

9 August 2024



NewDay BondCo plc

Group results for the six months ended 30 June 2024

The information in this announcement concerns the consolidated financial results of NewDay Group (Jersey) Limited ("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. Therefore, the announcement excludes the financial results of Pay4Later Limited (trading as Deko).

Continued progress as the Group increases new customer acquisition

- £83m underlying profit before tax (H1 2023: £97m). H1 2023 included a £22m reduction in expected credit loss allowance regarding cost-of-living, £20m greater than H1 2024.
- 296k new customers (H1 2023: 217k), up 36%. 198k Near Prime new customers (H1 2023: 120k), 65% higher period-on-period.
- £4.3bn of gross receivables (H1 2023: £4.2bn), up 2%. Total interest-bearing balances of £2.8bn (H1 2023: £2.7bn), up 2%.
- 10.2% underlying risk-adjusted margin (H1 2023: 10.8%), with higher net revenue margin and impairment rate driven by prior year ECL allowance reduction.
- 30.9% underlying cost-income ratio (H1 2023: 31.1%). Cost discipline maintained despite inflationary pressures.
- £1.4bn (H1 2023: £1.5bn) of headroom in committed facilities, providing the Group with a strong funding and liquidity position.
- £70m cash balances held outside the securitisation structures (H1 2023: £56m).
- £24m redemption of the High Yield Bond in August 2024.

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

"The business has taken advantage of a stabilising UK economic backdrop and accelerated new customer acquisition during the first half of the year, up 36%, including a 65% rise in Near Prime acquisition. New customer acquisition is a key driver of future receivables growth, and we anticipate strong Near Prime receivables growth in upcoming periods.

"Credit performance remains well controlled, with arrears at pre-Covid levels. Cost discipline led to a modest 3% growth in operating costs, contributing to the cost-income ratio marginally improving to 30.9%.

"We have continued to make good progress in our technology and lending partnership with Lloyds Banking Group and in our technology partnership with Boohoo Group, with both expected to launch in the second half of the year.

“We will continue to invest to further increase customer acquisition, grow the balance sheet, and make progress on our important partnerships.”

Summary of financial performance

£m	Six months ended 30 June		
	2024	2023 ⁽¹⁾	Variance (%)
Interest income	533.8	498.0	7%
Cost of funds	(132.7)	(110.8)	(20%)
Net interest income	401.1	387.2	4%
Fee and commission income	32.1	31.0	4%
Net revenue	433.2	418.2	4%
Impairment losses on loans and advances to customers	(216.8)	(191.0)	(14%)
Underlying risk-adjusted income	216.4	227.2	(5%)
Servicing costs	(64.1)	(64.5)	1%
Change costs	(25.5)	(23.1)	(10%)
Marketing and partner payments	(13.2)	(11.3)	(17%)
Collection fees	11.6	13.4	(13%)
Contribution	125.2	141.7	(12%)
Salaries, benefits, and overheads	(42.6)	(44.5)	4%
Underlying profit before tax	82.6	97.2	(15%)
Add back: depreciation and amortisation	5.7	6.1	(7%)
Adjusted EBITDA	88.3	103.3	(15%)
Senior secured debt interest and related costs	(17.6)	(19.7)	11%
Platform development costs	(5.7)	(5.2)	(10%)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition	(13.8)	(31.4)	56%
Statutory profit before tax	51.2	47.0	9%

Selected alternative performance measures and operational metrics

£m	Six months ended 30 June		
	2024	2023 ⁽¹⁾	Variance (%)
Gross receivables (£m)	4,303	4,209	2%
Average gross receivables (£m)	4,262	4,216	1%
Net revenue margin (%)	20.3%	19.8%	
Impairment rate (%)	10.2%	9.1%	
Charge-off rate (%)	9.4%	9.8%	
Underlying risk-adjusted margin (%)	10.2%	10.8%	
Underlying cost-income ratio (%)	30.9%	31.1%	
Servicing costs margin (%)	3.0%	3.1%	
Total accounts (m) ⁽²⁾	3.7	4.3	(14%)
New accounts (000s)	296	217	36%
Advance rate (%) ⁽³⁾	89.3%	90.9%	

Notes:

- (1) In 2024, to aid understanding of performance, the Group revised its policy regarding 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 in contrast to previous years when it was netted off against salaries, benefits and overheads. Additionally, certain partner payments related to interchange fees earned from portfolios that are subsequently passed through to a retail partner are now presented netted off against fee and commission income in contrast to previous years when they were shown within marketing and partner payments. Therefore, the 2023 comparatives have been re-presented for consistency.
- (2) Total customer accounts decreased due to an exercise to close inactive accounts in 2023.
- (3) Reflects FX hedged view, which has also adjusted the prior year comparator.

Enquiries

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Results presentation

A webcast for analysts and investors will be held at 10:30am (UK Time) on 9 August 2024. For video / listen-only, and to ask written questions, please access via:

[NewDay H1 2024 Results | Issuer Services | LSEG \(lsegissuerservices.com\)](#)

If you wish to view the presentation and participate in Q&A with management, please access via Zoom, using the link below:

[Registration | NewDay Half Year \(open-exchange.net\)](#)

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

About NewDay

NewDay is a leading digital consumer credit business 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, both 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".

NewDay also offers white-labelled credit cards in partnership with well-known brands such as John Lewis & Partners and Argos. The Group's underwriting capability and over 20 years of experience enable it to say yes responsibly 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. The business provides close to four million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit-decisioning capability, enables it to innovate continually within the UK consumer finance sector, to unlock competitive advantages and to develop products that meet customer and merchants' changing needs.