

10 August 2023



NewDay BondCo plc Group results for the six months-ended 30 June 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 six months ended 30 June 2023, which can be found on the Group's website www.newday.co.uk/investors

Highlights

Good progress in 2023 despite a challenging macroeconomic backdrop; execution of strategy progressing in line with expectations with more than £200m underlying profit before tax generated over the last twelve months (LTM)

- Underlying Profit before Tax up 5% to £203 million on an LTM basis with £97 million generated in H1 2023 (H1 2022: £97 million)
- Acquired 217k new accounts (H1 2022: 427k) in line with our strategy of slowing new account growth
- Customer spend more than doubled to £7.4 billion (H1 2022: £3.6 billion), with the significant increase due to the onboarding of the John Lewis portfolio
- Gross Receivables up 20% to £4.2 billion (H1 2022: £3.5 billion), primarily driven by the onboarding of the John Lewis portfolio and moderate 3% growth in receivables in the Group's D2C business
- Group Underlying Risk-Adjusted Margin reduced to 11.1% (H1 2022: 12.6%) as expected, driven by the prime nature of the John Lewis Portfolio
- Credit quality remains well controlled and below pre-pandemic levels although charge-off rates increased by 100bps to 9.8% as the overall portfolio risk reflects the macro-economic environment
- Underlying Cost:Income Ratio of 32.0% (H1 2022: 28.9%) with in-year increase driven by higher servicing costs associated with the John Lewis portfolio as their customers transition, over time, to a more efficient, digital customer journey
- Strong funding position with £1.5 billion (H1 2022: £2.1 billion) of headroom and £5.6 billion (H1 2022: £5.6 billion) in total commitments

- Strong cash position, with £56 million (H1 2022: £139 million, Q1 2023: £84 million) outside of securitisation structures, after the redemption of £30m of Senior Secured Notes due February 2024, in April 2023
- Three exciting new client wins in our platform business:
 - Significant embedded finance partnership with Lloyds Banking Group due to launch in 2024 covering both underwriting and technology
 - Providing data transformation, credit data modelling and reporting suite capabilities to a large international bank through a strategic reseller partnership
 - Global retailer, Boohoo, to utilise NewDay's end-to-end technology proposition to underpin a brand new digital financial product due to launch in 2024

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

“The business continues to perform well in a challenging macro-economic environment and our customers are proving resilient despite these wider challenges. We have been able to control credit risk through limiting our risk appetite, leveraging our collections toolkit to responsibly help customers, and deploying advances in our underwriting models.

“Risk in our book is declining as a result of the strategies we have deployed and we remain well provisioned.

“We generated good levels of cash such that we were able to repay £30 million of our high-yield bond maturing in 2024 and it is our intention to redeem the remainder, on, or before maturity, as we continue to prudently manage our capital position.

“I am also pleased that the investments we continue to make in our technology platform are beginning to pay off. We recently signed an embedded finance partnership with Lloyds Banking Group, a landmark client for our platform and merchant businesses. I look forward to updating you on this partnership once it launches in 2024.”

Summary of financial performance

| £m | Six months-ended 30 June | | |
|---|--------------------------|--------------|--------------|
| | 2023 | 2022 | Variance (%) |
| Interest income | 498.0 | 411.9 | 21% |
| Cost of funds | (115.5) | (44.9) | (157%) |
| Fee and commission income | 41.5 | 30.1 | 38% |
| Net Revenue | 424.0 | 397.1 | 7% |
| Adjusted Impairment | (191.0) | (184.8) | (3%) |
| Underlying Risk-Adjusted income | 233.0 | 212.3 | 10% |
| Servicing costs | (64.5) | (47.3) | (36%) |
| Change costs | (23.1) | (24.1) | 4% |
| Marketing and partner payments | (21.8) | (21.4) | (2%) |
| Collection fees | 13.4 | 14.6 | (8%) |
| Contribution | 137.0 | 134.1 | 2% |
| Salaries, benefits, and overheads | (39.8) | (36.7) | (8%) |
| Underlying profit before tax | 97.2 | 97.4 | (0%) |
| Add back: depreciation and amortisation | 6.1 | 5.4 | 13% |
| Adjusted EBITDA | 103.3 | 102.8 | 0% |

Selected Alternative Performance Measures and Operational Metrics

| £m | Six months-ended 30 June | | |
|---|--------------------------|-------|--------------|
| | 2023 | 2022 | Variance (%) |
| Gross Receivables (£m) | 4,209 | 3,502 | 20% |
| Average Gross Receivables (£m) | 4,216 | 3,373 | 25% |
| Net Revenue Margin (%) | 20.1% | 23.5% | |
| Impairment Rate (%) | 9.1% | 11.0% | |
| Charge-off Rate (%) | 9.8% | 8.8% | |
| Underlying Risk-Adjusted Margin (%) | 11.1% | 12.6% | |
| Underlying Cost:Income Ratio (%) | 32.0% | 28.9% | |
| Servicing Costs Margin (%) | 3.1% | 2.8% | |
| Number of accounts (m) | 4.3 | 4.7 | (8%) |
| New accounts (000s) | 217 | 427 | (49%) |
| Advance Rate (%) ⁽¹⁾ | 90.9% | 88.1% | |
| Net Debt / adjusted EBITDA ⁽²⁾ | 0.0x | -0.1x | |
| Interest cover ⁽³⁾ | 6.3x | 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 for LTM ended 30 June*
- (3) *Represents Ratio of adjusted EBITDA to cash interest expense for LTM ended 30 June*

Enquiries

Investor Relations

Email: investor.relations@newday.co.uk

Media

Powerscourt

Email: newday@powerscourt-group.com

Results presentation

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

<https://www.lsegissuerservices.com/spark/NewDay/events/0f006675-1143-4d27-bd34-81812fa01501>

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

<https://newday-h1-results-aug23.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 c.4.3 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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