

11 May 2023



NewDay BondCo plc Group results for the financial quarter ended 31 March 2023

The information in this announcement relates to the consolidated financial results of NewDay Group (Jersey) Ltd ("NewDay", together with its subsidiaries and subsidiary undertakings, the "Group") - a wholly owned subsidiary of Nemean Topco Limited and indirect parent company of NewDay BondCo plc. As a result, it excludes the financial results of Pay4Later Limited (trading as Deko).

NewDay, a leading digital consumer credit business in the UK, has today released its financial results for the quarter ended 31 March 2023, which can be found on the Group's website www.newday.co.uk/investors.

Highlights

Good start to 2023 despite challenging macroeconomic backdrop; execution of strategy progressing in line with expectations with >£200m profit before tax generated over the last twelve months (LTM)

- Profit before Tax up 10% to £204 million on an LTM basis with £47 million generated in Q1 2023 (Q1 2022: £47 million)
- Q1 free cash flow for growth and debt service of £38 million (Q1 2022: £44 million)
- Acquired 124k new accounts (Q1 2022: 244k) in line with our strategy of slowing new account growth, with over £3.6 billion of spend financed (Q1 2022: £1.7 billion)
- Gross Receivables up 25% to £4.2 billion (2021: £3.3 billion), primarily driven by the onboarding of the John Lewis portfolio and 10% growth in receivables in the Group's D2C business
- Group Underlying RAM fell to 10.6% (Q1 2022: 12.5%) as expected, with mix effect driven by the prime quality John Lewis portfolio
- Credit quality remains well controlled with charge-off rates increasing by 100bps to 9.5% as the overall portfolio risk reflects the macro-economic environment but remains below pre-pandemic levels
- Underlying Cost:Income Ratio of 30.6% (Q1 2022: 29.3%) remains market leading with marginal increase driven by higher servicing costs associated with the John Lewis portfolio
- Strong funding position with £1.5 billion (Q1 2022: £2.1 billion) of headroom and £5.6 billion (Q1 2022: £5.4 billion) in total commitments
- Strong cash position, with £84 million (Q1 2022: £156 million, Q4 2022: £60 million) outside of securitisation structures, underpinned decision to redeem £30m of Senior Secured Notes due February 2024, in April 2023

Commenting on performance for the period, John Hourican, CEO said:

“We had a reasonable start to 2023. Notwithstanding a macroeconomic backdrop which remains challenging, we were able to drive controlled growth in receivables and good cash generation while improving the quality of our portfolio. We also continued to exhibit cost control and our cost: income ratio remains market leading.

“Risk in our book is elevated given current market conditions but remains in line with pre-covid levels and we are accordingly well provisioned.

“Our business is resilient in the current challenging environment, and we will continue to execute our strategy of controlling growth, driving profitability and cash generation while continuing to innovate and invest in our platform.”

Summary of financial performance

£m	Quarter-ended 31 March		
	2023	2022	Variance (%)
Interest income	247.2	199.4	24%
Cost of funds	(54.5)	(19.0)	187%
Fee and commission income	20.0	13.6	47%
Net Revenue	212.7	194.0	10%
Impairment	(100.7)	(90.5)	11%
Underlying risk-adjusted income	112.0	103.5	8%
Servicing costs	(30.9)	(22.9)	35%
Change costs	(11.2)	(12.5)	(10%)
Marketing and partner payments	(10.8)	(10.1)	7%
Collection fees	7.1	7.0	1%
Contribution	66.2	65.0	2%
Salaries, benefits, and overheads	(19.2)	(18.3)	5%
Underlying profit before tax	47.0	46.7	1%
+ Depreciation and amortisation	3.2	2.7	19%
Adjusted EBITDA	50.2	49.4	2%

Selected Alternative Performance Measures and Operational Metrics

£m	Quarter-ended 31 March		
	2023	2022	Variance (%)
Gross Receivables (£m)	4,183	3,342	25%
Average Gross Receivables (£m)	4,208	3,310	27%
Net Revenue Margin (%)	20.2%	23.4%	
Impairment Rate (%)	9.6%	10.9%	
Charge-off Rate (%)	9.5%	8.5%	
Underlying Risk-Adjusted Margin (%)	10.6%	12.5%	
Cost:Income Ratio (%)	30.6%	29.3%	
Servicing Costs Margin (%)	2.9%	2.8%	
Number of accounts (m)	4.9	4.7	4%
New accounts (000s)	124	244	(49%)
Advance Rate (%) ⁽¹⁾	90.4%	88.4%	
Net Debt / adjusted EBITDA ⁽²⁾	0.2x	-	
Interest cover ⁽³⁾	5.9x	-	

Notes:

- (1) Reflects FX hedged view which has also adjusted the prior year comparator
- (2) Represents Ratio of net corporate senior secured debt to adjusted EBITDA excluding funding overlaps
- (3) Represents Ratio of adjusted EBITDA to cash interest expense

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Results presentation

A webcast for analysts and investors will be held at 10:30am (UK Time) on 11 May 2023. For video / listen-only, and to ask written questions please access via:

<https://www.lsegissuerservices.com/spark/NewDay/events/b6a162e3-9f3e-4f69-be5a-62e3ab702a6e>

If you wish to ask a question, please access via Zoom with the link below:

<https://newday-q1-23-results.open-exchange.net/>

The presentation can be found at: www.newday.co.uk/investors

About NewDay

NewDay is a leading provider of unsecured consumer credit in the UK, providing technology-enabled, highly flexible and innovative products directly to consumers and via its merchant relationships. The Group's product offering includes credit cards and digital revolving credit incorporating BNPL and instalment finance functionality.

NewDay operates multiple direct-to-consumer products through well-known brands such as Aqua, Fluid, Marbles and Bip – the UK's first digital only credit "card".

In its Merchant Offering business, NewDay offers white-labelled credit cards in partnership with well-known brands such as John Lewis and Argos. NewDay also offers Newpay, a flexible digital finance offering incorporating BNPL and instalment finance. NewDay's prime and near-prime underwriting capability and over 20 years of experience allow it to responsibly say yes to more customers in the UK, making NewDay a merchant partner of choice for leading brands.

NewDay has a clear purpose: to help people move forward with credit. It provides close to 5 million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit decisioning capability allows it to continually innovate within the UK consumer finance sector, unlocking competitive advantage and developing products that meet customer and merchants' changing needs.

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