

Nester Outcomes Statement

January 2023 – December 2023

Commitment to Transparency

At Nester, we believe transparency is essential to building long-term trust with our investors. In alignment with guidance introduced by the Financial Conduct Authority (FCA) on 9 December 2019, we are required to publish an annual Outcomes Statement. This statement provides an evidence-based view of how the platform has performed in delivering investor returns, relative to the expectations communicated at the time of investment. This document serves multiple purposes. It enables our investors to:

- Assess how accurately Nester's risk-based pricing model reflects real-world outcomes
- Gain visibility into our credit performance
- Hold us accountable for the investment forecasts we make

While the FCA mandates this disclosure for all platforms operating under its oversight, Nester considers this report a vital part of our promise to treat customers fairly and maintain open, data-led communication.

What This Statement Covers

This Outcomes Statement focuses exclusively on investment opportunities that were fully repaid between January 2023 and December 2023. Opportunities that are currently active, in progress, or undergoing recovery action are not included in the calculations shown here.

The data includes:

- **Target Interest Rates vs. Actual Returns**

We compare the gross returns investors were originally shown at the time of investment with the actual net returns achieved upon repayment. This analysis is broken down by Nester's internal risk grading, allowing investors to see how different levels of risk performed in practice.

- **Expected Default Rates vs. Actual Defaults**

We publish both our forecasted default rates (based on internal risk modelling) and the actual observed defaults over the period. This allows investors to evaluate the accuracy of our credit risk assessments and better understand the behaviour of investments that did not meet expected performance.

- **Definitions and Methodologies**

We explain how we define a "default" in accordance with FCA rules and what qualifies as a repaid opportunity. These definitions ensure consistency and clarity in how we report outcomes.

Target Interest Rates vs. Actual Returns

Risk Grade	Expected Rate	Actual Rate
A1	0.00%	0.00%
A2	0.00%	0.00%
A3	7.35%	7.35%

Risk Grade	Expected Rate	Actual Rate
B1	7.78%	7.78%
B2	8.21%	8.21%
B3	9.75%	9.75%

Risk Grade	Expected Rate	Actual Rate
C1	0.00%	0.00%
C2	0.00%	0.00%
C3	0.00%	0.00%

The table illustrates the target (expected) rates compared to the actual lender returns across the available risk grades for the period 1 January 2023 to 31 December 2023.

Understanding Defaults on the Nester Platform

A financing facility is considered to be in default when the Buyer fails to make a due payment for 90 days or more, or when it becomes clear that the full amount due is unlikely to be recovered without enforcement action.

However, a default does not automatically mean a total loss. Many defaulted financing facilities still result in partial or full recovery over time, depending on the facility type, collateral arrangements, and enforcement processes.

Nester applies proactive finance facility monitoring and recovery processes, including legal enforcement where appropriate. While we make every effort to reduce investor exposure to default risk, defaults are an inherent part of investing in credit-based Opportunities and are expected to some degree in any balanced risk-return model.

Our expected default rates reflect what our internal credit assessment teams projected, based on market conditions, Buyer profiles, and historical trends. The actual default rates show how many financing facilities, by percentage, ultimately met the FCA definition of default during this reporting period.

Expected Default Rates vs. Actual Defaults

Risk Grade	Expected Rate	Actual Rate
A1	1.50%	0.00%
A2	1.50%	0.00%
A3	1.50%	0.00%

Risk Grade	Expected Rate	Actual Rate
C1	1.50%	0.00%
C2	1.50%	0.00%
C3	1.50%	0.00%

Risk Grade	Expected Rate	Actual Rate
B1	1.50%	0.00%
B2	1.50%	0.00%
B3	1.50%	0.00%

The table illustrates the expected default rates against the actual rate for the "Risk Grades" available for the period 1 January 2023 to 31 December 2023.

Why This Matters

The purpose of this Outcomes Statement is not just to meet regulatory obligations - it is to give you, as an investor, the ability to evaluate the accuracy, reliability, and performance of Nester's investment model.

- You'll be able to assess whether our published target returns were achieved
- You'll see how well our risk ratings aligned with actual defaults
- You'll gain transparency into how risk is measured and reported

This data also helps you make more informed investment decisions going forward, understanding how different risk grades have behaved in the past may influence how you diversify your portfolio in the future.

Important Considerations

- Past performance is not a reliable indicator of future results.
- Returns and defaults may vary due to Buyers circumstances, market volatility, economic cycles, and external events.
- This Outcomes Statement is a historic snapshot, not a predictive tool.

Don't invest unless you're prepared to lose money. This is a high-risk investment. You may not be able to access your money easily and are unlikely to be protected if something goes wrong.

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