

25 February 2022



**NewDay BondCo plc**

## **Group results for the financial year ended 31 December 2021 and publication of Annual Report**

*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 released its financial results for the year-ended 31 December 2021 and has published its Annual Report available on the Group's website [www.newday.co.uk/investors](http://www.newday.co.uk/investors)

### **Financial highlights**

- Record financial performance compared to previous years as the Group's growth continued to outpace that of the UK credit card market segment through sustained innovation, digital capabilities and increased customer and merchant acquisition
- Record Underlying Profit before Tax of £172 million (2020: £22million loss), 23% above 2019, pre-pandemic, levels
- Acquired 907k new accounts (2020: 854k) including a record 530k new accounts in the Group's Direct to Consumer ("D2C") business (2020: 367k) and 20% increase in total customer spend to over £6 billion (2020: £5 billion)
- Continued successful NewPay partnership with AO.com delivering over 340k new accounts with approximately £250 million of spend and >£100m of Gross Receivables since launch (August 2019)
- Strong growth in Gross Receivables up 16% to £3.3 billion (2020: £2.8 billion)
- Strong Underlying RAM of 13.3% (2020: 6.8%), now back to 2019, pre-pandemic levels, demonstrating underlying credit performance
- Market leading operational efficiency with a Cost: Income Ratio of 31.8% (2020: 33.3%), resulting from scale benefits and investment in our digital platform. Servicing Cost Margin dropped to a record low of 2.9% (2020: 3.5%) while maintaining customer service quality
- Platform for continued future Gross Receivables growth with £1.4 billion of total new funding raised with £1.3 billion of VFN headroom

## Operational highlights

- Launch of Bip, the UK's first digital-only credit card and Newpay, a fully regulated revolving digital credit product incorporating Buy Now Pay Later (BNPL) and instalment finance functionality
- Strong conversion of merchant pipeline presenting growth opportunities in the year ahead:
  - Agreement with a new merchant partner with material online and in-store presence, expected to drive significant Gross Receivables growth from H2 2022 demonstrating NewDay's continuing penetration with large merchants
  - NewPay partnership with Currys to launch in 2022 offering digital point of sale credit, both online and in-store, to one of the UK's leading technology retailers
  - Expect to announce a new white-label NewPay partnership with a large online retailer
- Customer service quality, which was already amongst the best-in-class, improved further with an average NPS score of +70 (2020: +67)

## Outlook

With a strong performance in 2021 we have generated significant momentum going into 2022 and are excited by our prospects. In early 2022, we are seeing high-teens percentage annual growth in Gross Receivables and Net Revenue compared to the equivalent period of 2021. We have continued to benefit from the increasing efficiency of our digital platform which we expect to be reflected in our improving and already market leading Cost: Income Ratio.

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

*"I am pleased to report a record financial year for NewDay and a return to strong growth for our business in 2021. Our record profitability and strong cash generation was driven by a 20% increase in customer spend to £6 billion, combined with good credit underwriting performance and lower charge off rates.*

*"In a rapidly changing consumer landscape, innovation is key. NewDay's relentless focus on the future by deploying our leading digital capabilities continues to drive our success. In 2021 we made significant investments in both our proprietary technology platform and in enhancing our customer experience, both of which will help us to continue to take market share.*

*"On the back of a strong performance in 2021, we have entered 2022 with a great deal of positive momentum and are on track for a very positive first quarter.*

*"Our financial performance is one part of a bigger NewDay story. We genuinely believe in credit as a force for good and believe that responsible access to credit can drive greater financial inclusion."*

## Summary of financial performance

Year-ended 31 December			
£m	2021 £m	2020 £m	Variance %
Interest income	700.4	653.4	7%
Cost of funds	(61.8)	(60.2)	3%
Fee and commission income	47.5	44.2	7%
<b>Net Revenue</b>	<b>686.1</b>	<b>637.4</b>	<b>8%</b>
Adjusted Impairment	(296.2)	(446.6)	(34%)
<b>Underlying Risk-Adjusted income</b>	<b>389.9</b>	<b>190.8</b>	<b>104%</b>
Servicing costs	(84.4)	(97.6)	(14%)
Change costs	(44.2)	(39.1)	13%
Marketing and partner payments	(41.8)	(47.2)	(11%)
Collection fees	24.3	25.5	(5%)
<b>Contribution</b>	<b>243.8</b>	<b>32.4</b>	<b>652%</b>
Salaries, benefits, and overheads	(71.8)	(54.0)	33%
<b>Underlying profit before tax</b>	<b>172.0</b>	<b>(21.6)</b>	<b>n/a</b>
Add back: depreciation and amortisation	11.0	10.1	9%
<b>Adjusted EBITDA</b>	<b>183.0</b>	<b>(11.5)</b>	<b>n/a</b>

## Selected Alternative Performance Measures and Operational Metrics

As at 31 December			
£m	2021	2020	Variance %
Gross Receivables (£m)	3,286	2,845	16%
Average Gross Receivables (£m)	2,931	2,787	5%
Net Revenue Margin (%)	23.4%	22.9%	
Impairment Rate (%)	10.1%	16.0%	
Charge-off Rate (%)	8.5%	10.6%	
Underlying Risk-Adjusted Margin (%)	13.3%	6.8%	
Cost:Income Ratio (%)	31.8%	33.3%	
Servicing Costs Margin (%)	2.9%	3.5%	
Advance Rate (%)	88.2%	87.7%	
Number of accounts (m)	4.6	4.7	(2%)
New accounts (000s)	907	854	6%

## **Enquiries:**

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## **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 Amazon. NewDay also offers Newpay, a flexible digital finance offering incorporating BNPL and instalment finance. NewDay's prime and near-prime underwriting capability and 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.

## **Results presentation**

A conference call for analysts and investors will be held at 10:30am on 25 February 2022. Please register using the following link:

**<https://cossprereg.btc.com/prereg/key.process?key=P683TGLPR>**

Upon registration which you will be provided with dial-in numbers and passcodes to join the conference.

The presentation will be made available on the NewDay website at:  
[www.newday.co.uk/investors](http://www.newday.co.uk/investors)

## Important disclaimer

Certain financial data included in this announcement consists of “non-IFRS financial measures”. These non-IFRS (International Financial Reporting Standards) financial measures, as defined by NewDay, may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of NewDay’s cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess NewDay’s financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as superior to or substitutes for analysis of NewDay’s financial position or results of operations as reported under IFRS. These non-IFRS financial measures have not been audited. The inclusion of such non-IFRS financial measures in this announcement or any related presentation should not be regarded as a representation or warranty by NewDay, any member of the Group, any of their respective affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations of NewDay and should not be relied upon when making an investment decision.

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The information contained in this announcement should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect material developments that may occur after the date of this announcement. The information and opinions in this announcement are provided as at the date of this announcement and are subject to change without notice. None of NewDay, any member of the Group, any of their respective affiliates, advisors or representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection with this announcement, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information in this announcement.

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