underlying risk-adjusted income (-9% vs Q1 23)

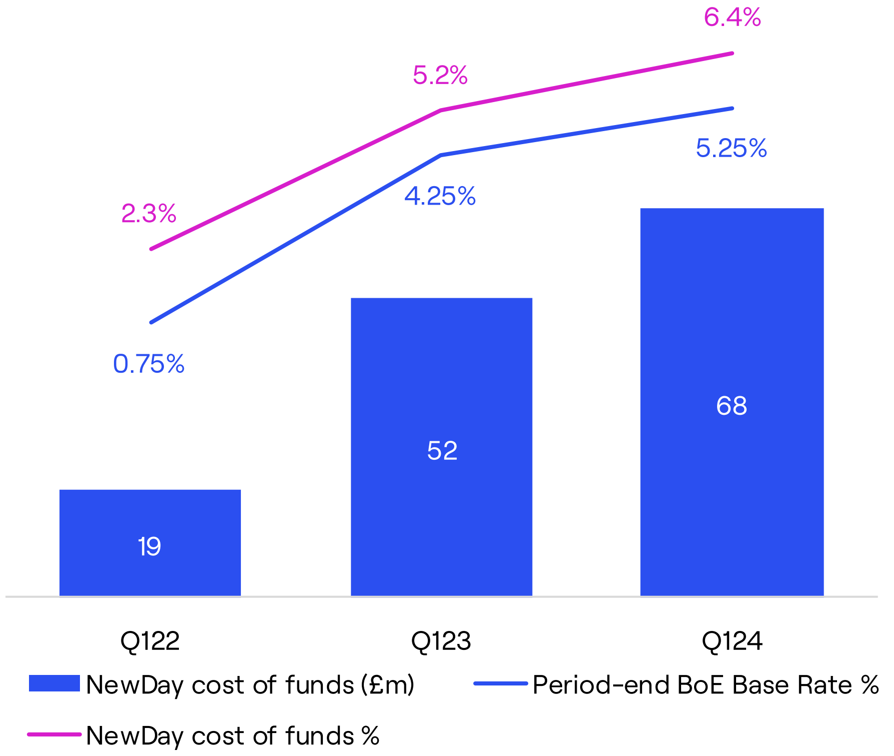
marbles / aqua	Market leader in near-prime credit
	Investing in new customers through 2024 to drive future returns
LLOYDS BANKING GROUP	2024 launch of technology and lending partnership with Lloyds Banking Group
JOHN LEWIS & PARTNERS	Specific measures agreed with John Lewis & Partners to improve the programme's trajectory

Note:
(1) Calculated as total spend divided by average active customers in the period

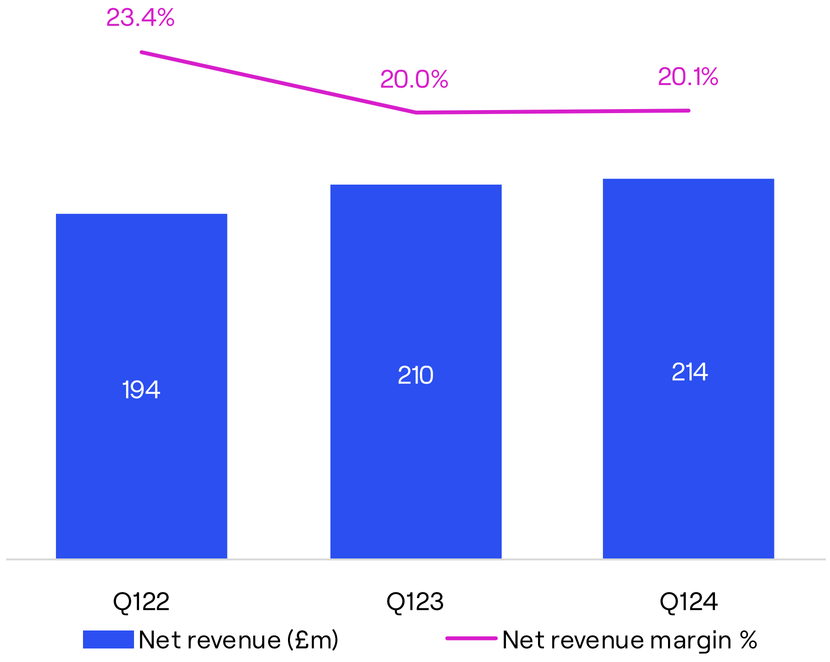
Please see footnote on page 6 which explains the Group's revised policy for the presentation of certain items in its management basis income statement and the subsequent re-presentation of 2023 comparatives.

Net revenue margin has stabilised in higher funding cost environment

Bank of England's base rate increases drive 30% YoY rise in NewDay's cost of funds



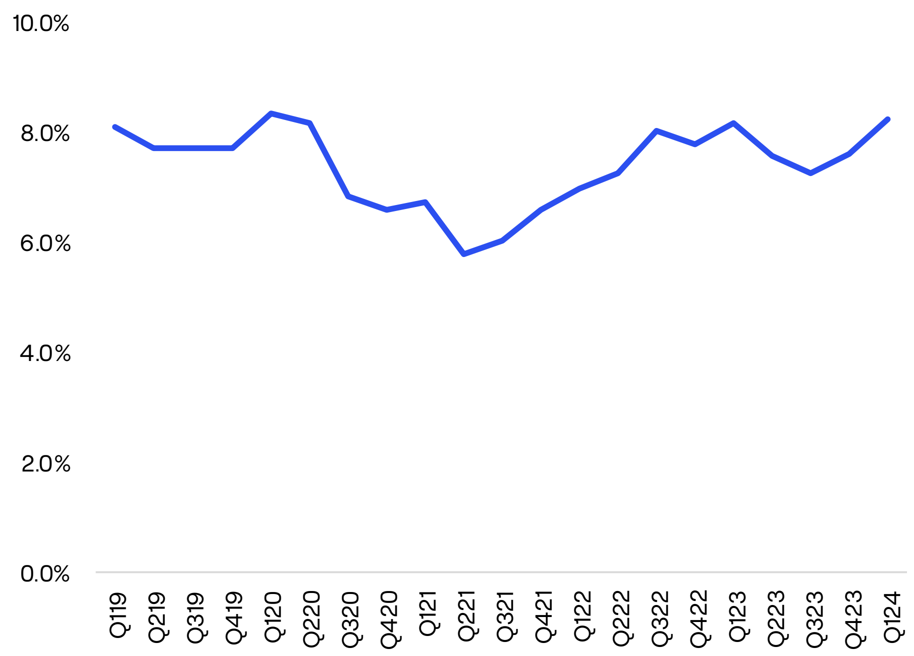
Net revenue margin stabilised YoY as a large part of the cost of funds increases are responsibly passed on to customers



Note:
Please see footnote on page 6 which explains the Group's revised policy for the presentation of certain items in its management basis income statement and the subsequent re-presentation of 2023 comparatives.

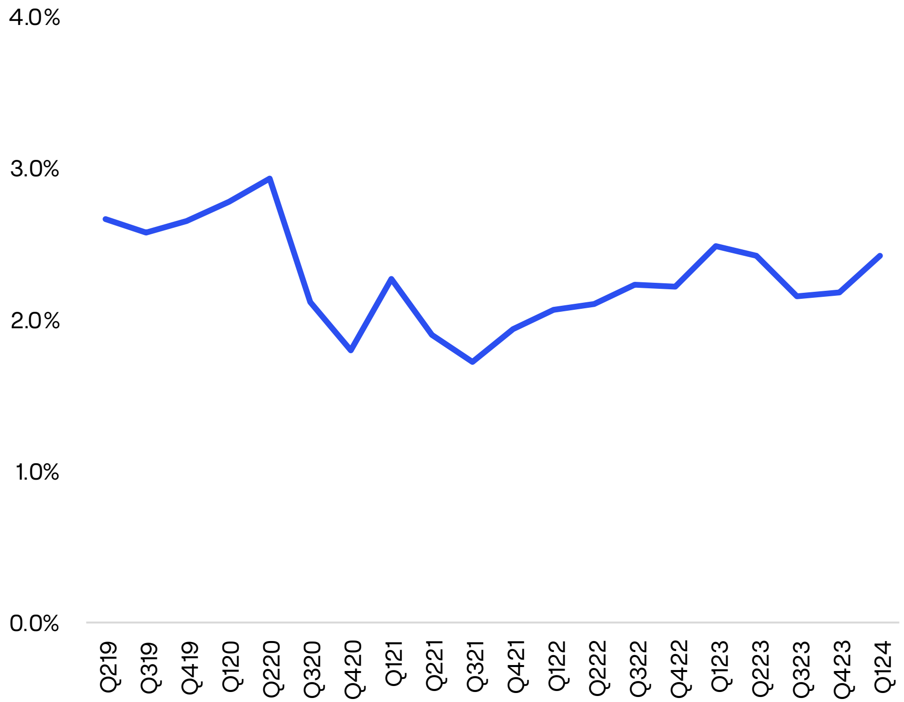
Arrears remain well controlled and below pre-Covid levels

A rise in arrears is driven by seasonality and a reduction in short-term debt sales



% of balances in arrears (1)

90+ delinquency rates remain below pre-covid levels

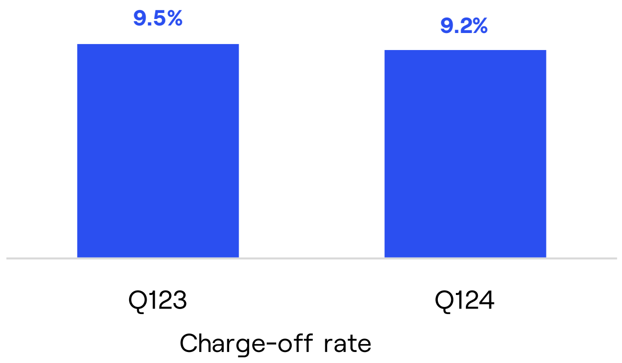


% of balances 90 days+ in arrears (2)

Note:
(1) Reflects total balances that are in arrears as a proportion of closing receivables.
(2) Reflects total balances that are 90 days or more in arrears as a proportion of closing receivables.

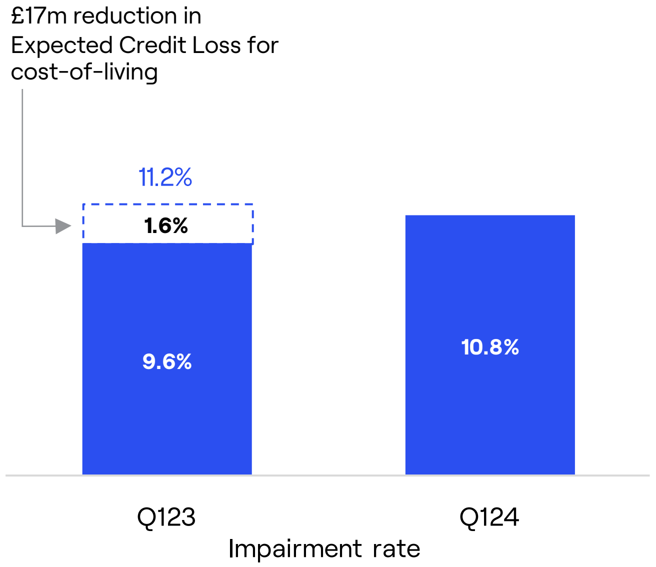
Impairment and coverage rates normalising as macroeconomic environment stabilises

Charge-off rate decreased by 30bps YoY as we pass the peak of the cost-of-living stress

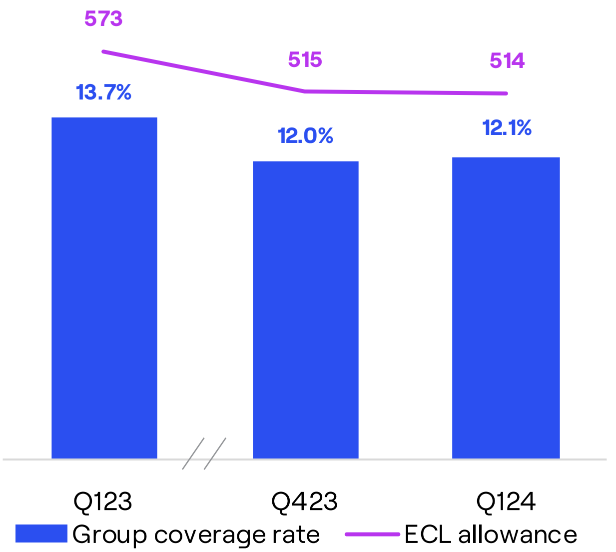


	2019	Q124
Group (excl. UPL)	11.0%	9.2%

Impairment rate 120bps higher YoY. Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living



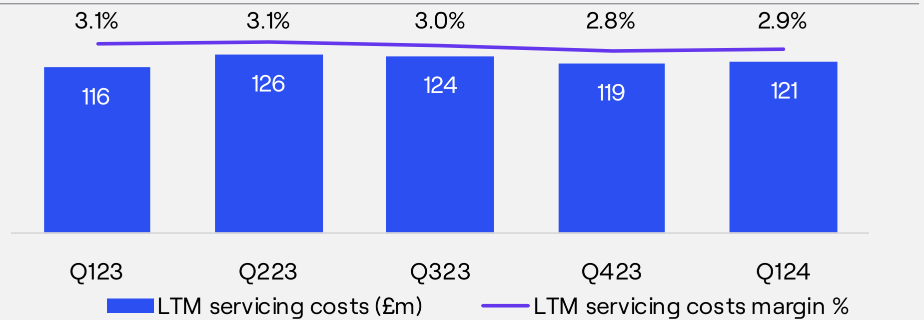
Coverage rate reduced 160bps YoY due to improved macro outlook and revised debt sales strategy



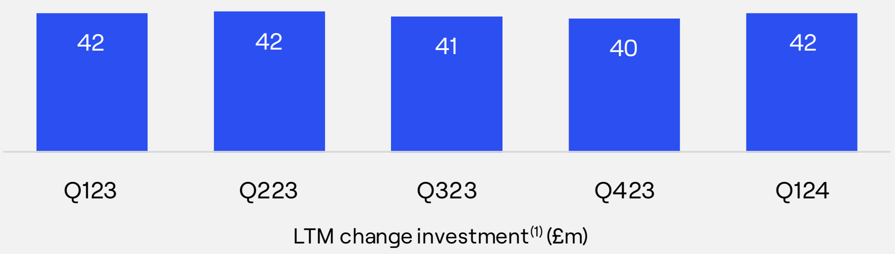
	2019	Q124
Group (excl. UPL & JLP)	14.2%	15.0%

Costs well controlled in moderating inflationary environment

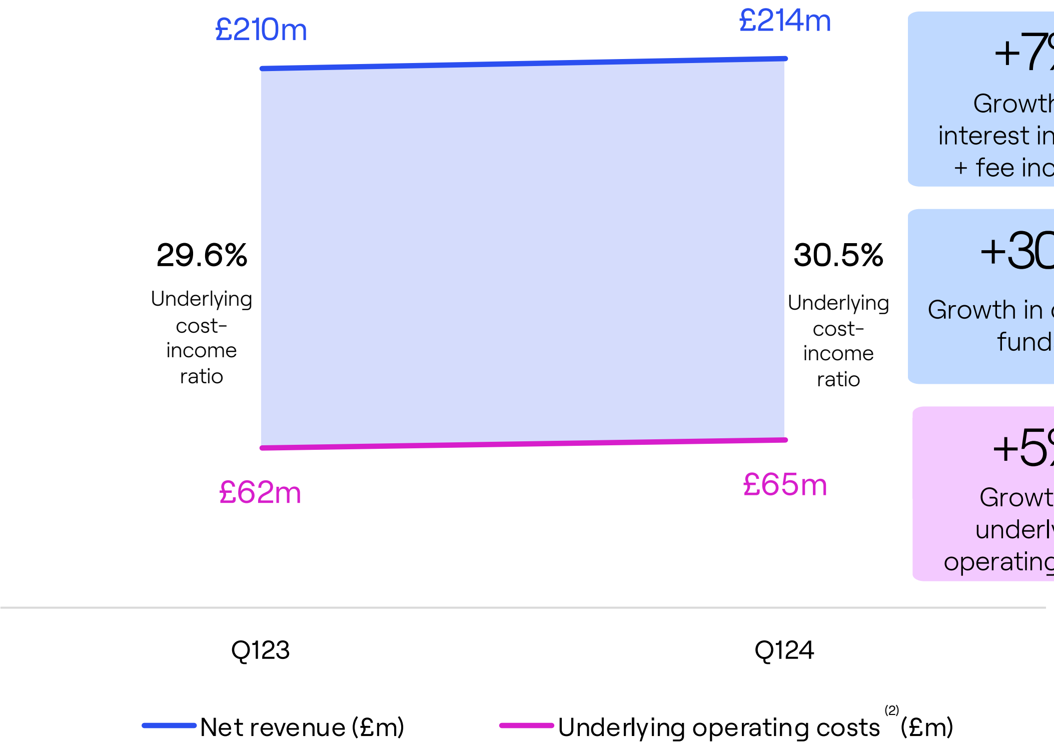
Stable servicing cost margin despite inflationary pressures



Continuous investment to improve platform capabilities and drive cost efficiencies



Marginal increase in underlying cost-income ratio driven by increased affordability claims, partially offset by lower operating costs



+7% Growth in interest income + fee income

+30% Growth in cost of funds

+5% Growth in underlying operating costs

Note:
(1) Represents P&L charge, not cash spend.
(2) Underlying operating costs includes operational losses and affordability claims.
Please see footnote on page 6 which explains the Group's revised policy for the presentation of certain items in its management basis income statement and the subsequent re-presentation of 2023 comparatives.

Continued progress with underlying PBT of £34m

£m	Q1 24	Q1 23	%
Interest income	266	247	*8%*
Cost of funds	(68)	(52)	*(30%)*
Net interest income	**198**	**195**	*2%*
Fee and commission income	15	15	*2%*
Net revenue	**214**	**210**	*2%*
Impairment	(114)	(101)	*(14%)*
Underlying risk-adjusted income	**99**	**109**	*(9%)*
Servicing costs	(32)	(31)	*(4%)*
Change costs	(13)	(11)	*(14%)*
Marketing and partner payments	(6)	(6)	*(5%)*
Collection fees	6	7	*(18%)*
Direct costs	(45)	(41)	*(11%)*
Contribution	**54**	**68**	*(21%)*
Salaries, benefits and overheads	(20)	(21)	*7%*
Underlying PBT	**34**	**47**	*(28%)*
Add back: depreciation and amortisation	3	3	*(6%)*
Adjusted EBITDA	**37**	**50**	*(26%)*
Gross receivables (£m)	4,242	4,183	*1%*
Average gross receivables (£m)	4,249	4,208	*1%*
Net revenue margin (%)	20.1%	20.0%	
Impairment rate (%)	10.8%	9.6%	
Underlying RAM (%)	9.3%	10.4%	
Underlying operating expenses (£m)	(65)	(62)	*(5%)*
Underlying cost-income ratio (%)	30.5%	29.6%	

Net revenue growth +2%

- 7% growth in interest income & fee and commission income
- Cost of funds increased 30% due to higher rate environment

Impairment charge +14%

- Impairment £14m higher YoY. Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living
- Underlying credit performance remains stable with charge-off rate in Q1 24 of 9.2% (Q1 23: 9.5%)

Receivables growth +1%

- Renewed focus on customer growth with 151k new accounts onboarded in Q1 24 (Q1 23: 124k)

Please see footnote on page 6 which explains the Group's revised policy for the presentation of certain items in its management basis income statement and the subsequent re-presentation of 2023 comparatives.

FCF available for growth and debt service of £39m, 4% higher YoY, reflects good cash generation. Strong cash levels

	£m	Q1 24	Q1 23
	Adjusted EBITDA	**37**	**50**
A	Change in ECL allowance	(1)	(14)
	Adjusted EBITDA excl. change in ECL allowance	**36**	**36**
B	Change in working capital	30	10
C	Capex, tax, other	(27)	(9)
	FCF available for growth and debt service	**39**	**38**
	Decrease in loans and advances [(1)]	71	72
	Net financing cash flow[(2)]	(129)	(159)
	FCF available for Senior Secured Debt interest	**(19)**	**(50)**
	Return paid on loan from immediate parent company [(3)]	(2)	(2)
	Debt service - cash payments	(0)	(2)
D	Funding overlap	(208)	-
	Net decrease in cash and equivalents (excl. restricted cash)	**(230)**	**(54)**
	Movements in restricted cash	0	2
	Net decrease in cash and equivalents	**(229)**	**(53)**

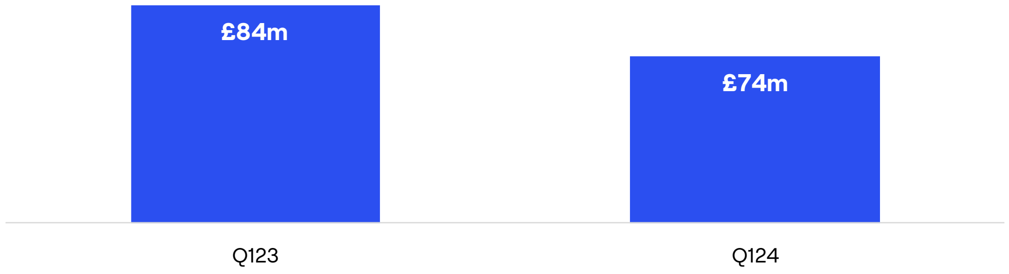
A Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living

B Timing differences in operational control accounts drive YoY favourability

C Increased investment in capital expenditure, restructuring costs and prior year tax refund drive YoY adversity

D £208m funding overlap held at December 2023 repaid in Q1 2024

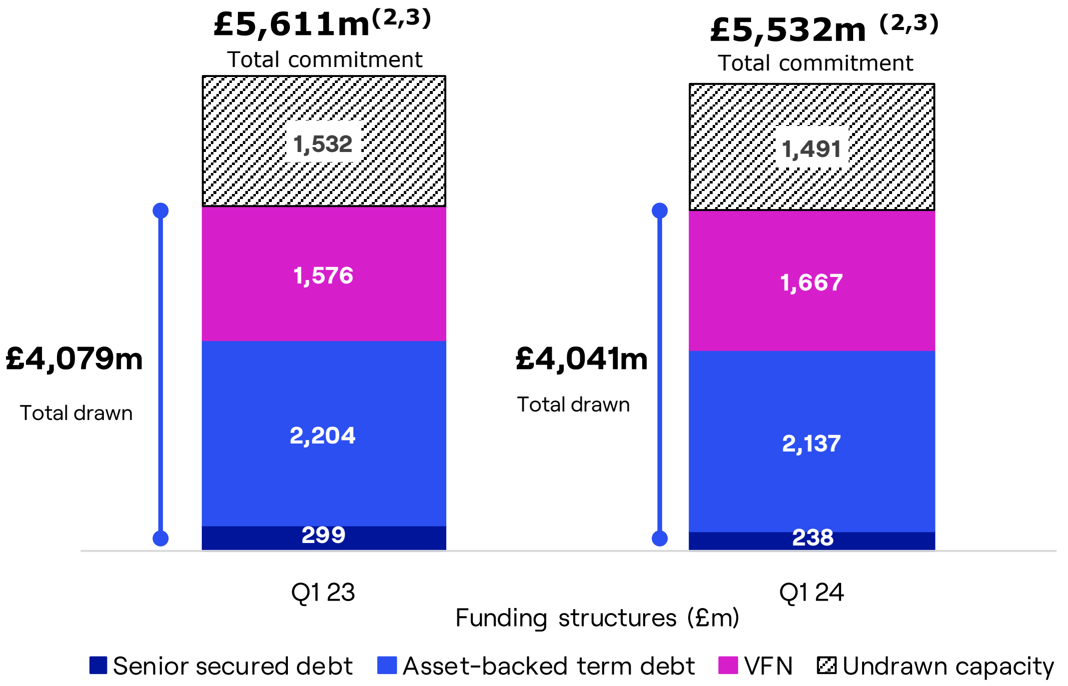
Cash held outside securitisation vehicles[(4)] of £74m following repayment of the 2024 HYB in 2023



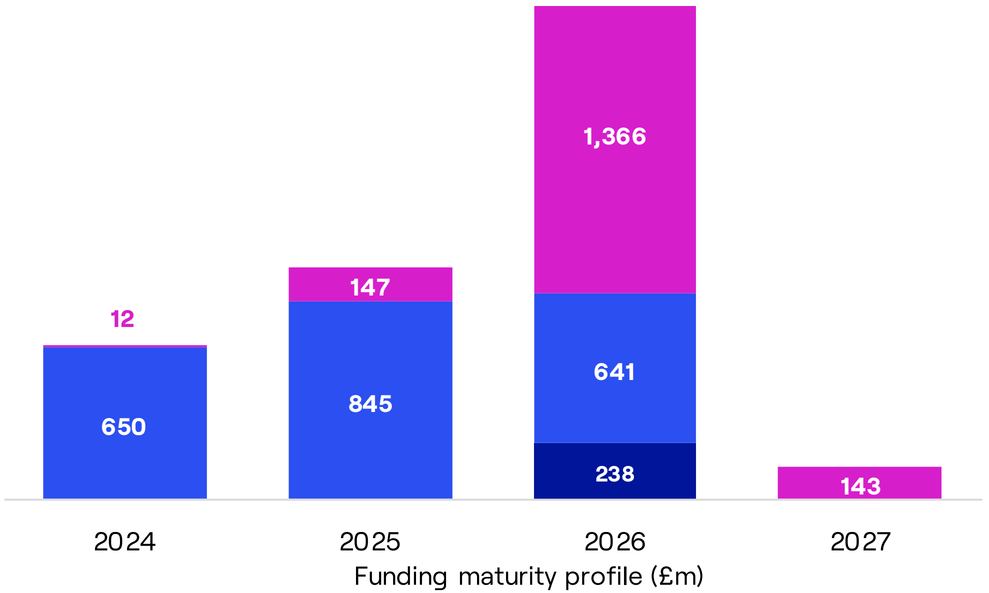
Note:
(1) Loans and advances to customers are a statutory equivalent of gross receivables and include EIR and accrued interest.
(2) Excludes restricted cash.
(3) Payment to the Group's immediate parent company, Nemean Midco Limited.
(4) Excludes cash held for funding activities

Funding – significant headroom to support future growth. Additional ABS deal completed in April 2024

£1.5bn headroom(1) for future growth and refinancing



Diverse funding structures with consistent maturity profile. Additional ABS deal completed in April '24



2024 ABS term debt maturity (£m)

D2C 2021-2	327	Jun-24
D2C 2021-3	324	Nov-24
Total	**650**	

In April 2024, we completed an ABS deal which will be used to refinance D2C 2021-2.

Note:
(1) £1,491m funding headroom includes VFN and RCF
(2) Amounts shown are Balance Sheet carrying values except for Senior Secured Debt which excludes £8m discount on the new issuance
(3) Excluding accrued interest

Advance rates broadly consistent and excess spread levels remain robust in public master trusts

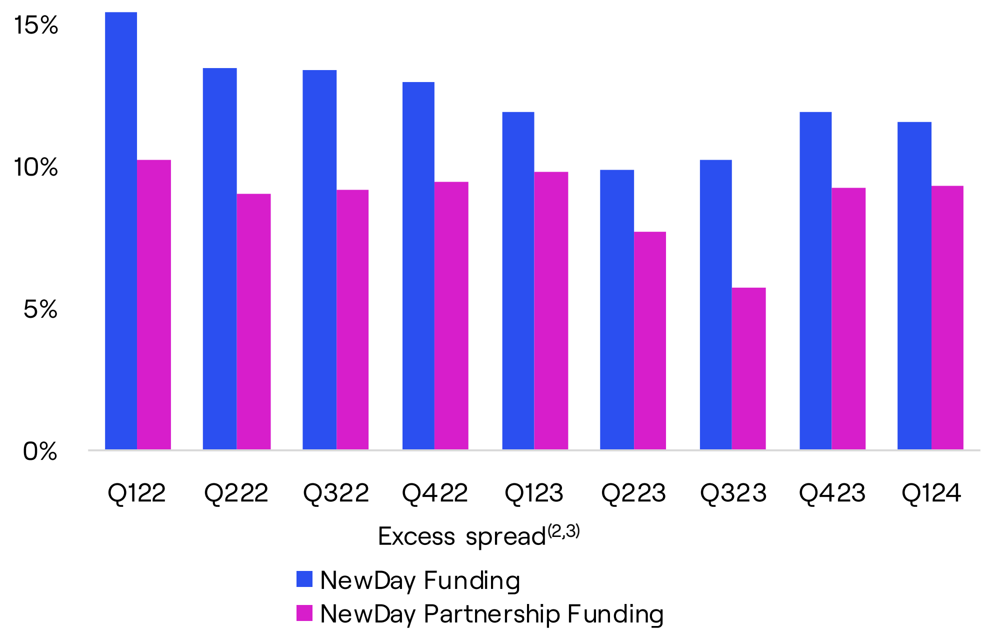
Efficient use of NewDay equity supported by multiple facilities ensures advance rates(1) remain strong

Group
89.7%
(Q1 23: 90.4%)

NewDay Funding
87.8%
(Q1 23: 88.9%)

NewDay Partnership Funding
92.2%
(Q1 23: 92.3%)

Excess spread(2,3) levels on public ABS structures across NewDay Funding & NewDay Partnership Funding remain robust



Note:
(1) Advance rates stated are calculated using a hedged FX rate position
(2) 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 divided by average gross receivables calculated on a 3-month simple average basis. Excess spreads shown exclude VFNs and Secondary Funding facilities as they are not directly comparable.
(3) Excess spread on other NewDay Partnership Funding facilities c.2% lower in Q1 2024 than Partnership Funding ABS facilities in part owing to lower yield from John Lewis receivables.

Summary

1. Accelerated new customer acquisition, 22% higher than Q1 2023 with Near Prime acquisition 59% higher
2. £34m underlying PBT, continued progress against our strategic priorities
3. £39m FCF available for growth and debt service
4. Continued investment in technology innovation and capability
5. Well-funded with significant headroom to accommodate growth and refinancing
6. Simplification of our business into Credit and Platform business units

Appendix

New Day

Detailed income statement

£m	Q1 24	Q1 23	%	LTM Q1 24	2023
Interest income	266	247	*8%*	1,051	1,032
Cost of funds	(68)	(52)	*(30%)*	(257)	(241)
Net interest income	**198**	**195**	*2%*	**794**	**791**
Fee and commission income	15	15	*2%*	62	62
Net revenue	**214**	**210**	*2%*	**856**	**853**
Impairment	(114)	(101)	*(14%)*	(417)	(404)
Underlying risk-adjusted income	**99**	**109**	*(9%)*	**439**	**449**
Servicing costs	(32)	(31)	*(4%)*	(121)	(119)
Change costs	(13)	(11)	*(14%)*	(42)	(40)
Marketing and partner payments	(6)	(6)	*(5%)*	(22)	(21)
Collection fees	6	7	*(18%)*	24	25
Direct costs	(45)	(41)	*(11%)*	(160)	(156)
Contribution	**54**	**68**	*(21%)*	**279**	**293**
Salaries, benefits and overheads	(20)	(21)	*7%*	(85)	(86)
Underlying PBT	**34**	**47**	*(28%)*	**194**	**207**
Add back: depreciation and amortisation	3	3	*(6%)*	12	12
Adjusted EBITDA	**37**	**50**	*(26%)*	**206**	**219**
Gross receivables (£m)	4,242	4,183	*1%*	4,242	4,309
Average gross receivables (£m)	4,249	4,208	*1%*	4,223	4,220
Net Revenue margin (%)	20.1%	20.0%		20.3%	20.2%
Impairment rate (%)	10.8%	9.6%		9.9%	9.6%
Underlying RAM (%)	9.3%	10.4%		10.4%	10.6%
Underlying operating expenses (£m)	(65)	(62)	*(5%)*	(245)	(242)
Underlying Cost-income ratio (%)	30.5%	29.6%		28.6%	28.3%

Note:
Please see footnote on page 6 which explains the Group's revised policy for the presentation of certain items in its management basis income statement and the subsequent re-presentation of 2023 comparatives.

Detailed cash flow statement

£m	Q1 24	Q1 23	LTM Q1 24	2023
Adjusted EBITDA	**37**	**50**	**206**	**219**
Change in ECL allowance	(1)	(14)	(59)	(71)
Adjusted EBITDA excluding change in ECL allowance	**36**	**36**	**148**	**148**
Change in working capital	30	10	54	34
PPI provision payments	-	(4)	(1)	(5)
Capital expenditure	(13)	(7)	(36)	(30)
Tax paid	(6)	4	(19)	(9)
Platform development and other costs	(2)	(3)	(10)	(10)
Restructuring costs paid	(7)	-	(7)	-
Capex, Tax, Other	(27)	(9)	(72)	(54)
FCF available for growth and debt service	**39**	**38**	**129**	**128**
Increase/(decrease) in loans and advances	71	72	(41)	(40)
Net financing cash flow	(129)	(159)	40	10
FCF available for Senior Secured Debt interest	**(19)**	**(50)**	**128**	**97**
Repayment of High Yield Bond due 2024 (1)	-	-	(61)	(61)
Funding loan to parent	(2)	(2)	(8)	(8)
Debt service - cash payments (2)	(0)	(2)	(33)	(35)
Funding overlap - cash raised	(208)	-	-	208
Net (decrease)/increase in cash and equivalents (excl. restricted cash)	**(230)**	**(54)**	**26**	**201**
Movements in restricted cash	0	2	5	6
Net (decrease)/increase in cash and equivalents	**(229)**	**(53)**	**31**	**207**

Note:
(1) Senior Secured Debt repayment
(2) Senior Secured Debt interest paid

Statutory earnings

£m	Q1 24	Q1 23	%	LTM Q1 24	2023
Underlying PBT	**34**	**47**	**(28)%**	**194**	**207**
Senior Secured Debt interest and related costs	(9)	(10)	12%	(37)	(38)
Platform development costs	(2)	(3)	15%	(10)	(10)
Restructuring costs	-	-	n.m.	(11)	(11)
Amortisation of Acquisition intangibles	(6)	(13)	54%	(44)	(51)
Statutory PBT	**17**	**22**	**(21)%**	**93**	**98**

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 (the Senior Secured Debt) and the Super Senior Revolving Credit Facility entered into by the Company on 25 January 2017 (the Revolving Credit Facility)

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

Restructuring costs: represents redundancy and related costs associated with the realignment of our operating structure at the end of the year and effective from 1 January 2024

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

Balance sheet

£m	Q1 24	Q1 23	2023
Gross receivables	4,242	4,183	4,309
Impairment provision	(514)	(573)	(515)
Other	122	140	126
Net receivables	**3,850**	**3,750**	**3,919**
Cash	286	260	516
Restricted cash	74	70	74
Intangible assets	88	104	83
Goodwill	280	280	280
Other assets	276	142	227
Total assets	**4,854**	**4,605**	**5,099**
Asset-backed term debt	2,143	2,209	2,514
Variable funding notes	1,674	1,581	1,647
Senior secured debt	243	302	235
Provisions	7	5	5
Other liabilities	303	82	226
Total liabilities	**4,370**	**4,179**	**4,627**
Net assets	**484**	**426**	**471**
Tangible equity	**108**	**22**	**102**

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 £23m as at March 2024

Asset-backed term debt represents the term series notes issued by the NewDay Funding and NewDay Partnership Funding master trust structures

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

Tangible Equity represents the net position of Net Assets, Intangible Assets, Goodwill and the Hedging Reserve

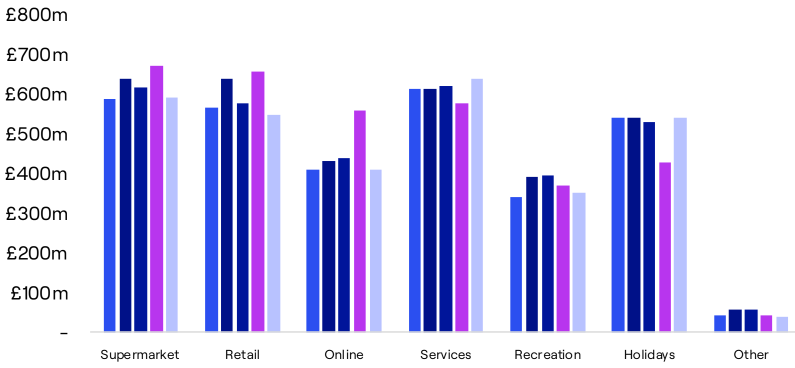
Leverage and interest ratios

£m	Q1 24	Q1 23	LTM Q1 24	2023
Adjusted EBITDA	**37**	**50**	**206**	**219**
Senior Secured Debt	238	299	238	238
Cash(1)	(286)	(260)	(286)	(307)
Net corporate Senior Secured Debt	**(48)**	**39**	**(48)**	**(70)**
Net Senior Secured Debt to Adjusted EBITDA (1)			(0.2)x	(0.3)x
Senior corporate interest expense			**32**	**32**
Adjusted EBITDA to pro forma cash interest expense			6.5x	6.9x

Note:
(1) Represents ratio of net corporate senior secured debt to adjusted EBITDA excluding funding overlaps

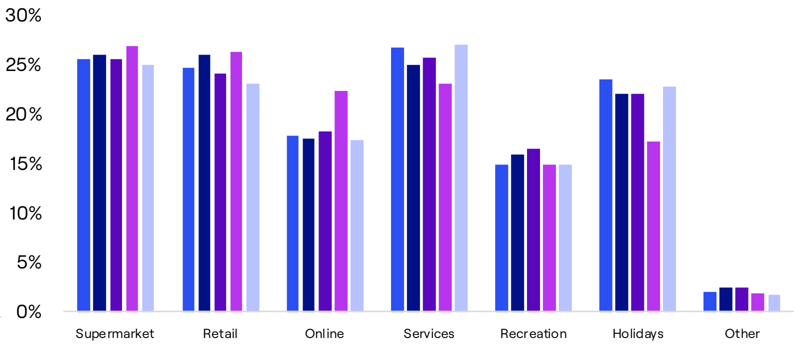
Spending patterns remain broadly consistent following the increase in spend & payments associated with onboarding JLP.

Retail spend trends remain broadly consistent



Retail Spend per category (£m)

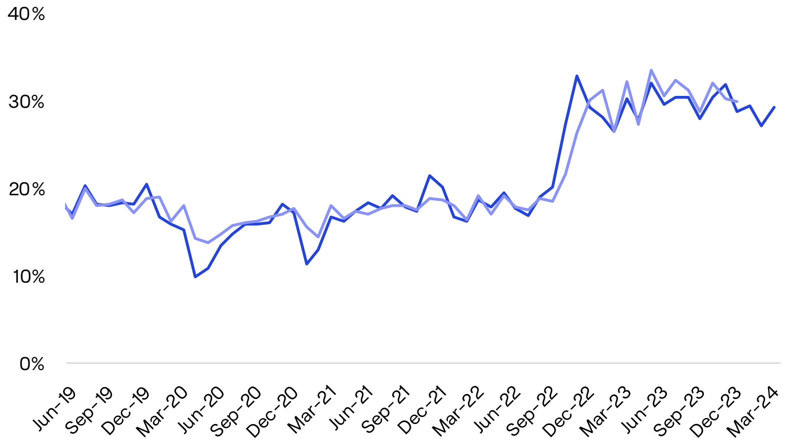
Broadly consistent spend patterns in retail spend mix.



Retail Spend per category (%)

Q123 Q223 Q323 Q423 Q124

Onboarding of JLP drove increase in spend and payments from Q3 2022 but net spend remains broadly consistent



Spend and Payment rates (%)

Spend (%) Payments (%)

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

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

Advance rate: (ABS + VFN drawn debt)/gross receivables

Charge-off rate: Charge-offs/Average gross receivables

Coverage rate: ECL/Period-end gross receivables

Credit: this business provides unsecured credit products (including credit cards, digital revolving credit and point-of-sale finance) direct to consumers or in partnership with retail and consumer brands. The segment typically serves customer new to credit or that have a limited or poor credit history. The business also has a prime portfolio primarily through its partnership with John Lewis & Partners and certain other merchant partners. The segment also has several closed portfolios.

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

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 divided by average gross receivables, calculated on a 3-month simple average basis. Excess spreads shown exclude VFNs and Secondary Funding facilities as they are not directly comparable.

FCF: Free cash flow

Impairment rate: Impairment/average gross receivables

N/M: Not material

Near Prime: constitutes the NewDay brands formerly known as Direct to Consumer, namely Aqua, Marbles, Fluid and Bip

Partnership: constitutes the NewDay brands formerly known as Merchant Offering, namely John Lewis & Partners, AO, Pulse, Debenhams, Argos and Newpay brands

Platform: this business provides digital platform solutions for end-to-end servicing of unsecured credit products financed and owned by third parties, together with certain other capital-light activities

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: Earnings before Senior Secured Debt interest (and related costs), tax and one-off items

UPL: Unsecured Personal Loans

VFN: Variable funding note

Enquiries

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