NewDay

Helping people move *forward with credit*

NewDay Annual Report and Financial Statements 2024

Contents

Strategic Report

The Strategic Report on pages 01 to 56 was approved by the Board on 3 April 2025 and signed on its behalf by the Directors, Daryl Pilcher and Carl Hansen.

Cautionary statement

Please see page 127 of this report for a description of: (i) the basis of preparation of the financial information contained in this report; (ii) the governance and risk frameworks described in this report; (iii) the use of certain non-IFRS financial measures and forward-looking statements; and (iv) certain other important information. You should review this in full prior to reading this report.

We are a leading provider of consumer credit in the UK

Leading revolving credit and embedded finance provider operating in the UK.

Highly scalable, brand-agnostic, **modern** technology platform. **Expanding footprint** in consumer credit platform market, partnering with established high street brands. Capability to deploy internationally.

Purpose-led customer-centric focus, guided by our manifesto. We are one of the UK's most **inclusive lenders**, responsibly saying "yes" to a wide spectrum of people.

Proven **through-the-cycle** credit risk management expertise across a range of regulated products. In-house data capabilities that drive **underwriting and operational excellence**.

Predictable business model with embedded profitability and strong cash generation. We leverage **operational flexibility** to optimise growth and maximise shareholder returns.

Established and **diversified funding programme** enabling growth with significant facility headroom.

Our purpose and manifesto

We help people move forward with credit

Our purpose

At NewDay, our business is focused on a single, clear and defining purpose:

To help people move *forward with credit.*

Who we help move forward

Consumers

We create more convenient ways to access and manage credit. With simple tools we help our customers improve credit scores and earn rewards. All of this is underpinned by seamless customer journeys.

Partners

Our products enable our partners to offer a range of financing options to their customers, improving engagement and helping move their businesses forward.

Our manifesto

Everyone wants to move forward.
To progress their lives.

We believe in credit as a force for good. Because responsible and accessible credit expands possibilities. It powers up life and business.

We know that credit itself should move forward too. People want the right credit for them – credit that supports, rewards and adapts to life's changes.

We make this happen through expert insight, data and technology.

People want to shop with the brands they love. We help businesses offer experiences through seamless credit and loyalty.

Helping our customers move forward in 2024

537K
Customers we responsibly said "yes" to, widening financial inclusion

1.7M
Customers with improved credit scores

1.1M
Customers registered for our financial education tools

356K
Customers extended payment support

NewDay in numbers

Continued delivery of our strategy in 2024

The more stable UK economic outlook presented an opportunity to accelerate customer acquisition and we welcomed 0.5m (2023: 0.4m) new customers to our business. Spend increased by 3% to £15.5bn (2023: £15.0bn) and gross receivables finished the year at £4.4bn (2023: £4.3bn). We launched our lending and technology partnership with Lloyds Banking Group, announced a partnership with Argos to provide embedded finance and agreed to acquire the existing Argos store card portfolio, and launched a platform partnership with Debenhams Group.

We reported £144m[1] (2023: £98m) statutory profit before tax and £213m[1] (2023: £207m) underlying profit before tax despite the drag on accounting profits driven by higher volumes of new customers. Underlying profit excludes costs associated with acquired intangible assets, corporate debt, a platform development project and other non-recurring items.

Successful strategies to grow interest-bearing balances, along with higher base rates, led to increased interest income. This was partly offset by higher funding costs. The impairment charge was supported by stable credit performance and consequently risk-adjusted income increased to £491m (2023: £457m) for the year.

Underlying costs were well-controlled in an inflationary environment but increased due to higher volumes of affordability-related claims, project spend and investment in new accounts. The underlying cost-income ratio increased to 30.1% (2023: 28.3%[2]) as a result.

We announced a long-term partnership with Argos to provide an embedded finance solution and agreed to acquire £834m of gross receivables (with beneficial ownership transferring in Q1 2025).

Our technology is modern and scalable, affording us the opportunity to offer it as a platform for external parties. We launched our technology partnerships with Lloyds Banking Group and Debenhams Group. Our platform is built for scale and processed 332m (2023: 323m) transactions in the year. We continue to develop and invest in its capabilities.

We aim to provide best-in-class, seamless customer journeys to help people manage their accounts. We listen to customers and regularly implement improvements to processes. Our transactional Net Promoter Score (NPS) improved to +79 (2023: +72).

We generated £118m (2023: £115m[2]) of free cash flow available for growth and debt service. In 2024, we deleveraged our business by making a £24m partial repayment of Senior Secured Debt. We also returned £51m (2023: nil) to shareholders through dividends. We finished the year with £451m (2023: £589m) of cash and £1.7bn of funding facility headroom to use for refinancing and future growth.

Gross receivables

£4.4BN

(2023: £4.3bn)

Statutory profit before tax[1]

£144M

(2023: £98m)

Platform partnerships launched

2

(2023: one)

1 Underlying performance excludes certain items included within the statutory result. A reconciliation between the underlying and statutory result is shown on page 32.
2 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. Additionally, the Group changed its methodology for calculating free cash flow available for growth and debt service to align it closer to the statutory cash flow statement and facilitate a better understanding of the Group's performance. Accordingly, the prior year comparatives of impacted metrics have been restated throughout this report for consistency.

Customer spend

£15.5BN

(2023: £15.0bn)

Risk-adjusted income

£491M

(2023: £457m)

Underlying profit before tax[1]

£213M

(2023: £207m)

Free cash flow available for growth and debt service

£118M

(2023: £115m)

Transactions processed

332M

(2023: 323m)

Transactional NPS

+79

(2023: +72)

Chairman's statement

"We supported customers, invested in our technology and built partnerships to deliver sustainable, long-term growth.

We are helping people move forward with credit whilst delivering strong returns for shareholders.

Sir Michael Rake
Chairman and Non-Executive Director

NewDay is an at-scale, purpose-led consumer credit provider, proudly serving millions of hard-working people across Britain. Our business is agile, fast-paced and driven by leading technology. It always impresses me how much we can collectively accomplish and 2024 was another year of growth for NewDay. We delivered against our purpose whilst achieving strong shareholder returns.

Purpose led

NewDay's purpose is what drives our business. We are committed to providing innovative financial solutions that empower our customers, widen access to responsible credit and help people better their lives.

A more stable economic outlook allowed us to say "yes" to more people in 2024 and we welcomed 0.5m (2023: 0.4m) new customers to our business. Deep data insights and our sophisticated credit scoring models mean we can quickly assess customers on an individual basis, with the aim of making the right lending decisions for both us and our customers.

Our business has the opportunity and responsibility to widen financial inclusion. Everyone should have access to the financial tools and services they need to build a better future, regardless of their background or circumstances. In 2024, we provided financial education tools to 1.1m (2023: 0.8m) customers and we helped 1.7m (2023: 2.4m) customers improve their credit score.

Our business is built on more than 20 years of underwriting history. Stable foundations and our strong track record breed a confidence to make responsible lending decisions. Our core customer base is 'working Britain' and these individuals occasionally need support through life's unexpected challenges, which in recent years have been amplified by wider economic uncertainty. Our deep underwriting expertise means we are well placed to help these people move forward with credit.

When more targeted support is needed, customers can benefit from our suite of intervention options aimed at alleviating short-term pressures. During the year, we provided payment support to 356k (2023: 441k) customers.

"We proudly serve working Britain and believe credit is a force for good. Responsible access to credit can drive forward people's lives.

Colleague focused

The culture at NewDay is one of inclusion, opportunity and excellence. We recognise that this is delivered through our colleagues. We actively seek to develop, retain and elevate all our colleagues so that together we can maximise their potential and deliver our purpose. I am pleased with an impressive set of engagement scores that had overall engagement reaching 87% (2023: 76%) at the year end.

The focus of our colleagues has also been recognised externally in 2024. I was delighted to see our colleagues win silver at the European Contact Centre & Customer Service Awards in the 'Best Customer Centric Culture' category. We also won silver at the UK Customer Experience Awards in the 'Best Innovation in Customer Experience' category, and one of our colleagues won the 'Transformation Leader of the Year' award at the Women in Credit Awards.

Socially responsible

The primary purpose of our business is to help people move forward with credit. Our ESG (environmental, social and governance) agenda recognises the broader responsibilities we have and emphasises how our business must operate so we can sustainably achieve our goals. We take those responsibilities very seriously.

Our colleagues are deeply engaged with our social agenda and we support causes that resonate with them. In the year, NewDay donated £262k to Family Action and total donations since NewDay and Family Action started working together are now more than £2m. I was pleased to see a number of our people engaged directly in fundraising activities including a London to Brighton charity bike ride and a Peak District ultra marathon. We also continued our important work with Family Action's HeadStart programme, helping disadvantaged young people to develop the skills, experiences and confidence needed to secure and stay in employment, and continued our partnership with Stemettes to help inspire young women in STEM careers.

We aim to minimise our environmental impact. We are members of the UN Global Compact and are committed to Net Zero by 2040. In 2024, we engaged AXA Climate to refine our decarbonisation approach and help identify climate transition risks and opportunities. We continue to strengthen our environmental and sustainable procurement policies and are pleased that we retained the gold medal sustainability rating from EcoVadis.

> "Acting ethically, responsibly and sustainably is intrinsic to the way we operate. We believe credit is a force for good.

Regulatory updates

We help people move forward with credit through the delivery of good customer outcomes. Our business operates with principles that are well aligned with our regulators' expectations, and we strive to achieve the best possible outcomes for working Britain. We actively engage with regulatory supervisors and scan the horizon to stay ahead of, and help shape, regulatory change.

In 2024, we continued to meet our regulatory obligations, including in relation to the FCA's new rules for borrowers in financial difficulty and the extension of the Consumer Duty to closed portfolios. Our first Consumer Duty Annual Report was presented to the Board. It confirmed NewDay is meeting our Consumer Duty obligations and delivering good and fair outcomes for our customers.

Where next?

The growth achieved by our business in 2024, alongside a focus on positive customer outcomes and a prominent social agenda, sets the foundations for 2025. With a more stable economic outlook, I expect to see our business further capitalise on the opportunities afforded to us by our operating excellence, leading technology and dedicated colleagues. I am excited to see NewDay accelerate a number of significant partnerships and projects, and I believe we are well placed to deliver our strategic goals whilst remaining true to the principles that have underpinned our successes to date.

We are proud to have been supported by our owners for over eight years now and we continue to explore strategic options to further our growth including the possibility of an IPO or private sale.

Finally, I would like to thank the Board and all colleagues across the business for their hard work and commitment to delivering on our purpose and strategy. Their dedication underpins our successes.

Sir Michael Rake
Chairman and Non-Executive Director

Credit as a force for good

NewDay is powered by the idea that we help people move forward with credit. Acting responsibly and sustainably means we can look after our customers, protect the environment and help support communities. By developing a comprehensive sustainability strategy with clear targets we aim to create change, deliver sustainable development and contribute to building a better future for our stakeholders.

Read more on page 40 and in our Sustainability Report available on our website newday.co.uk

ESG strategy

Financial inclusion
Removing barriers to credit and rewarding good credit management

Climate action
Net Zero by 2040

Learning
Financial education for customers and colleague development

Our purpose

To help people move *forward with credit*

Do the right thing
We're guided by our responsibility towards our customers and to each other.

Pull together
We take collective accountability. We support one another. We are stronger together.

Aspire to extraordinary
We aim high. We have the courage to challenge ourselves and each other.

Create tomorrow
We build for the future. We push to create, adapt and change.

Be a responsible lender

Read more on page 41

Minimise our environmental impact

Read more on page 42

Maintain an inclusive and diverse workplace

Read more on page 43

Areas of focus

Removing barriers to credit and rewarding good credit management

1.7M
Customers supported to improve their credit score
(2023: 2.4m)

+77
Net Easy Score (NES)
(2023: +75)

Net Zero by 2040

Carbon neutral own operations across Scope 1 and 2 CO_2 emissions

Updated decarbonisation plan refining interim targets and reconfirming 2040 Net Zero ambition

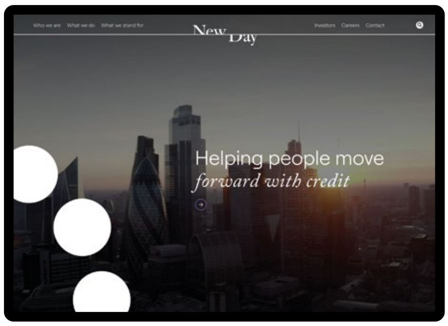
Financial education for customers and colleague development

1.1M
Customers registered for our financial education tools
(2023: 0.8m)

87%
Employee engagement
(2023: 76%)

Future priorities

- Continue to enhance *Aqua Coach Steps*, offering personalised monthly actions to help customers improve their credit scores and build financial resilience
- Expand and progress diversity metrics and increase proportion of females in senior management roles to 40% by the end of 2026
- Deliver on initiatives to meet interim decarbonisation targets and make progress towards Net Zero by 2040 ambition



Read more in our Sustainability Report available on our website newday.co.uk

Group Chief Executive Officer's review

"We had a good year. We accelerated customer acquisition, launched partnerships with the Lloyds Banking Group and Debenhams Group, and signed a transformative deal with Argos to increase our customer numbers by 2.2m and our balance sheet by £834m at acquisition in 2025.

John Hourican
Group Chief Executive Officer

During 2024, we built on solid foundations and a more stable economic outlook, taking the opportunity to increase new account volumes. Our underwriting capability contributed to our continuing stable credit performance and validated our strategic decision to responsibly accelerate customer acquisition. We continued to invest in modernising our technology, creating better customer journeys, driving efficiency and laying the foundations for the commercial sale of our platform-as-a-service capability. In 2024, we saw the beginnings of this commercial objective with the launch of partnerships with Lloyds Banking Group and Debenhams Group. Separately, in Q4 2024, we secured a deal to acquire the Argos Financial Services store card portfolio and agreed a partnership to modernise Argos' credit offering for its customers. The deal involved NewDay acquiring £834m gross receivables and 2.2m new customer relationships. Following first closing of this deal, we had economic ownership of £5.1bn of gross receivables and 5.8m customer accounts.

Responsibly delivering our strategy

We want to help more people move forward with credit. Using leading technology and rich data sets we make expert lending decisions on a customer-by-customer basis and are well equipped to provide access to credit to individuals underserved by high street banks. This customer group remains a focal point of our credit strategy. In the year, we welcomed 0.5m (2023: 0.4m) new customers to our business.

We launched our lending and technology partnership with Lloyds Banking Group. The programme is underpinned by our technology and provides customers with greater choice and flexibility in the ways that they choose to pay for goods and services across the Lloyds Banking Group merchant network. The partnership supports a broad spectrum of customers, with Lloyds Banking Group funding prime customers and NewDay funding near-prime customers through our separate *Newpay* product. The partnership is designed to best serve Lloyds Banking Group's extensive merchant network and to expand our footprint in embedded finance, point-of-sale financing.

The deal we signed with Argos Financial Services to acquire the existing Argos-branded store card portfolio, totalling 2.2m customers and £834m of gross receivables, will complete in two stages. We acquired beneficial title to the portfolio in Q1 2025 and will acquire legal title to the portfolio at migration, which is expected to occur in H1 2026. Ahead of migration, we will also create a new Argos-branded digital credit proposition to better serve Argos customers.

Read more on page 26

It is good to see our John Lewis & Partners product remaining popular with customers but margins continue to be tight due to the prime nature of the portfolio coupled with the higher interest rate environment. We continue to work with John Lewis & Partners to adjust the programme structure to ensure it is sustainable for both parties.

Monetising our core platform

Our technology platform is a key differentiator in the marketplace and allows us to provide best-in-class customer journeys. Through our platform-as-a-service offering we aim to monetise the technology and create, over time, a growing complementary revenue stream.

Our vision for this business is slowly being realised. In addition to the Lloyds Banking Group partnership, we launched a technology partnership with Debenhams Group. Debenhams Group utilises our end-to-end technology proposition to support a brand new digital finance product. We also strengthened our partnership launched in 2023 with a large international bank (through a strategic reseller partnership) by continuing to provide specific platform services to that institution.

> We leverage proprietary technology to innovate and be a leading provider of consumer credit in the UK.

Strong financial performance

We continued to build our financial performance in 2024. We deliberately accelerated customer growth, delivered tangible returns from our technology and generated strong shareholder returns.

Gross receivables grew to £4.4bn (2023: £4.3bn) and customer spend increased to £15.5bn (2023: £15.0bn). Successful strategies to increase interest-bearing balances, coupled with higher base rates, increased net interest income. Our underwriting capability supported stable credit performance which maintained impairment within targeted levels, even after absorbing the upfront accounting cost of growing new customer accounts. Costs were generally well controlled despite the inflationary environment, however higher change spend, affordability-related claims and investment in new accounts were the primary drivers of an increased underlying cost-income ratio.

We reported a statutory profit before tax of £144m (2023: £98m) and an underlying profit before tax of £213m[1] (2023: £207m).

The business generated £118m (2023: £115m) of free cash flow available for growth and debt service. We also paid a £51m (2023: nil) dividend and made a £24m partial early repayment of Senior Secured Debt. We remained active in funding markets and raised £0.9bn through three asset-backed term debt deals. We began 2025 with £1.7bn of funding facility headroom to use for refinancing and future growth.

> We paid a £51m dividend and repaid £24m of Senior Secured Debt.

Where next?

In 2024, we laid the foundations for the coming years with increasing new account acquisitions and agreeing the Argos deal. The economic outlook is stable and presents an opportunity to further our strategic objectives.

We will continue to leverage our proprietary credit scoring models and deep data insights to grow our portfolio and further accelerate new customer acquisitions, in a controlled and sustainable manner. Our partnership experience, industry expertise and ability to raise funds position us well when opportunities arise. The expansion of our lending partnership with Lloyds Banking Group and operational readiness for the Argos portfolio migration (expected in H1 2026) will be important deliverables in 2025.

Our platform-as-a-service business delivered on its promises in 2024. In 2025, our focus will be on growing relationships with Lloyds Banking Group and Debenhams Group, ensuring our services are delivered seamlessly and remain leading edge. We will also target new partnerships to continue our journey to becoming a leading consumer credit platform provider, building on the momentum we have generated over the past couple of years.

We help people move their lives forward through responsible access to credit. This is the primary consideration for everything we do. It is a value that is pervasive across our business and is lived by our colleagues. I extend my gratitude to each and every one of our people and I look forward to even more of the same high standards in 2025.

John Hourican
Group Chief Executive Officer

1 Our underlying performance excludes certain items included within the statutory result. A reconciliation between our underlying and statutory result is shown on page 32.

Our product offering

We are a UK consumer credit and international platform service provider. Our credit products are offered directly to consumers and through merchant partners, powered by our digital and highly-flexible technology platform.

Our operations are structured across three separate channels:

1 **Direct to Consumer**

- Our revolving credit offering, D2C (direct-to-consumer)
- Own-branded cards targeted at near-prime customers and supporting them on their journey towards prime

2 **Merchant Offering**

- Innovative e-commerce and digital in-store offering, B2B2C (business-to-business-to-consumer)
- Co-branded cards targeted at near-prime and prime customers
- Point-of-sale and embedded finance solutions
- Digital loyalty programmes

3 **Platform**

- White-labelled technology platform solution

Credit

Direct to Consumer

Credit building →	aqua
Financial control →	marbles
Prime bridge →	fluid
Digital cardless credit →	bip.

£2.6BN
Gross receivables

1.6M
Customer accounts

Note: We also have a closed *Opus*-branded portfolio and closed portfolios from previous merchant partnerships.

Merchant Offering

Co-branded cards →
JOHN LEWIS & PARTNERS

ao

Embedded finance →
Argos[1]

LLOYDS BANKING GROUP

newpay

Card for customers from previous partnerships →
Pulse

£1.8BN[2]
Gross receivables

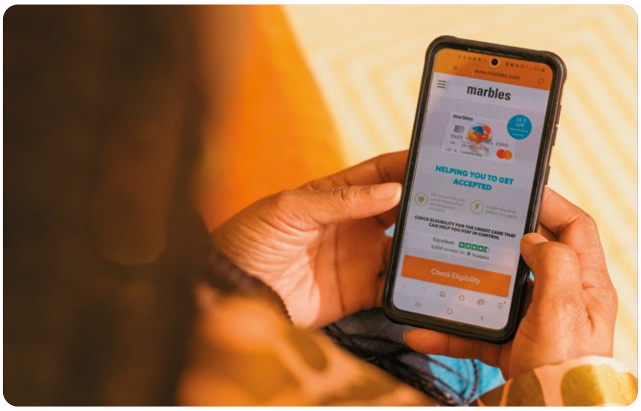
2.0M[2]
Customer accounts

Platform

- End-to-end financial technology product covering the full product life cycle from acquisition to servicing and collections
- Solutions adaptable to multiple lending products such as credit cards, embedded finance and unsecured personal loans
- Targeted at banks and lenders within the UK and internationally
- Successful partnership launches in 2024

LLOYDS BANKING GROUP
Debenhams GROUP

For more details about our partnership with Lloyds Banking Group, see page 16



1 In 2025, we acquired beneficial interest in £834m of gross receivables and 2.2m of associated customer accounts from Argos' existing store card portfolio.
2 Excluding amounts arising from the Argos portfolio acquired in 2025.

Our award-winning products

Rollout of *Aqua Coach Steps* and *Levels*

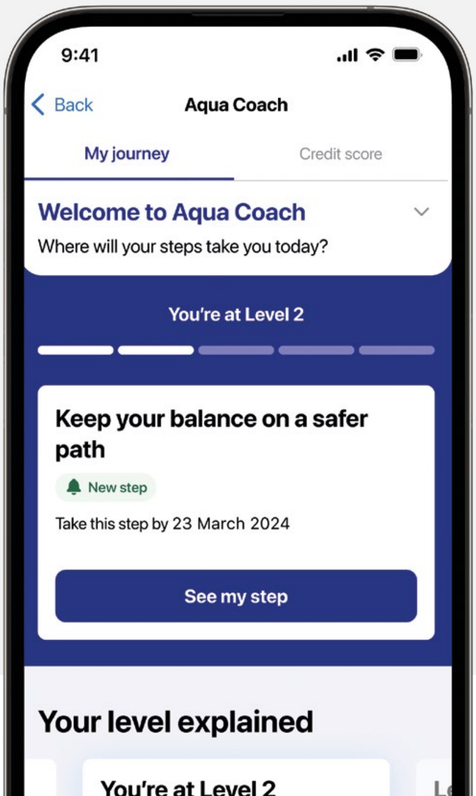
Building credit scores

We provide a host of tools for those who are new to credit and looking to build their credit score, or who may be aiming to repair it after a 'bump in the road' on their credit journey.

Our app-based tool, *Aqua Coach*, makes credit building personal with features including *Aqua Coach Steps* and *Levels*, and information on a customer's credit score. With *Steps* and *Levels*, data science models are used to provide customers with a specific personalised action each month that is calculated to increase their eligibility for product benefits such as credit limit increases and interest rate improvements, as well as improving their credit account management. We also provide near-prime customers with access to their credit score information as well as credit management tools.

1.1M

Customers were registered for our financial education tools at the end of 2024



Expansion of *Aqua Gold*

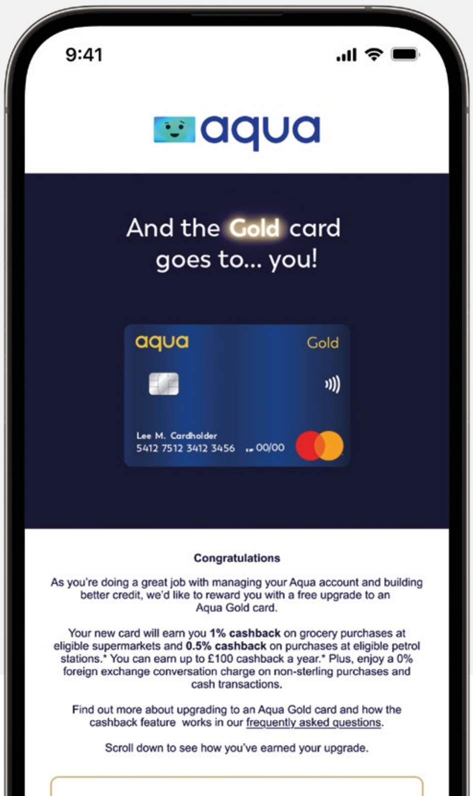
Rewarding positive credit behaviours

Aqua Gold reinforces our commitment to financial inclusion and responsible lending by rewarding customers who demonstrate positive credit behaviours. Eligible *Aqua* customers benefit from 1% cashback at supermarkets, 0.5% at fuel stations and no foreign exchange fees.

Since its launch in 2022, we have upgraded 64k customers. In 2024, we expanded eligibility further to reward even more customers. The impacts are clear and resulted in higher engagement, lower account closure rates and increased spending, reinforcing *Aqua Gold* as a preferred payment method for our customers.

64K

Customers upgraded since its launch in 2022



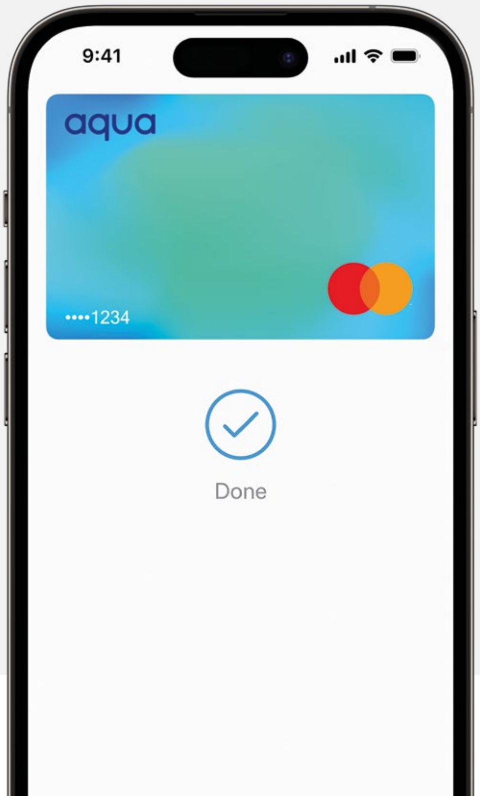
Rollout of instant spend

Safe and secure instant spend capability

Our new instant spend functionality, which rolled out in 2024 across our stable of cards, enables customers to spend on their new product immediately through their digital wallet and access to card details in their mobile app. This means that eligible customers can safely and securely spend in-store or online within minutes of opening their account. The percentage of customers that spent in the first seven days of opening their account increased from 8.5% to 23.5% across products since this feature was introduced.

24%

Customers that spent in the first seven days of opening their account



Industry recognition

Credit card of the year

Our investment in product capabilities continues to be recognised in the industry, with *Aqua* winning 'Best Credit Card or Credit Facility' at The Card & Payments Awards 2025.

> The entry stood out for its unique approach, servicing the near-prime segment with a credit facility that not only offers flexibility but also focuses on consumer education. By going beyond credit scores, it provides an intelligent and impactful way to rehabilitate and build credit.

Judges' comments

Monetising our technology

Our technology and lending partnership with Lloyds Banking Group

LLOYDS BANKING GROUP | NewDay

In 2024, we launched our lending and technology partnership with Lloyds Banking Group. The programme is underpinned by our technology and provides customers with more choice and flexibility in the ways that they choose to pay online.

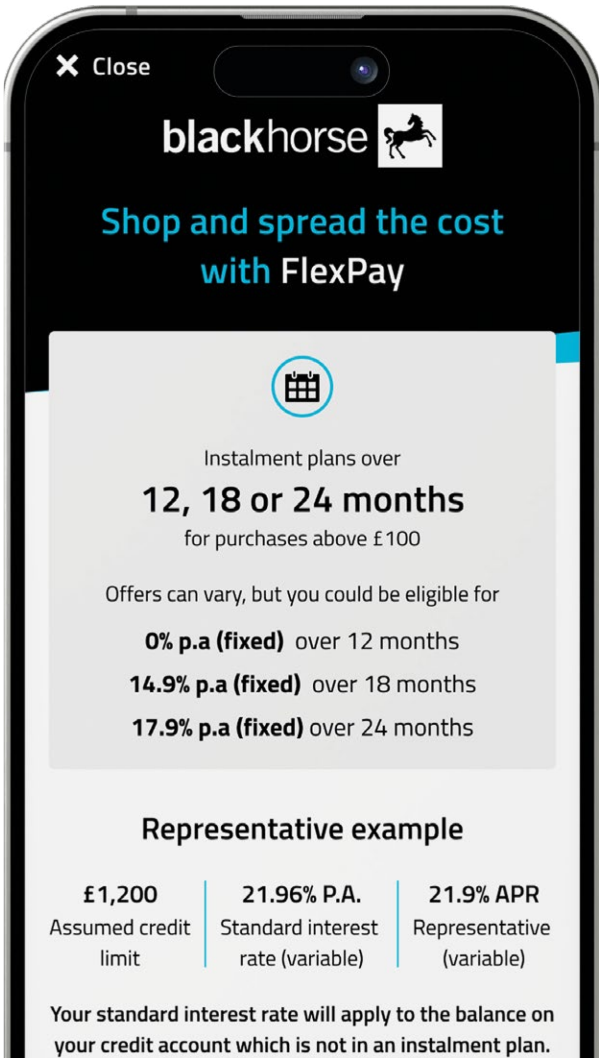
Our partnership with Lloyds Banking Group will offer customers a wide spectrum of credit, with prime provided by the Lloyds Banking Group and near-prime provided by NewDay.

We look forward to working with Lloyds Banking Group to grow merchant uptake of this programme and progress this relationship in the years to come.

Launched with select merchants in our partnership with Lloyds Banking Group

Underpinned by NewDay technology

Wide spectrum credit covering prime (provided by Lloyds Banking Group) and near-prime (provided by NewDay)



Market overview

We have a well-established presence, with a 6% market share[1].

We operate in a £78bn[2] market, which includes credit cards and embedded finance.

Our powerful digital platform is capable of servicing the broader £220bn[2] UK unsecured consumer credit market (our UK total addressable market) and the platform is capable of being deployed internationally.

Our current share

NewDay

Our product opportunity

Our core segment for customer acquisition

- D2C cards (near-prime)
- B2B2C merchant cards (prime and near-prime)
- Embedded finance including digital point-of-sale credit and buy now, pay later (BNPL)

UK cards and embedded finance

- Responsible access to credit for near-prime customers
- Working with merchant partners to expand embedded finance and co-branded cards

Our platform opportunity

UK unsecured credit

- Includes personal loans, car loans and other unsecured credit, which our platform has the capability to serve

1 £4.4bn gross receivables compared to £78bn market size.
2 Estimated figures based on analysis performed in 2024 and sourced from: management analysis; Bank of England; UK Finance; Finance & Leasing Association (FLA); eBenchmarkers; GlobalData UK Cards and Payments Report; and market participant interviews.

£4.4BN
Gross receivables

~£36BN[2]
Core segment (customer acquisition)

~£78BN[2]
Market

~£220BN[2]
UK total addressable market

Market overview continued

Market trends

1

Market outlook

The UK credit card market remains resilient. As more lenders are beginning to unwind risk appetite constraints imposed due to cost-of-living pressures, new card originations are expected to grow in the medium term. The overall merchant finance market is also expected to grow, with a continued shift from co-branded cards to embedded finance.

2

Customers and partners

Inflation has fallen over the past year and customer spending has remained resilient, despite high interest rates. Customers are adapting to this environment and we continue to support our customers through our products and services.

3

Competition

The UK credit card market remains highly competitive, with high street banks, challenger banks, retailers and other specialists all competing for market share. The near-prime credit card segment, whilst competitive, has fewer participants than the wider market. Structural factors are expected to fuel growth in the embedded finance market, including changing consumer behaviours and new retailer strategies.

Our responses

We invest in growth.

NewDay remains well positioned to benefit from the improving macroeconomic outlook and market conditions.

We are a leading near-prime lender serving working Britain with a purpose-led focus meeting the needs of our customers. We have a clear roadmap to deliver against our strategic credit priorities. Our modern technology stack supports our strategic ambition and this will contribute to further revenue streams in the future. We are excited about our embedded finance partnership with Lloyds Banking Group, which launched in 2024, and our partnership with Argos from which we acquired beneficial title to the existing Argos store card portfolio in Q1 2025 and will migrate to our platform in H1 2026. We also plan to launch a new long-term product with Argos in 2026.

We tailor our products to the needs of our customers and partners.

We are investing in capabilities and a broad offering for customer engagement. Our credit card offering provides consumers with direct access to credit options and tools for improving their financial management.

Our embedded finance platform integrates financial services into merchant platforms to provide flexible payment and financing solutions whilst enhancing customer engagement. The Lloyds Banking Group partnership, supported by our *Newpay* product, provides flexible payment solutions across a broad credit spectrum. The new Argos partnership will immediately position NewDay as a scaled player within the fragmented embedded finance market, offering a tailored solution for our partners.

Our core competencies set us apart.

NewDay's competitive differentiation is built on several pillars, including: i) over 20 years history of underwriting near-prime credit with circa one trillion data points on customer performance; ii) our expertise in servicing several million customers; iii) our brands being well recognised in the market; iv) the strength of our merchant proposition and breadth of financing offers it can support (including BNPL); and v) the ability to provide end-to-end modular credit platform solutions, an adaptable white-labelled technology platform and specialised capabilities in digital servicing for credit card management.

4

Technology, data and innovation

Technology remains the core driver of product improvement and efficiencies, whilst the use of data guides better decision-making and increases productivity across the financial services sector. Generative Artificial Intelligence (GenAI) is developing at a rapid pace and is beginning to impact our industry.

5

Regulation

Regulation continues to be a key pillar in our market and is one of the driving forces for change. In 2024, the market welcomed new rules to support borrowers in financial difficulty and the extension of the FCA's Consumer Duty to closed portfolios. The regulatory and legal reform agenda is rarely quiet and often changes at pace.

6

Social responsibility and sustainability

With ever-more complex ESG issues emerging, companies are expected to play an increasing role in helping clients and communities. Acting responsibly and sustainably remains a priority in our industry. Promoting financial inclusion and education as well as ensuring access to affordable credit are key to the UK prospering. Alongside this, the agenda continues to focus on climate change as an important factor in business and the broader economy.

The demand on consumer credit platforms is constantly evolving and our technology is well placed to respond in this evolving market.

We have a modern, cloud-hosted, highly scalable consumer credit platform. Our consistent investment across all areas of the platform, alongside a focused set of initiatives and projects, will continue to deliver data and digital platform enhancements. We are also progressing our own GenAI journey to discover new capabilities to improve efficiencies and take advantage of new technologies.

We are transparent and actively engage with regulators.

We maintain open and transparent reporting and communication with regulators to stay abreast of and involved in shaping potential developments. We ensure timely reaction to any new or amended regulation to ensure lending continues to be undertaken in a compliant and customer-focused manner.

In 2024, NewDay's first Consumer Duty Annual Report was presented to the Board, confirming NewDay is meeting its Consumer Duty obligations and delivering good and fair outcomes for its customers. Additionally, NewDay contributed to the FCA's Call for Input on its regulatory approach, which sought views on where the Consumer Duty has brought duplication or conflict with existing regulation.

We are a responsible lender and live our purpose of helping people move forward with credit.

We are a purpose-led business and believe in credit as a force for good. Acting responsibly and sustainably means we can look after our customers, protect the environment, and help support our communities. Our ESG strategy is aligned with our purpose.

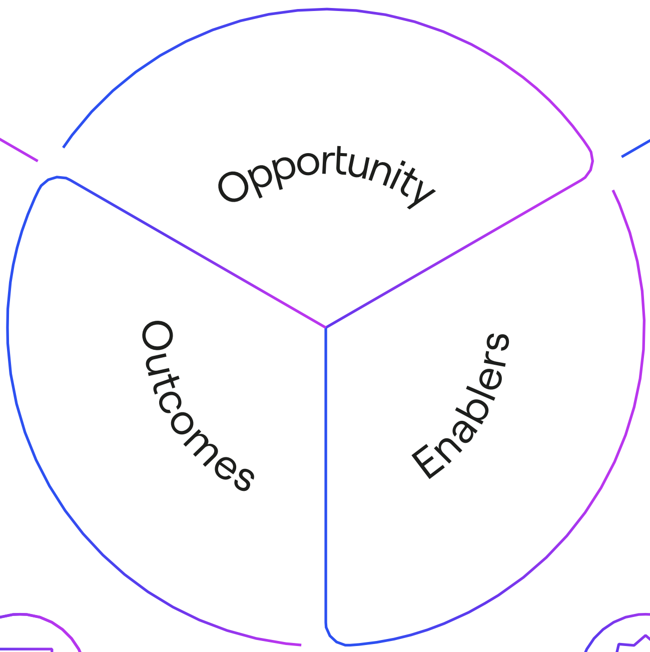
In 2024, we made good progress in implementing our progressive ESG roadmap. We have already achieved carbon neutrality across own operations Scope 1 and Scope 2 emissions and we updated our decarbonisation plan to refine interim targets and reconfirm our 2040 Net Zero ambition.

Our business model

Powered by leading-edge technology and an embedded manifesto

We evolve with our customers and partners to meet changing needs

Read more on page 18



Acquiring new customers and creating long-lasting relationships

Read more on page 28

We leverage a leading-edge digital platform to drive innovation

Read more on pages 14 and 16

Delivering strong controlled growth and high performance predictability

Read more on page 32

We are committed to delivering high standards for our customers, our colleagues and our community

Read more on page 08

How we create value

Attractive market proposition

We offer a suite of compelling products that allow us to serve customers throughout their credit journey. We offer seamless integration with omni-channel retailers in serving the needs of a broad spectrum of customers. We add power to merchant customer propositions.

Credit and collections expertise

Our proprietary models have been developed specifically for our target customers, enabling us to make better credit decisions. Lending responsibly is our overarching manifesto commitment.

Digital origination

Through direct marketing, aggregators and partnerships we reach an extensive customer base. This reach is increasingly digital and encompasses our partners' most loyal customers as well as those who find access to credit from mainstream lenders less easy.

Leading customer service

We offer omni-channel 24-hour support. We are committed to continuous improvement. We are engaged in ongoing dialogue with customers, with real-time feedback recorded through Net Easy Scores and transactional Net Promoter Scores. We endeavour to frictionlessly engage with our customers through digital channels.

Market-leading digital platform and technology partners

Together with our customer insight, our in-house technology capabilities and agile operating model enable our data scientists and engineers to rapidly build better solutions and drive increased digitisation in customer journeys and the business more widely. Our platform is built on infrastructure provided by leading technology organisations, including Microsoft and Amazon Web Services. They afford us cloud-based scalability, high performance, lower marginal cost and modern security advantages. The transaction processing platform is outsourced to Fiserv, which remain an important partner for us.

Operating efficiently

A continued focus on being digital by default allows us to operate at a lower underlying cost-income ratio and an in-house digital platform offers us true scalability and great flexibility.

Funding

Through our established, diversified funding base and securitisation technology, we have a stable funding capacity and an efficient funding structure.

Our competitive strengths

Trusted brands built on our manifesto

We are quick to market with product innovations and provide seamless customer journeys. The strength of our portfolio of brands gives customers and partners confidence in what we stand for.

Long-term strategic relationships with merchant partners

We are a trusted partner with some of the largest retail brands in the UK. We offer leading-edge digital products, large-scale loyalty programmes and spend insights to build long-term relationships that support their customers' credit journeys and help retailers profitably grow their business.

End-to-end digital product solutions

Our products offer instant access to credit and optionality through more ways to pay, including instalment plans, BNPL and other promotional options. We integrate seamlessly, at lower cost and at speed with retail partners to increase online conversions, average basket size and customer engagement.

Understanding and engagement with our customers

Strong and long-term relationships, powered by a deep understanding of customer behaviour underpinned by an in-house data platform, result in embedded portfolio value and predictable financial growth.

Credit and collection capabilities

Our credit risk and collections expertise has been developed and honed over 20 years, with the management team's experience proven through economic cycles.

Access to diversified funding

A stable and diversified funding base with trusted funding partners offers us flexibility and a solid basis for continued growth and the ability to weather market conditions. Our broad base of international funding partners includes many of the world's leading financial institutions. We regularly access securitisation markets in both the UK and US wholesale markets to support our receivables growth.

Skilled, experienced colleagues

The relentless dedication of our workforce powers the delivery of customer and retail propositions as well as continued product and digital innovation.

Our strategy

We operate in an attractive market and have an ever-increasing digital capability that accelerates delivery of our strategic priorities whilst driving sustainable growth.

We are well placed to assess and capitalise on growth opportunities due to our credit underwriting expertise and advanced technology. NewDay's aim is to be the leading near-prime lender in the UK, a partner of choice for retail merchants and a leading financial technology platform provider.

Our credit risk-taking strategy focuses on near-prime lending either through our own brands or through our valued merchant partners. We are best equipped at serving individuals underserved by high street banks and we target relationships that align to this. As we continue to grow, unsecured lending will remain our core business, supported by increasing amounts of capital-light income from our Platform business.

Opportunity

We evolve with our customers and partners to meet changing needs

2024 highlights

- Welcomed 0.5m new customers
- £4.4bn gross receivables
- £15.5bn of spend through our products
- Launched our embedded finance partnership with Lloyds Banking Group
- Launched a technology partnership with Debenhams Group
- Signed a deal with Argos Financial Services to purchase their store card portfolio and agreed a partnership with Argos to provide an embedded finance solution

Future priorities

- **Controlled growth**
  Expand our business and grow market share sustainably, responsibly and in line with strategic ambitions.
- **Develop new products and enhance existing ones**
  We have a pipeline of enhancements to our products to improve customer experiences, drive innovation and adapt to emerging trends.
- **Drive new business development**
  Execute our new partner pipeline where it makes strategic and commercial sense. Grow our footprint in the platform-as-a-service market and monetise our technology.

Enablers

We are committed to delivering high standards for our customers, our colleagues and our community

2024 highlights

- Supported 1.7m customers to improve their credit score
- 1.1m customers registered for financial education tools
- Transactional NPS of +79
- 356k customers provided payment support options
- 87% employee engagement
- Donated £0.3m to Family Action, our charity partner, taking total donations to more than £2m

Future priorities

- **Support customers to move forward with credit**
  Our manifesto puts the customer at the heart of everything we do. We will constantly assess whether our products are suited to customers and their individual circumstances. We will intervene if customers need support to provide the best outcome and level of care on their credit journey.
- **Remain an employer of top talent**
  Invest in our culture and support colleagues to develop themselves. We will help our people grow and advance their careers whilst achieving our shared goals.
- **Maximise our impact for all stakeholders**
  Progress delivery of our ESG roadmap and make meaningful strides towards delivering our Net Zero by 2040 commitment.

Outcomes

We leverage a leading-edge digital platform to drive innovation

2024 highlights
- 332m transactions processed
- 213m app logins
- Launched a partnership with Lloyds Banking Group using our technology to underpin their embedded finance product
- Launched a partnership with Debenhams Group using our end-to-end technology proposition to underpin a brand new digital financial product
- Agreed a partnership with Argos to provide an embedded finance solution

Future priorities
- **Growth through innovation**
  Deliver product enhancements per our roadmap to serve both our own needs and those of our clients.
- **Seamless supply of technology**
  Provide best-in-class technology, service delivery and support for all our partnerships.
- **Business development**
  Progress our new business pipeline.

Acquiring new customers and creating long-lasting relationships

2024 highlights
- Acquired 0.5m new customer accounts
- Launched a lending partnership with Lloyds Banking Group
- Signed a deal with Argos to purchase their store card portfolio comprising 2.2m customers

Future priorities
- **Partnership delivery**
  Sustain strong partner relationships. Successfully migrate Argos store card customers on to NewDay's platform in 2026.
- **Broaden partnership network**
  Identify and win partnerships that deepen our reach in the near-prime sector.
- **Invest in technology to optimise customer journeys**
  Continue to improve acquisition processes to ensure the most seamless onboarding journeys. Leverage our data insights to gain an even better understanding of our customers.

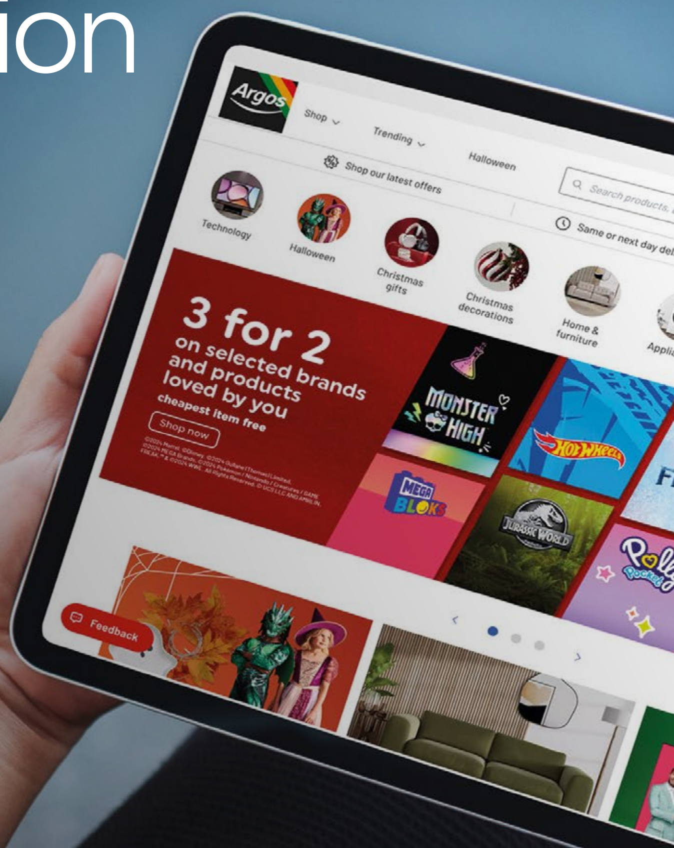
Delivering strong controlled growth and high performance predictability

2024 highlights
- Statutory profit before tax of £144m
- Underlying profit before tax of £213m
- Impairment rate controlled at 9.6%
- £51m dividend paid
- £24m partial early repayment of the Senior Secured Debt
- £451m closing cash balance
- £1.7bn of funding facility headroom as at the year end to use for refinancing and funding future growth

Future priorities
- **Controlled, sustainable growth and returns**
  Continue to assess the market opportunity for responsible receivables growth, balancing growth with profitability and cash generation.
- **Grow capital-light income**
  Extract returns from our platform proposition by generating capital-light revenue streams and optimising balance sheet performance.
- **Strong cost control**
  Maintain control over costs and ensure the business is right-sized for the opportunities in the market and to support our growth agenda.

Our Argos partnership

Argos store card portfolio acquisition and partnership



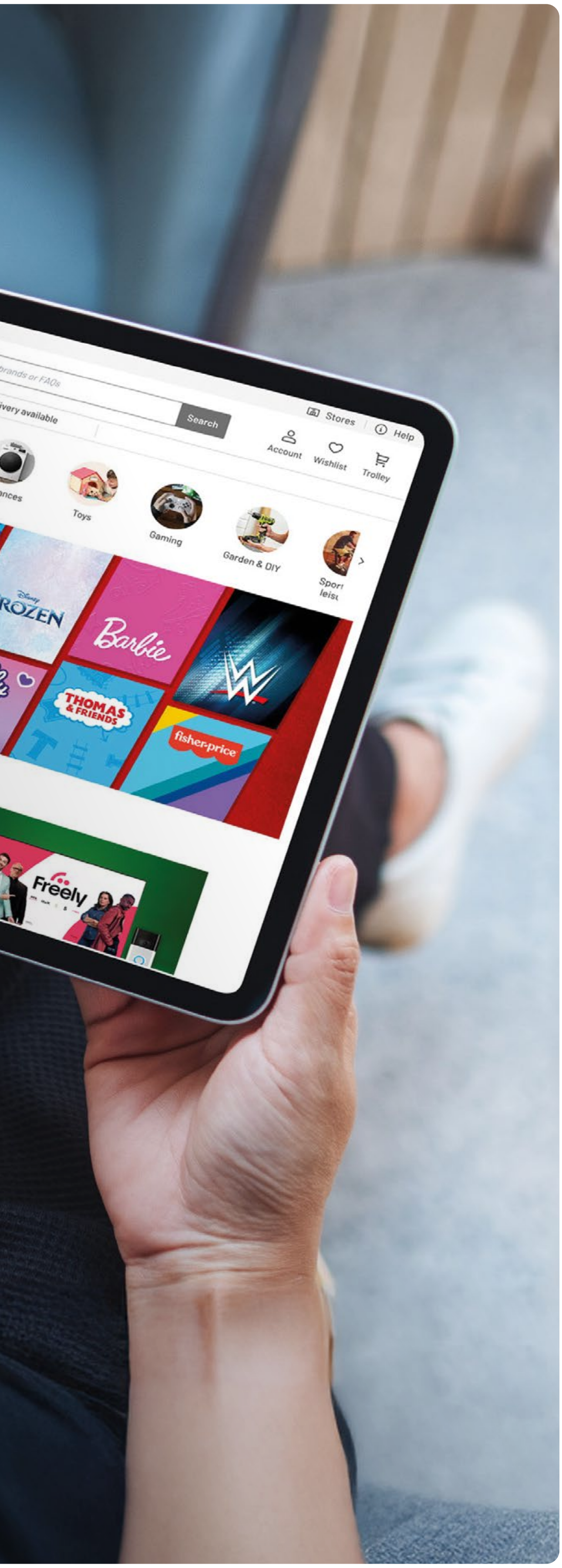
Our deal to acquire the Argos store card portfolio presents a unique opportunity to forge a partnership with one of the UK's leading retailers and to accelerate profitable growth in our business.

We acquired beneficial interest in the receivables in Q1 2025 and, after a period of transition, we look forward to welcoming 2.2m Argos customers to NewDay, where they will benefit from our increased digital offering and award-winning customer service. We are fully focused on ensuring a smooth transition for these customers.

Additionally, we reached an agreement with Argos to create a new Argos-branded digital credit proposition. In time, this will replace the current Argos credit propositions with a modern and flexible way for Argos customers to manage the cost of their purchases. Our in-house, scalable technology platform will enable this.

> "NewDay is a complementary fit for us as we strive to give customers at Argos the best value and choice.

Simon Roberts
Sainsbury's CEO



Partnership milestones

Q1 2025

Beneficial ownership of the portfolio acquired by NewDay, account servicing activities retained by Argos Financial Services

H1 2026

Legal title of accounts to be transferred and servicing fully migrated to NewDay

Launch of new Argos-branded digital credit proposition supported by our leading platform

£834M

Gross receivables acquired

2.2M

Customer accounts acquired

c20%

Argos sales supported by store cards

Acquiring new customers that create long-lasting relationships

Investment in acquiring new customers

Acquiring new customers

We aim to continually invest in acquiring new customers should the economic landscape support it. By investing in onboarding new customers we can consistently grow. In 2024, a stabilising UK economic outlook presented the opportunity to responsibly accelerate our growth. We relied on our sophisticated underwriting models to confidently write new business whilst maintaining stable credit performance.

Creating long-lasting relationships

We are committed to developing long-term, trusted relationships with customers. As new customers build their relationship with us, we gain a better understanding of their behaviours and lower levels of servicing and marketing contact are required. These customer relationships generate predictable revenue streams.

Profitable and cash-generative long-lasting relationships

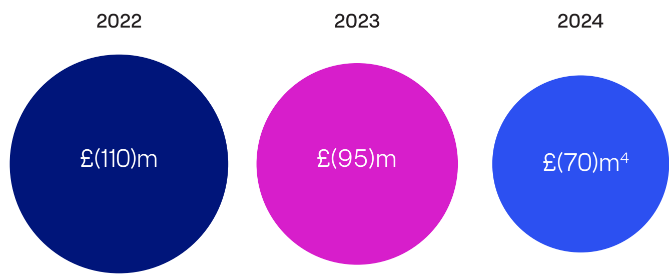
Acquiring new customers requires significant investment. We make this investment to build long-lasting mutually beneficial relationships to help people move forward with credit. Our investment in acquiring new customers aims to deliver sustainable year-on-year increases in gross receivables and returns for the business. There is significant profitability embedded in the receivables portfolio.

Acquiring new customers

In 2024, as the UK economic outlook stabilised we accelerated acquisition of new customers to 0.5m new accounts. New customers generated an accounting result of £70m underlying loss before tax. 2023 performance was impacted by John Lewis & Partners customers arising from the programme launch which generally had higher costs during their first 12 months on book than other portfolios.

	2022[2]	2023	**2024**
New customer accounts[3]	1.3m	0.4m	**0.5m**
Gross receivables	£1,147m	£276m	**£408m**

Underlying loss before tax[1]



Long-lasting relationships

Our existing customers generate predictable returns. Underlying profit before tax from these customers was £297m in the year. This was lower than 2023 due to less customers flowing into existing customer accounts as a result of fewer new accounts opened in 2023, along with a full year's impact of John Lewis & Partners customers.

	2022	2023	**2024**
Existing customer accounts[5]	3.6m	3.3m	**3.1m**
Gross receivables	£3,105m	£4,033m	**£3,970m**

Underlying profit before tax[1]

1 The results of the Platform segment are excluded from the analysis due to the different dynamics of this business compared to the Direct to Consumer and Merchant Offering segments.
2 2022 included 0.6m accounts opened through the John Lewis & Partners programme launch.
3 New customer accounts represent accounts opened in the last 12 months.
4 This comprises net revenue of £68m (2023: £66m), impairment of £73m (2023: £66m) and total underlying costs of £65m (2023: £95m), and represents the performance of accounts during their first 12 months on book.
5 Existing customer accounts represent total accounts less new customer accounts opened in the last 12 months.
6 This comprises net revenue of £821m (2023: £786m), impairment of £337m (2023: £338m) and total underlying costs of £187m (2023: £141m), and represents the performance of accounts after their first 12 months on book.

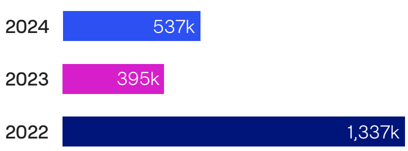
Key performance indicators

We track our progress using a number of financial and non-financial key performance indicators.

New customer accounts

0.5M

(2023: 0.4m)



Definition: The number of new customer accounts originated in the period.

Performance: The stabilising UK economic outlook presented an opportunity to responsibly and sustainably accelerate growth. As a result, we increased new customer account volumes in the year.

Customer spend

£15.5BN

(2023: £15.0bn)

Definition: The amount of customer spend through our products in the period, including balance transfers, money transfers and cash advances.

Performance: Spend increased due to higher new account volumes and strategies to promote growth, including responsible credit limit increases.

Closing gross receivables

£4.4BN

(2023: £4.3bn)

Definition: Gross customer balances outstanding at the year end.

Performance: More new accounts and higher spend led to an increase in closing gross receivables.

Transactional Net Promoter Score

+79

(2023: +72)

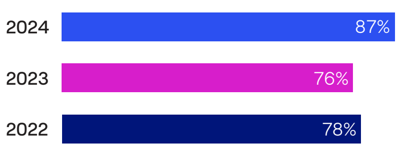
Definition: Average customer feedback score when rating their experience on an interaction with us.

Performance: The score continued to improve in 2024 through a continued focus on delivering our manifesto to drive positive customer outcomes. Our investment in technology creates seamless interactions that are valued by our customers.

Employee engagement

87%

(2023: 76%)



Definition: Results of our most recent Pulse engagement survey.

Performance: Employee engagement improved significantly in 2024. The operational changes implemented at the beginning of 2024 empowered colleagues to deliver their best, leading to an improvement in engagement.

Carbon footprint

0.5 tonnes of CO_2e per average FTE employee

(2023: 0.5 tonnes)

Definition: The amount of Scope 1, Scope 2 (purchased electricity) and Scope 3 (own operations employee travel) CO_2 greenhouse gas emissions consumed by the business during the year divided by the average number of full time equivalent (FTE) employees.

Performance: We have carbon neutrality across own operations Scope 1 and Scope 2 emissions and we updated our decarbonisation plan to reconfirm our 2040 Net Zero ambition.

NewDay's Sustainability Report (available on our website) has more details on our CO_2 emissions, including emissions of suppliers from services directly related to our business.

Note: See footnote 2 on page 04 for details of a restatement of certain prior year comparatives.

Statutory profit before tax

£144M

(2023: £98m)

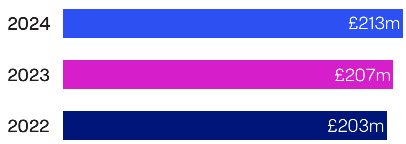
Definition: Statutory profit before tax from continuing operations per the consolidated Group income statement.

Performance: The statutory profit was primarily driven by underlying performance and also benefited from lower amortisation of acquired intangible assets. The majority of the acquired intangible assets are now fully amortised.

Underlying profit before tax

£213M

(2023: £207m)



Definition: Underlying risk-adjusted income (£481m) less underlying costs (£269m).

Performance: Successful strategies to grow interest-bearing balances, along with higher base rates, led to increased interest income. This was partly offset by higher funding costs. The impairment charge was higher due to more new accounts but was supported by stable credit performance. Whilst underlying costs were broadly well-controlled in the inflationary environment they increased overall due to higher volumes of affordability-related claims, project spend and more investment in new accounts.

Impairment rate

9.6%

(2023: 9.6%)

Definition: Impairment losses on loans and advances to customers (£410m)/average gross receivables (£4,278m).

Performance: Stable credit performance provided the foundations for our business to grow in 2024. This was supported by improved recoveries on charged-off debt offsetting the impact of upfront losses required on new customer accounts.

Underlying risk-adjusted margin

11.2%

(2023: 10.6%)

Definition: Underlying risk-adjusted income (£481m)/average gross receivables (£4,278m).

Performance: Higher interest-bearing balances increased interest income which was partly offset by higher impairment losses. This resulted in an improved underlying risk-adjusted margin.

The margin based on statutory risk-adjusted income was 11.5% (2023: 10.8%).

Underlying cost-income ratio

30.1%

(2023: 28.3%)

Definition: Underlying costs (servicing, change, marketing and partner payment costs, collection fees, salaries, benefits and overheads) (£269m)/net revenue (£892m).

Performance: The ratio increased as higher affordability-related claims, project spend and investment in new accounts outpaced increases in income. Other costs were generally well controlled despite the inflationary environment.

The statutory cost-income ratio was 38.5% (2023: 41.7%).

Free cash flow available for growth and debt service

£118M

(2023: £115m)

Definition: The movement in cash and cash equivalents (£(138)m) after adding back net financing cash flows, the movement in gross loans and advances to customers, dividends paid, the return paid on loan from immediate parent company and corporate debt interest paid (£256m).

Performance: We absorbed the cash impact of accelerating new customer acquisitions to finish the year with £451m (2023: £589m) of cash even after a £51m dividend and repaying £24m of Senior Secured Debt. Cash held outside of the securitisation structures or not held for specific funding activities was £101m (2023: £62m).

Financial review

> A more stable UK economic outlook presented an opportunity for responsible growth in 2024. New customers increased by 36% to 0.5m and gross receivables grew to £4.4bn.
>
> We launched two significant technology partnerships and signed a transformative deal with Argos that will substantially grow our business.

Paul Sheriff
Group Chief Financial and Operations Officer

The improving UK economic outlook presented an opportunity for us to grow in 2024 in line with our strategic goals. Statutory profit before tax grew to £144m (2023: £98m) and underlying profit before tax increased to £213m (2023: £207m) despite the increase in new customers causing a drag on profitability due to upfront provisioning. We welcomed 0.5m (2023: 0.4m) new customer accounts and gross receivables increased to £4.4bn (2023: £4.3bn). Spend increased to £15.5bn (2023: £15.0bn). Additionally, we secured new partnerships that provide opportunities for sustainable, long-term growth.

Accelerating customer growth and increasing interest-bearing balances, whilst retaining stable credit performance, were the main drivers of our financial performance during the year. We were able to welcome more customers as cost-of-living pressures eased. Our underwriting excellence and suite of customer support options contributed to stable credit performance which validated our decision to accelerate growth. Delinquency levels remain at or better than pre-COVID levels.

We generated £118m (2023: £115m) of free cash flow available for growth and debt service. We paid a £51m (2023: nil) dividend and made a £24m partial early repayment of Senior Secured Debt. Cash finished the year at £451m (2023: £589m). Cash held outside of the securitisation structures or not held for specific funding activities was £101m (2023: £62m). We began 2025 with £1.7bn of funding facility headroom available for future growth and refinancing maturing deals.

The table below reconciles the statutory profit before tax to the underlying profit before tax, with an explanation of significant reconciling items following the table.

	2024 £m	2023 £m
Statutory profit before tax	**144.3**	**97.7**
Corporate debt interest and related costs	28.3	37.7
Platform development costs	18.1	10.4
Restructuring costs	–	10.9
Argos partnership costs	3.9	–
Other	6.0	–
Amortisation of intangible assets arising on the Acquisition[1]	12.1	50.6
Underlying profit before tax	**212.7**	**207.3**

Corporate debt interest and related costs primarily includes the interest charge and other costs associated with the issuance and servicing of the Senior Secured Notes by NewDay BondCo plc (the Senior Secured Debt) and the Super Senior Revolving Credit Facility (the Revolving Credit Facility). In 2024, we repaid £24m of Senior Secured Debt and finished the year with £214m[2] (2023: £238m) of Senior Secured Debt outstanding, which is due to mature in 2026. Also included within this balance is interest and associated costs related to a £30m debt instrument[3] issued to Lloyds Banking Group as part of the technology and lending partnership we have with them. These debt instruments do not finance the Group's gross receivables and consequently their costs have been excluded from underlying performance.

1 On 26 January 2017, NewDay Group (Jersey) Limited acquired NewDay Group Holdings S.à r.l. and its subsidiaries (the Acquisition).
2 This represents the nominal value of the debt and excludes accrued interest and other accounting adjustments.
3 This instrument represents shares held in NewDay JVCo Ltd by Lloyds Banking Group which, per International Financial Reporting Standards, are classified as a debt instrument. See note 19 of the Financial Statements for further details, including details of a revaluation of this debt to £24m as at 31 December 2024.

Platform development costs are expenses incurred to enhance the capabilities of our in-house operating platform. These costs relate to a technology project and are excluded from underlying performance because they do not represent our underlying operational costs.

Restructuring costs represent redundancy and related costs associated with the realignment of the Group's operating structure effective from 1 January 2024.

Argos partnership costs relate to expenses incurred to acquire the Argos store card portfolio.

Other costs represent certain non-recurring expenses including interest and penalties arising on uncertain tax position provisions.

Amortisation of intangible assets arising on the Acquisition relates to the amortisation of the purchase price that was attributed to intangible assets arising on completion of the Acquisition.

For internal management reporting purposes, when preparing the management basis income statement (as detailed below), certain items are presented differently from the statutory income statement. A reconciliation to the statutory income statement is detailed in note 3 of the Financial Statements. Additionally, gross receivables disclosed in this section exclude the expected credit loss (ECL) allowance and effective interest rate adjustments (amongst other things) included within loans and advances to customers as shown in the Financial Statements. A reconciliation of gross receivables to loans and advances to customers as presented in the Financial Statements is detailed in note 3 of the Financial Statements.

Management basis income statement

	2024					2023[1]				
£m	**Direct to Consumer**	**Merchant Offering**	**Credit**	**Platform**	**Group**	Direct to Consumer	Merchant Offering	Credit	Platform	Group
Interest income	784.3	302.1	1,086.4	–	1,086.4	748.1	284.0	1,032.1	–	1,032.1
Cost of funds	(164.5)	(100.5)	(265.0)	–	(265.0)	(146.3)	(95.1)	(241.4)	–	(241.4)
Net interest income	**619.8**	**201.6**	**821.4**	**–**	**821.4**	**601.8**	**188.9**	**790.7**	**–**	**790.7**
Fee and commission income	45.7	22.1	67.8	2.3	70.1	42.5	18.4	60.9	0.9	61.8
Net revenue	**665.5**	**223.7**	**889.2**	**2.3**	**891.5**	**644.3**	**207.3**	**851.6**	**0.9**	**852.5**
Impairment losses on loans and advances to customers	(341.9)	(68.4)	(410.3)	–	(410.3)	(301.3)	(102.3)	(403.6)	–	(403.6)
Underlying risk-adjusted income	**323.6**	**155.3**	**478.9**	**2.3**	**481.2**	**343.0**	**105.0**	**448.0**	**0.9**	**448.9**
Servicing costs			(122.5)	(5.1)	(127.6)			(117.8)	(1.6)	(119.4)
Change costs			(38.2)	(10.7)	(48.9)			(37.5)	(2.8)	(40.3)
Marketing and partner payments			(26.2)	(0.7)	(26.9)			(21.0)	(0.2)	(21.2)
Collection fees			23.2	–	23.2			25.3	–	25.3
Contribution			**315.2**	**(14.2)**	**301.0**			**297.0**	**(3.7)**	**293.3**
Salaries, benefits and overheads					(88.3)					(86.0)
Underlying profit before tax					**212.7**					**207.3**
Add back: depreciation and amortisation					11.6					12.0
Adjusted EBITDA					**224.3**					**219.3**
Corporate debt interest and related costs					(28.3)					(37.7)
Platform development costs					(18.1)					(10.4)
Restructuring costs					–					(10.9)
Argos partnership costs					(3.9)					–
Other					(6.0)					–
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition					(23.7)					(62.6)
Profit before tax					**144.3**					**97.7**

1 In 2024, to aid understanding of performance, we revised our policy regarding the presentation of certain items in the 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. Additionally, we reallocated certain business streams from Platform to Direct to Consumer. Accordingly, the prior year comparatives of impacted balances have been restated for consistency where relevant.

Financial review continued

Group performance

We accelerated growth in a sustainable manner reflective of the prevailing economic environment. Our in-depth data insight allowed us to confidently underwrite credit and the impairment charge remained well controlled despite the higher upfront provisioning associated with higher volumes of new customers. Powered by our sophisticated credit scoring models, we welcomed 0.5m (2023: 0.4m) new customers to our business and gross receivables finished the year at £4.4bn (2023: £4.3bn). Our reach into the platform-as-a-service market grew, as we launched partnerships with Lloyds Banking Group and Debenhams Group. The Group generated a statutory profit before tax of £144m (2023: £98m) and an underlying profit before tax of £213m (2023: £207m).

Interest income increased by 5% to £1,086m (2023: £1,032m). This was driven by higher gross receivables and strategies to convert those receivables into interest-bearing balances, together with the impact of a higher base rate which, in most instances, we have the contractual right to pass on to customers.

Funding costs increased to £265m (2023: £241m) driven primarily by higher base rates and increased borrowings to fund gross receivables growth.

Fee and commission income increased by 13% to £70m (2023: £62m) resulting from a higher share of interchange fees earned from a specific merchant partnership and higher cash advance fees resulting from more cash withdrawals by customers.

These combined factors resulted in net revenue increasing by 5% to £892m (2023: £853m), with a net revenue margin of 20.8% (2023: 20.2%).

The impairment charge increased by 2% to £410m (2023: £404m). As at 31 December 2024, the ECL allowance was £440m (2023: £515m) and represented 10.0% (2023: 12.0%) coverage of gross receivables. The reduction in coverage during the period was primarily driven by: i) strategies to maximise and accelerate cash flows from underperforming accounts, including a higher prevalence of repayment plan interventions and subsequent sales; ii) improved recoveries once an account is written off and sold to third-party debt purchasers; and iii) an improving economic outlook. The judgements and estimates used in ECL (including post model adjustments) that impact the Group's performance are disclosed in note 2.3 of the Financial Statements. The impairment rate for the year remained flat at 9.6% (2023: 9.6%).

The proportion of gross receivables in delinquency remained low at 7.7% (2023: 8.0%). We support customers by offering an established suite of interventions that can be tailored to provide targeted support for each individual. This has proven to be an effective way for customers to manage short-term financial difficulties and prevent extended delinquency. The proportion of gross receivables 90 days or more in arrears was flat at 2.3% (2023: 2.3%). This remains below pre-pandemic levels of 2.7% at the end of 2019.

Servicing costs increased by 7% to £128m (2023: £119m) due to higher volumes of affordability-related claims, driven primarily by claim management companies, partly offset by cost-saving initiatives. The servicing costs margin increased to 3.0% (2023: 2.8%).

Change costs increased to £49m (2023: £40m) as we continued our investment to expand capabilities and enhance customer journeys.

Marketing and partner payment costs increased by 27% to £27m (2023: £21m) driven by our investment in growth through new account acquisitions.

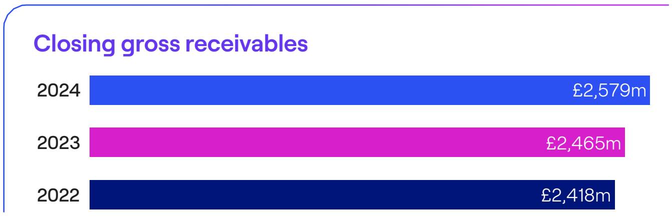
Collection fees reduced by 8% to £23m (2023: £25m) due to fewer fees charged on late payments.

Salaries, benefits and overheads increased marginally to £88m (2023: £86m).

The underlying cost-income ratio increased to 30.1% (2023: 28.3%) as more affordability-related claims, project spend and investment in new accounts outpaced increases in income. The equivalent statutory cost-income ratio was 38.5% (2023: 41.7%).

As a result of these factors, we reported a £144m (2023: £98m) statutory profit before tax and a £213m (2023: £207m) underlying profit before tax.

Direct to Consumer performance



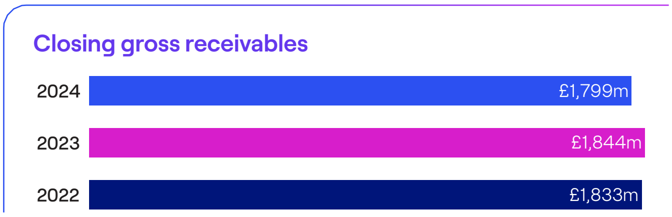
Our Direct to Consumer segment reported 337k (2023: 202k) new customer accounts in the year and customer accounts totalled 1.6m (2023: 1.7m) as at 31 December 2024. The increase in new customer accounts was driven by the Group's strategy to capitalise on the stabilising economic outlook to deliver sustainable, long-term growth. Total accounts reduced primarily due to the closure of inactive accounts. Gross receivables increased by 5% to £2.6bn (2023: £2.5bn) and spend increased by 5% to £4.0bn (2023: £3.8bn).

Net interest income increased by 3% to £620m (2023: £602m). This was driven primarily by gross receivables and subsequent interest-bearing balances growth.

Fee and commission income increased by 8% to £46m (2023: £43m) principally reflecting higher cash advance fees resulting from more cash withdrawals by customers.

Impairment increased to £342m (2023: £301m) as more new customer accounts resulted in increased upfront provisioning. As at 31 December 2024, the proportion of gross receivables in delinquency improved to 10.7% (2023: 11.1%). Our suite of customer support interventions has been effective in supporting customers to manage short-term difficulties and preventing delinquency. This contributed to a charge-off rate of 13.3% (2023: 12.6%) compared to pre-pandemic levels of 15.1% in 2019. The closing ECL allowance was £361m (2023: £401m) and represented 14.0% (2023: 16.3%) coverage of gross receivables. The reduction in coverage was driven by strategies to maximise and accelerate cash flows from underperforming accounts, better recovery rates on charged-off debt and an improving economic outlook. The segment's impairment rate for the year increased to 13.7% (2023: 12.4%), which remains significantly below pre-pandemic levels of 15.6% in 2019.

Merchant Offering performance



Our Merchant Offering segment reported 200k (2023: 193k) new customer accounts in the year and customer accounts totalled 2.0m (2023: 2.0m) as at 31 December 2024. Gross receivables closed at £1.8bn (2023: £1.8bn) and spend levels increased to £11.5bn (2023: £11.2bn).

The John Lewis & Partners programme is very popular with customers however it remains commercially challenging due to the prime nature of the portfolio and the higher funding cost environment. We continue to work with John Lewis & Partners to adjust the programme structure to ensure it is sustainable for both parties.

We reached agreement with Argos Financial Services to acquire their existing Argos-branded store card portfolio, comprising 2.2m customers and £834m of gross receivables. We acquired beneficial title to the portfolio in Q1 2025 and will acquire legal title to the portfolio at migration, which is expected to occur in H1 2026. The Group has also reached agreement with Argos to create a new Argos-branded digital credit proposition. The acquisition represents an opportunity for our business to grow the Merchant Offering portfolio in line with strategic objectives.

Net interest income increased by 7% to £202m (2023: £189m) primarily due to strategies to increase interest-bearing balances.

Fee and commission income increased by 20% to £22m (2023: £18m) as a result of a higher share of interchange fees earned from a specific merchant partnership.

Impairment decreased by 33% to £68m (2023: £102m) and reflected the higher credit quality of the portfolio. The proportion of gross receivables in delinquency reduced to 3.5% (2023: 3.9%) and the charge-off rate reduced to 4.6% (2023: 5.2%). The closing ECL allowance was £79m (2023: £114m) which represented 4.4% (2023: 6.2%) coverage of gross receivables with the reduction primarily driven by better recovery rates on charged-off debt and an improving economic outlook. The segment's impairment rate for the year reduced to 3.8% (2023: 5.7%).

Platform performance

This segment provides digital platform solutions for end-to-end servicing of unsecured credit products financed and owned by third parties. The segment continued to invest in change projects required to develop the business and incurred £11m (2023: £3m) of change costs in the year. Consequently, the segment reported negative contribution of £14m (2023: £4m).

Our investment in this business is being realised. In addition to launching a partnership in 2023 with a large international bank (through a strategic reseller partnership) to provide numerous platform services, the business delivered the following achievements in 2024:

- launched a technology and lending partnership with Lloyds Banking Group to provide a point-of-sale financing solution; and
- launched a technology partnership with Debenhams Group, utilising our end-to-end technology proposition to underpin a brand new digital financial product.

Financial review continued

Cash flows

As at the year end, we reported a cash balance of £451m (2023: £589m). Cash held outside of the securitisation structures or not held for specific funding activities increased to £101m (2023: £62m) after paying a £51m dividend (2023: nil) and a £24m partial repayment of Senior Secured Debt. Cash balances included £78m (2023: £74m) of restricted cash relating to ring-fenced cash for credit balances on gross receivables and cash restricted due to covenants in place in accordance with our funding structure. The following table summarises our cash flows during the year.

	2024 £m	2023 £m
Net cash generated from operating activities	30.5	91.1
Net cash used in investing activities	(31.0)	(30.0)
Net cash (used in)/generated from financing activities	(137.5)	146.0
Net (decrease)/increase in cash and cash equivalents	**(138.0)**	**207.1**
Cash and cash equivalents at the start of the year	589.3	382.2
Cash and cash equivalents at the end of the year	**451.3**	**589.3**

Net cash generated from operating activities was £31m (2023: £91m) and was primarily driven by cash generated from the Group's profits and offset by investment in gross receivables growth.

Net cash used in investing activities of £31m (2023: £30m) represents investment in intangible assets and property and equipment.

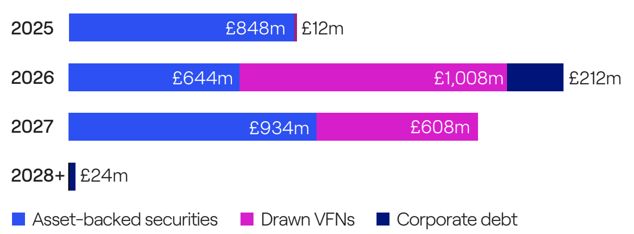
Net cash used in financing activities of £138m (2023: £146m generated from) consisted of: (i) repayments of maturing asset-backed term debt totalling £1.0bn; (ii) issuances of new asset-backed term debt totalling £0.9bn (excluding internally retained notes); (iii) the drawdown and repayment of variable funding notes (VFNs) to provide liquidity to fund gross receivables; (iv) a £51m dividend and £3m payment to our immediate parent company; and (v) a £24m partial redemption of Senior Secured Debt.

We generated £118m (2023: £115m) of free cash flow available for growth and debt service. The following table reconciles the net movement in cash to free cash flow available for growth and debt service. The table also includes certain performance ratios which are monitored as part of our Senior Secured Debt arrangements.

	2024 £m	2023 £m
Net (decrease)/increase in cash and cash equivalents	**(138.0)**	**207.1**
Add back:		
Net financing cash flows	81.2	(157.0)
Movement in gross loans and advances to customers	89.8	22.0
Free cash flow available for growth	**33.0**	**72.1**
Add back:		
Dividends paid	51.0	–
Return paid on loan from immediate parent company	2.5	8.2
Corporate debt interest paid	31.3	35.1
Free cash flow available for growth and debt service	**117.8**	**115.4**
Ratio of net corporate debt (excluding funding overlap) to adjusted EBITDA	(0.3)x	(0.3)x
Ratio of adjusted EBITDA to pro forma cash interest expense	7.1x	6.9x

Funding

Debt maturity profile[1]



We proactively manage funding requirements and aim to refinance maturing debt through new deals and/or existing VFN facilities in advance of their maturity. If new funding cannot be obtained we can, if required, exercise an option at our own discretion to extend the maturity date on all asset-backed term debt and VFNs by one year (where not already exercised).

In 2024, we completed three asset-backed term debt deals from the Direct to Consumer securitisation programme totalling £1.0bn (of which £69m was retained within the Group). We also completed a £24m partial repayment of Senior Secured Debt.

As at the year end, we reported funding facility headroom of £1.7bn (2023: £1.5bn) and 20% of our borrowings will be due for repayment in less than one year, 43% will be due in one to two years and 37% will be due in over two years.

1 Including accrued interest and other adjustments required by International Financial Reporting Standards.

Our gross receivables are funded primarily through debt and the blended advance rate as at 31 December 2024 was 90.6%[1] (2023: 91.0%), being the total asset-backed securities (at hedged exchange rates) and drawn VFNs as a proportion of gross receivables. For Direct to Consumer the rate was 87.8%[1] (2023: 87.9%) and for Merchant Offering it was 94.7% (2023: 95.0%).

Alternative performance measures (APMs)

Our business is operated and managed based on KPIs that include non-statutory performance measures. These APMs complement statutory performance measures and are reconciled to the statutory Financial Statements, where applicable.

Capital requirements

There is no regulatory capital requirement for any entity within the Group other than NewDay Ltd owing to its status as an Authorised Payment Institution. As at 31 December 2024, the levels of capital for NewDay Ltd exceeded the minimum capital requirement with headroom of £8m (2023: £23m). The reduction in headroom during the year was driven by dividend distributions.

We are subject to various requirements and covenants related to levels of capital and liquidity. We regularly monitor compliance with these requirements and covenants to ensure they are met at all times where necessary.

The number and nominal value of all the parent company's shares are detailed in note 22.

Paul Sheriff
Group Chief Financial and Operations Officer

1 At unhedged exchange rates the blended advance rate as at 31 December 2024 was 90.7% (2023: 91.4%) and for Direct to Consumer it was 87.9% (2023: 88.6%). Where relevant, the advance rates exclude the impact of funding overlaps. Funding overlaps are temporary increases in our cash and debt balances that arise when we issue new funding in advance of the maturity of the debt it is replacing.

Promoting success and stakeholder engagement

Long-term sustainable success is dependent on how we engage with all stakeholders.

By understanding the differing needs and concerns of our stakeholders through proactive engagement, the Board ensures careful consideration of the potential impact of its decision-making on each stakeholder group. We are committed to considering the interests of our different stakeholders in order to maximise the long-term success of the business.

Our interactions with key stakeholders during 2024 are shown in the table below.

Stakeholders	How we engage	2024 key deliverables
Customers **What matters most to them** → Responsible access to credit → Financial inclusion → Building credit scores and rewards for positive behaviours → Easy-to-use products → Appropriate financial support when or if needed	→ Our manifesto is at the heart of our decision making → Apps and web interfaces → Feedback through transactional NPS and NES metrics to track customer satisfaction → Customer issue resolution programmes using customer and colleague feedback to improve processes → Payment support for customers who encounter difficulties → Credit education tools to support improving credit scores → Servicing and transaction messages and alerts → Customer KPIs in monthly Board reporting → Customer focus groups	→ Welcomed 537k new customers → Improved transactional NPS of +79. NES of +77 → Supported 1.7m customers to improve their credit score → Provided 356k customers extended payment support → 1.1m customers registered for financial education tools at the year end
Colleagues **What matters most to them** → Being part of an engaging and highly motivated environment → Attractive career paths → Enhancing skills → Competitive and balanced rewards and remuneration → Empowerment to make an individual contribution to delivering on our vision	→ Our purpose and values are at the heart of employee engagement → Bi-annual employee surveys with follow-up actions → Programme of activities throughout the year covering inclusion and diversity, mental health and wellbeing → Continuous all-colleague communication programme, including town halls → Online learning and development tool → Independent whistleblowing helpline	→ Engagement score of 87% → 89% of colleagues told us they feel they can be themselves at work and 90% felt the culture at NewDay is one in which people with diverse personal styles, experiences and backgrounds can contribute and thrive → Continued provision of care packages and benefits to support health and wellbeing
Retail partners **What matters most to them** → Their customers receiving responsible access to competitively-priced credit → Easy-to-use and market-leading products with seamless integration and high online conversion → Best-in-class customer journeys → Building brand loyalty to drive higher sales → In-depth data-driven customer insights	→ Responsibly saying "yes" and rewarding their customers is core to partner engagement → Regular performance meetings with our partners → Provision of data insight and performance analytics → Working with our partners to develop marketing strategies, online integrations and offers	→ 200k new Merchant Offering customers → £1.4bn of Merchant Offering spend directly with our partners → Launched our underwriting and technology partnership with Lloyds Banking Group, enabling us to engage and support many more retailers → Launched our partnership with Debenhams Group to provide an end-to-end technology proposition to underpin a brand new digital financial product → Signed an agreement with Argos Financial Services to purchase their cards portfolio and agreed a partnership to provide an Argos-branded digital credit proposition

Stakeholders	How we engage	2024 key deliverables
Shareholders **What matters most to them** → Building a sustainable, ethical, strong, customer-centric and valuable business → Responsible lending and promoting financial inclusion → Building market-leading technologies → Ensuring NewDay makes a positive impact where all stakeholders benefit → Predictable, sustainable and attractive returns	→ Well-informed Board meetings and strategy days → Ongoing investor dialogue through their Board representatives' investor meetings → Monthly performance reporting – both financial and non-financial	→ Statutory profit before tax of £144m and underlying profit before tax of £213m → Paid £54m to shareholders, £51m through dividends → Deleveraged the business by repaying £24m of Senior Secured Debt → Generated £118m of free cash flow available for growth and debt service → Launched two Platform partnerships and signed a deal to acquire existing Argos store card portfolio → Progressed the delivery of our ESG strategy
Investors (asset-backed securities and corporate debt) **What matters most to them** → Payment of interest and principal on their investments when they fall due → Sustainable and safe returns	→ Monthly securitisation investor reporting → Quarterly HYB investor reporting and presentations → Investor roadshows and open investor relations dialogue	→ Repaid £24m of Senior Secured Debt due to mature in 2026 → Generated £118m of free cash flow available for growth and debt service → Refinanced all maturing asset-backed securities → Executed hedges to reduce our exposure to further base rate increases
Regulators **What matters most to them** → Responsible and compliant lending → Treating customers fairly → Proactive engagement on industry and regulatory matters → Sustainable business practices → Appropriate governance and Board-level oversight	→ We believe credit is a force for good and we believe good regulation reinforces this → Member of industry bodies to ensure active engagement in industry-wide discussions → Open and transparent reporting → Proactive engagement and collaborative approach with policymakers, regulators and Government	→ Continued to embed and comply with the FCA's Consumer Duty, presenting the first Consumer Duty Annual Report to the Board → Continued application of the FCA's arrears support reforms (which replaced the Tailored Support Guidance) aimed at helping customers experiencing financial difficulties → Reviewed regulatory publications and consultation papers, responding where appropriate with Board oversight on topics such as the regulation of BNPL and the FCA's Call for Input on its regulatory approach
Community partnerships **What matters most to them** → Socially responsible business practises benefiting all stakeholders → Widening financial inclusion and promoting good credit behaviours → Environmentally friendly and sustainable practices	→ Attendance at industry-wide meetings → Long-term support of Family Action, our charity partner → ESG KPIs in Board reporting → Member of environmental organisations to share best practice	→ Donated £0.3m in our ongoing partnership with Family Action → Our colleagues donated over 1,500 toys and a further £5k for Family Action's Christmas Toy Appeal → Hosted Family Action's HeadStart programme, helping disadvantaged young people to develop the skills, experiences and confidence needed to secure and stay in employment → Partnered with Stemettes to help young women to develop tech skills and promote STEM careers

2024 decision-making: acquisition of the Argos store card portfolio and long-term embedded finance partnership

Our Board and its committees consider the needs and concerns of our stakeholders regularly. An example of a decision taken and how the interests of our stakeholders were considered is our acquisition of the existing Argos store card portfolio and agreement to enter into a long-term embedded finance partnership. The acquisition allows us to help more people move forward with credit by giving them access to easy-to-use products, financial education tools and appropriate financial support. The embedded finance partnership with Argos broadens our reach into working Britain and allows Argos to drive sustainable sales growth. The portfolio is expected to be profitable and cash generative, thereby providing additional returns for our shareholders as well as increasing cash flows to service our corporate debt whilst ensuring good customer outcomes and compliance with applicable regulations.

Operating responsibly

"Sustainability is a responsibility we take seriously. We remain committed to advancing our ESG agenda and driving meaningful progress that benefits all stakeholders.

Rupert Keeley
ESG Non-Executive Director

We are a purpose-led business. We choose to take action on sustainability because this enhances shareholder returns and has wider societal benefits. Our ESG strategy has three areas of focus aligned to our purpose and underpinned by the belief that credit is a force for good.

Our ESG areas of focus

Be a responsible lender

Minimise our environmental impact

Maintain an inclusive and diverse workplace

Read our Sustainability Report available on our website, newday.co.uk, for more information on our ESG strategy, the progress we have made during the year and our future ambitions

Be a responsible lender

Responsible and accessible credit expands possibilities; it powers up life and business. We strive to provide excellent customer service and develop products and services that meet our customers' changing needs. This helps us build long-term relationships.

1.7M

Customers supported to improve their credit score
(2023: 2.4m)

Established *Credit Fundamentals*, a series of communications intended to improve financial understanding amongst our customers

The FCA Consumer Duty, which came into force in July 2023, aligns well with our purpose of helping customers move forward with credit. We continually challenge ourselves to deliver good customer outcomes, including for customers with characteristics of vulnerability and who may be experiencing financial difficulty. In 2024, our first Consumer Duty Annual Report was presented to the Board and submitted to the FCA. It confirmed we are meeting our Consumer Duty obligations and remain focused on delivering good and fair outcomes for customers. Additionally, we contributed to the FCA's Call for Input on its regulatory approach, which sought views on where the Consumer Duty has brought duplication or conflict with existing regulation.

We continue to be one of the most inclusive lenders in the UK, seeking to understand the varying needs of customers and building long-lasting relationships. We lend responsibly through the deployment of a 'low and grow' strategy, offering near-prime customers a low initial credit limit and advancing further credit as customers demonstrate they are managing their credit well. This approach is powered by sophisticated machine-learning technology embedded within our proprietary scorecards. These scorecards help us to offer customers access to credit throughout the full credit risk cycle, including when customers need it the most.

We support customers in improving their credit scores. Our in-app financial education tools, *Aqua Coach* and *Credit Score*, provide customers with direct access to their credit score alongside tips and indicators of their progress towards improving it through our *Credit Coach Steps* and *Levels* feature. *Aqua Coach* also supports certain applicants who were declined or are ineligible for credit, helping a wider population of people to improve their credit scores. In 2024, we also established *Credit Fundamentals*, a series of communications designed to improve financial understanding amongst our customers.

We understand that customers' credit needs change over time and that sometimes this means they need additional support. Our arrears management processes are designed to help and support our customers to get back on track. We offer payment holiday interventions which suspend repayments, interest and fees for a period of up to three months, to those customers who require temporary support.

We collaborated with Experian and other firms on Experian's Support Hub, which enables consumers to share their support needs with multiple organisations in a single, consented, transparent and standardised manner. This reduces the necessity for our customers to inform numerous service providers of the same needs. In 2024, we extended the Support Hub service into the retail sector through our partnerships such as Argos, Debenhams and John Lewis & Partners, giving more people the chance to share their preferences with more businesses. We also partnered with Plain Numbers to further improve the way we communicate financial information to our customers using its insights from behavioural science and in-depth knowledge of adult numeracy issues. We engage and learn from our customers to ensure that we adapt to meet their changing needs.

We continually listen to feedback from our customers. Our customer issue resolution programme is dedicated to driving continuous improvement. We engage and learn from our customers to ensure that we adapt, evolve and continue to deliver services that meets their needs. We regularly report a suite of KPIs to our Board to ensure appropriate focus is given to being a responsible lender. Our transactional NPS score of +79 (2023: +72) evidences that customers value the experience they receive from us. We aim to resolve complaints quickly and were proud to have won an award for 'Best Customer Centric Culture' at the European Contact Centre & Customer Service Awards 2024.

Operating responsibly continued

Minimise our environmental impact

Reducing our impact on the environment is important to us. We have achieved carbon neutral own operations and have refined our decarbonisation plan including our interim milestones towards our goal of Net Zero by 2040.

We are committed to conserving energy and giving preference to renewable sources of energy wherever reasonably practicable. In 2024, we emitted 0.5 tonnes of CO_2 emissions per average FTE employee (2023: 0.5 tonnes) across Scope 1, 2 and 3 emissions within our own operations. Owing to the nature of our business, we focus primarily on managing general energy consumption across the Leeds and London sites (Scope 2 emissions). We have 100% renewable energy tariffs and for residual emissions we purchase Verra-approved carbon offsets covering both Scope 1 and 2 emissions to achieve carbon neutral own operations.

0.5

Tonnes of CO_2e per average FTE employee
(2023: 0.5 tonnes)

We recognise that NewDay's carbon footprint is wider than our Scope 1 and 2 impact. In 2024, we engaged AXA Climate to refine our decarbonisation approach, including updating our carbon tracking to utilise the latest measurement techniques. We transitioned to Exiobase for general emissions factors and incorporated supplier-specific data for our most material suppliers. This enhanced accuracy enables us to track and reduce supply chain emissions better.

For governance of ESG, we are establishing an ESG committee that will be accountable for driving the initiatives identified in our decarbonisation plan that are required to deliver our interim and Net Zero targets.

As third parties contribute a significant proportion of our carbon footprint, we recognise that it is crucial to engage with our supply chain to deliver our Net Zero ambitions. We are working with suppliers to understand their current status and commitments to reducing emissions, as well as wider sustainability impacts, and for new suppliers our onboarding process requests details of their environmental credentials.

The progression of our ESG strategy and activity has been recognised by EcoVadis that accredited us with their Gold medal sustainability rating in 2024, placing us in the top 5% of financial services companies (excluding insurance and pension funding) they have rated (2023: Gold, top 3%). The EcoVadis assessment includes consideration of our environmental and sustainable procurement policies, practices and performance. We are pleased that EcoVadis recognises our environmental and sustainable procurement approach, both of which they rate as significantly above average. In addition to our sustainability rating, EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard.

Colleague engagement

Colleagues engage with our environmental strategy through the Green forum, a multi-site colleague-led forum that provides a platform for colleagues to raise ideas, concerns and to promote recycling, reuse and repurpose across the business. Our qualified beekeepers continue to look after two hives in the Leeds office to support biodiversity. The forum continued to support a back-to-school campaign to tackle the issue of textile waste. Working with NewDay's charity partner, Family Action, colleagues donated school uniforms and passed these on to families across the country who were unable to afford new uniforms.

Customer action

As well as taking our own environmental action, we encourage customers to do the same. We continue to encourage our customers to manage their account online, with 95% (2023: 95%) of active customers now registered. The *Bip* and *Newpay* products offer digital credit, reducing both plastic and paper usage as well as the environmental impact of transporting credit cards, pins and statements to customers. 566k (2023: 491k) customers were on a cardless product as at the year end, and we intend to have the numbers grow in future years.

We continue to consider the impact on the environment as part of new product launches and our most recent partnership with John Lewis & Partners includes a recyclable plastic card to reduce waste at the end of the card's life.

Governance in our supply chain

Our Supplier Code of Conduct outlines all the areas we expect suppliers to adhere to across all aspects of ESG, including protecting the environment. Suppliers are required to reduce actively their carbon emissions and other negative environmental impacts and to provide updates on progress towards this requirement. All suppliers must encourage the use of technologies and practices with reduced environmental impact. In addition, suppliers must engage in proactive environmental management by developing environmental policies, setting environmental objectives and targets that, as a minimum, include commitments to identify, measure and reduce significant environmental impacts. Our Supplier Code of Conduct, found on our website at newday.co.uk, positions NewDay's due diligence and contractual requirements in this regard.

Our Modern Slavery and Human Trafficking Statement is also available on our website at newday.co.uk

Maintain an inclusive and diverse workplace

Our culture is shaped by our purpose to help people move forward with credit.

Whilst we are guided by our purpose, we are powered by our people and driven by our values: 'do the right thing', 'pull together', 'aspire to extraordinary' and 'create tomorrow'. We believe that we can create exceptional experiences for our customers, partners and colleagues.

Our colleagues provide feedback on NewDay's culture through engagement surveys. Engagement increased in 2024 to 87% (2023: 76%), with scores for our purpose and feeling valued being particularly high. We were also pleased to be recognised externally for our colleague experience too, being amongst the winners of the 2025 Glassdoor Employees' Choice Awards where we placed 28th as a 'Best Places to Work' amongst UK companies with more than 1,000 employees.

Staying flexible

We continued with our flexible working approach, *NewWork*, encouraging colleagues to share their time between remote working and the office. In addition to remote working, we also offer colleagues the opportunity to work up to ten days per year in permitted overseas locations under our *NewWork* overseas policy, providing even more flexibility.

We believe that our office space sparks the collaboration and networking that power NewDay. We offer every colleague in our offices complimentary healthy food and ensure our office space facilitates strong team working.

Health and wellbeing

We believe strongly in the importance of health and wellbeing. We know that open and regular communication about mental and physical health is critical when people are dealing with change. Wellbeing is now an established conversation in our business. We regularly invite experts to talk about tools and perspectives that can offer support, including sessions covering neurodiversity celebration, sleep and stress management, nutrition and menopause awareness. We monitor the wellbeing of colleagues through surveys, with 86% (2023: 80%) saying that NewDay supports their wellbeing and health.

Alongside Bupa healthcare, we continue to offer Bupa dental cover, health booths in both our London and Leeds offices and every colleague has unlimited access to the Calm meditation and wellness app. We provide access to a 24/7 virtual GP service and a wide-ranging employee assistance programme.

We also recently added Wellhub to our benefits package, a wellbeing platform that offers access to digital and in-person solutions, covering everything from nutrition and mental wellbeing, to fitness and sleep.

Inclusion powers our performance

Belonging is important for wellbeing and performance. We want to create a company where everyone at NewDay is valued, feels that they belong and can contribute.

Inclusion is measured through an inclusion and diversity (I&D) index, which was 87% (2023: 79%) in 2024. This positive score is a testament to the energy and commitment to creating an inclusive culture at NewDay. In 2024, we continued with training and focus events equipping colleagues with the skills to identify and constructively address micro-inequities.

As at 31 December 2024, the proportion of our 1,292 (2023: 1,354) colleagues that identified as female was as follows:

	2024 females	2023 females
Colleagues	44%	45%
Executive Committee, Directors and Heads of functions	33%	27%
Executive Committee	20%	13%
Board	22%	18%

Our Gender Pay Gap Report is published on our website at newday.co.uk

In addition to supporting inclusion and diversity within the workplace, we also partnered with Stemettes, who work to inspire and support young women and non-binary people in science, technology, engineering and mathematics (STEM) careers. Alongside corporate donations, we ran onsite events and female colleagues in STEM roles mentored several young women, supporting them in considering roles in STEM.

Investing in talent

We are dedicated to fostering exceptional talent and developing leaders equipped for the future. Building on the success of our bespoke Leader100 programme for 100 senior managers, we have harnessed psychometric profiling and behavioural insights to align professional growth with organisational goals. We have profiled 1,000 colleagues within our leadership pipeline, providing tailored insights across 30 personality traits, eight motivations and 12 key behaviours.

Our approach is to deliver learning experiences through an in-house team of experts, increasingly through innovative e-learning. We use external subject matter expertise to develop specialist technical skills for our business teams. Our learning strategy delivers content at scale, accessibility, expertise, and data-driven personalisation, all through LinkedIn Learning. It has yielded fantastic engagement, with 73% activation, against a 33% industry standard.

By encouraging lateral moves and prioritising internal promotions, we empower individuals to expand their skills and advance their careers. This year, we exceeded our internal mobility target with 16% of colleagues transitioning to new roles, surpassing our goal of 10%. 43% of these moves were made by women. Our ability to retain and develop key talent is a competitive advantage that helps us to keep moving our business forward.

Managing our risk

NewDay operates in a fast-paced environment and our risk disciplines need to be agile to support the business in responsibly saying "yes" to more customers.

Our principle-led risk management enables us to remain dynamic and responsive to the needs of the business and customers.

We remain alert to the constantly evolving environment in which we operate. NewDay's risk management processes adapt according to the prevailing economic environment to support strong foundations, allowing us to provide the necessary support to our customers.

Following the introduction of the FCA's Consumer Duty rules in July 2023, in 2024 we continued to embed the Consumer Duty further into our processes and challenge our outcomes to ensure customers remain at the heart of everything we do. The Consumer Duty aligns to our purpose of helping people move forward with credit and our areas of focus, being fair treatment of customers with characteristics of vulnerability and supporting customers in financial difficulty.

We continued to enhance our risk monitoring and remained focused on embedding operational resilience across NewDay's important business services. As we continue to build and enhance our digital capability, managing the complexity in our internal and third-party services becomes increasingly important. Effective operational resilience helps us maintain excellent levels of service and is key to ensuring we continue to deliver for our customers and partners.

Our risk management framework

We manage our risks using our risk management framework which has been developed in line with the evolving complexity of the business and is scalable for future growth. It is delivered through a three lines of defence operating model:

1st line of defence
Ensures appropriate day-to-day risk and control ownership within the business.

2nd line of defence
Ensures independent challenge and oversight provided to the Executive Committee and the Board by the Enterprise Risk team.

3rd line of defence
Ensures additional assurance provided to the Board through the Group's internal audit function.

Read more on page 58

Our risk management framework is embedded within our corporate governance structure and has a strong emphasis on effective guidance, oversight and challenge.

Risk management framework

1 Culture and risk strategy

2 Risk appetite

3 Governance and accountability

4 Risk process and methodologies

- Risk assessment framework
- Quantitative modelling
- Change management (including new products and channels)
- Risk aggregation
- Risk reporting

5 Risk data and systems

6 External risk factors

7 Validation

Our risk management strategy is principle led

NewDay's strategy for managing risk is developed and informed by considering several key aspects. Our purpose, values and manifesto significantly shape our approach to risk. We set risk appetite thresholds to ensure the business' strategy is delivered in a sustainable and responsible way. Our aim is to be proportionate and effective, targeting our efforts where risk is greatest.

This is represented through our five guiding principles:

→ **Simple**
It is important to execute the basics of the discipline to a high standard and meet all statutory requirements whilst recognising that in a company of our size, scale and complexity, keeping the approach simple and effective is key (seeking only to add sophistication and depth where there is incremental value in doing so).

→ **Proportionate**
The risk management approach enables the organisation to recognise and understand the risks it faces and then prioritise and manage the risks it wants to take in pursuit of commercial goals.

→ **Embedded**
Managing risk is important in delivering against our purpose and values and meeting our business objectives. It is considered an integral part of business planning, service delivery, key decision-making processes and project and partnership governance.

→ **Enabling**
We seek to have the right skills, resources and mindset in place in order to fulfil the requirements of approved policies, frameworks and standards.

→ **Dynamic**
We anticipate and respond to emerging risks, cognisant of both internal and external influences. We are dynamic in our approach so that we can be effective at optimising risk in a changing operating environment.

Managing our risk continued

Our risk governance structure provides clear accountability

The Board is accountable for overall risk management and ensures the risk management framework is aligned to our risk appetite and strategy.

The Board delegates responsibility for risk management oversight to the Board Risk Committee, which is informed by risk and controls reporting and uses quantitative and qualitative measures to monitor and challenge performance.

Our risk appetite

We use four risk pillars to underpin the delivery of NewDay's strategic objectives and to define our risk appetite statements.

Our risk appetite statements are reviewed annually and approved by the Board, and they are the link between business strategy and the management of risk through the risk management framework. The statements are cascaded down into and applied to their component parts, including risk appetite objectives, metrics and triggers. This enables the risk appetite to inform day-to-day decision-making.

Risk appetite measures are monitored monthly by the relevant business committees and in totality by the Executive Committee and the Board Risk Committee, with appropriate actions being taken where agreed thresholds have been breached.

Risk appetite thresholds are reviewed at least annually to ensure the business strategy is delivered in a sustainable and responsible way. Risk appetite is also considered as part of the business planning process and reflects our latest commercial, economic and regulatory thinking.

Board governance

Our committees provide ongoing governance

Our four risk pillars underpin the delivery of our strategic objectives

Board

Board Risk Committee[1]

Executive Committee

Day-to-day management of the business is the responsibility of the Executive Committee, chaired by our Group Chief Executive Officer. The Executive Committee has delegated authority from the Board to make decisions on risk matters within the agreed risk management framework. The Group Chief Executive Officer also implements the decisions made and policies approved by the Board and deals with matters arising within the ordinary course of business. The Executive Committee is responsible for making recommendations to the Board Risk Committee for ratification. Reporting into the Executive Committee are the business committees which provide management with a structure to ensure appropriate focus is applied to the oversight and management of key activities within the business.

Business committees

- Operating and Finance Committee
- Credit Management Committee
- Platform Committee

Credit risk

Our credit appetite ensures we originate and manage customer receivables with a risk and reward balance in line with the Group's financial and strategic objectives, whilst also ensuring an appropriate expected credit loss allowance is recorded.

Financial strength

We maintain a strong financial position by managing profitability and cash generation. This is achieved by ensuring that financial strength and liquidity are maintained at levels that reflect our desired financial profile, whilst complying with funding covenants and regulatory requirements. This will apply for planned growth in normal conditions and navigating stressed environments.

Operational performance (includes operational risk)

We fulfil our business commitments through systems and processes that are appropriately controlled, scalable, cost-effective and comply with applicable external and internal rules, laws and regulations. This includes having the right number of skilled, motivated people in place and developing and retaining talent. We seek to have appropriate oversight, challenge and governance in place over planned changes.

Business conduct (includes legal, regulatory and conduct risk)

We treat customers fairly and ensure that they remain at the heart of everything we do. We work to ensure that customers do not suffer detrimental outcomes as a result of our product design or sales or post-sales processes, correcting identified errors. Our customer-focused ethos is embedded within the governance and culture of the organisation.

1 The Board Audit Committee and Board Remuneration and Nomination Committee also form part of the risk governance structure in relation to specific risks within their remit as defined in their terms of reference.

Our principal risks

Our principal risks have been under regular review by the Board and the Board Risk Committee throughout 2024. These risks can influence how we achieve our strategic objectives. We focus on those risks that pose the greatest threats to our business and the achievement of our objectives.

Principal risk	2024 performance
Strategic risk Adverse impacts because of a sub-optimal business strategy or business model. **Example** → A sub-optimal business strategy or business model could give rise to financial loss, reputational damage or failure to meet internal and/or public policy objectives	→ Accelerated growth against a backdrop of an improving economic outlook → Agreed a deal to acquire the Argos store card portfolio and launch an embedded finance partnership, increasing our customer base and distribution scale → Launched a technology and lending partnership with Lloyds Banking Group → Launched a technology partnership with Debenhams Group → Delivered profit improvement initiatives with John Lewis & Partners
Macroeconomic risk Adverse movements in economic trends in the UK cause detrimental effects on the anticipated returns and business strategy of the Group. **Examples** → An economic downturn may lead to higher unemployment or a partner insolvency which may impact future financial returns and/or interrupt growth strategies → A significant increase in the impairment charge may result from a macroeconomic downturn → Macroeconomic pressures may impact customers' disposable income and lead to credit loss	→ Monthly tracking of macroeconomic dashboards → Credit, affordability and growth strategies adapted to emerging macroeconomic trends → Quarterly macroeconomic panel meetings informing ECL allowance adequacy → Regular engagement with external economists to review the macroeconomic environment

How we are mitigating this risk	Where next?
→ Executive Committee and business committees overseeing strategic risks → Continued pursuit of business development strategy and diversification through new activities and partners → Business strategy and annual/dynamic review process → Aligning Group budgets with strategic objectives and regularly monitoring performance → Aligning risk appetite with strategic objectives and business planning → Monitoring publicly available information and other gathered information with regard to trading performance of retail and platform partners	→ Continue working with John Lewis & Partners to further improve profitability and establish a sustainable, mutually beneficial relationship. This includes introducing a new product targeting a wider customer demographic → Sign and launch new retail partners through the Lloyds Banking Group partnership that expand our reach into working Britain → Develop and implement new capabilities across all portfolios and enhance embedded finance product capability → Continue to pursue clients and develop opportunities for our platform-as-a-service business → In-house technology and platform capability to facilitate faster innovation → Further develop our ESG agenda, monitoring evolving regulatory requirements and continuing to focus on sustainability
→ Monitoring the economic environment and our lending risk appetite for new and existing customers → Performing regular impact assessments and stress scenarios with predetermined mitigating actions → Macroeconomic panel meeting on a quarterly basis to review and agree stress scenarios and consider the latest economic forecasts to inform business planning in response → Business strategy and annual review process and aligning risk appetite to the budgeting process and strategic objectives → Macroeconomic dashboards monitoring → Ability to deploy multiple levers from new business growth, customer credit limit management and cost controls → Timely changes to affordability assessments when future stresses are anticipated → Annual validation of our ECL allowance models and correlation to macroeconomic variables	→ Continue to refine our approaches where needed and monitor the external environment closely → Continue to invest in our decisioning tools to ensure we make lending decisions quickly and adapt to emerging macroeconomic trends

Our principal risks continued

Principal risk	2024 performance
Credit risk Unexpected losses as a result of customers failing to meet their obligations to repay. **Examples** Credit risk losses deviating from expectations because of: → ineffective models or scorecards; → forecasting models not in line with business processes; → poorly designed decisioning strategies; → collections strategies not working as intended; → lower prices within the debt sale market; → increase in fraud losses due to third party fraudulent attacks; → affordability assessments not being reasonable and proportionate; and → policies not delivering the right customer outcomes.	→ Delivered a new collections platform to allow hyper-personalised customer journeys and enhanced segmentation capability → Controlled growth strategy for new customers reflecting the stabilising economic outlook → Improved management and customer outcomes delivered for vulnerable customers → Early interventions strategies embedded for customers at risk of financial difficulty → Customer outcomes from payment deferrals remained stable, with encouraging voice of customer feedback. This led to good outcomes for customers and lower credit losses → Forbearance tools that were successful through cost-of-living stresses are now embedded into our strategies, e.g. digital access to short-term forbearance
Regulatory risk Change in laws or regulations governing the Group and/or failure to comply with legal or regulatory requirements. **Examples** → Significant alterations to the business model because of changes in the law or regulations may have a material impact on the performance and profitability of the business → Non-compliance with laws or regulation could lead to reputational damage, enforcement action and/or financial loss → Litigation and other adversarial actions in the ordinary course of business	→ Continued to embed the FCA's Consumer Duty, including to closed portfolios. Our first Consumer Duty Annual Report was presented to the Board → Reviewed regulatory publications and consultation papers, including in relation to the Financial Ombudsman's proposals to charge a case fee for complaints escalated by claims management companies (CMCs), the FCA's Call for Input on regulatory reform and HM Treasury's proposals to regulate the BNPL sector → In line with others in the industry, we continued to see elevated levels of affordability complaints from CMCs. We responded promptly and decisively to increase resource to investigate these complaints and adjusted our complaint handling processes where necessary → Reviewed developments in connection to the Court of Appeal judgment on commission arrangements in the motor finance sector. The Court of Appeal judgment acknowledged it was highly fact dependent. In this regard, it should be noted that: (i) the Group has never offered motor finance; and (ii) the Group's relationships with credit brokers and the manner in which our products are sold are very different to those considered by the Court of Appeal

How we are mitigating this risk

- Continuing to adjust our lending risk appetite for new and existing customers
- Macroeconomic environment and risk appetite monitoring by the Credit Management Committee, Executive Committee and Board
- Regularly monitoring impairment performance
- Implementing strategic solutions for fraud management including machine learning and behavioural biometric solutions
- Daily performance monitoring of credit and collections strategies
- The ability to test multiple challenger strategies, and validate outcomes, at short notice
- Focusing on collections strategies to ensure customers' needs are met and the right outcomes are being achieved
- Credit Management Committee overseeing the execution of the credit risk management framework
- Regularly reviewing the effectiveness of credit risk strategies, policies and procedures
- Customer communication journeys leveraging behavioural science techniques to enhance engagement levels
- Enhanced affordability assessments with improved rigour around income validation and updates to essential expenditure
- Consumer Duty outcome monitoring

Where next?

- Continue to mature the credit risk management framework, enhancing our capability to deliver improvements to our models and credit decisioning strategies
- Continually optimise our outbound engagement strategy deployed through our platform investment to enable greater flexibility and experimentation, and leverage our AI-based robot and hyper-personalised content informed by behavioural science
- Continue to enhance the suite of fraud prevention measures
- Align to latest industry best standard for transactional fraud prevention
- Continue to enhance our support for customers with characteristics of vulnerability
- Expand our Open Banking solutions to further enhance our affordability and credit risk decisioning for new and existing customer lending, partnering with industry-leading specialists
- Continue to strengthen our affordability capabilities by implementing the most recent data from credit bureaus
- Enhance our credit risk modelling suite to embed new internal and external data sources

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- Committee-level monitoring of the impacts and costs of regulatory change and ability to enact and respond to them
- Monitoring of regulatory radar for upcoming regulatory developments and external horizon scanning cascaded internally
- Responding to consultation papers both directly to regulators and via trade bodies, engaging with policymakers and industry stakeholders
- Reviewing policies and procedures to remain up-to-date, compliant and adhered to and to ensure that appropriate processes and controls are in place
- Participation in multi-firm monitoring and standardised reporting to the FCA on cost-of-living metrics

- Continue to focus on the regulatory and legislative environment, managing change for enacted or proposed regulatory and legislative-driven initiatives
- Continue to comply with the Consumer Duty
- Actively engage in key industry policy developments, particularly in relation to growth initiatives. Key matters include the development of the FCA's Credit Information Market Study remedies, Consumer Credit Act reform and ways to improve financial inclusion for non-prime consumers
- Monitor ongoing developments in connection with the Supreme Court appeal hearing of the motor finance commission case to understand the implications for our business (if any)

Our principal risks continued

Principal risk	2024 performance
Operational risk Inadequate or failed internal processes, people and systems, or from external events including internal and first party fraud. **Examples** Reputational damage, regulatory censure and/or financial loss could arise from: → internal or third party systems and infrastructure suffering partial or complete outage; → cyber attacks; → loss of customer data; → geopolitical events; → inaccurate or incomplete customer data; → internal and first party fraud; → human errors in manual processes; → lack of suitably skilled resources; → failure to develop and deliver technological and organisational changes; → failure of third parties to deliver contracted services; → negative attention or news in the industry we operate in; and → inability to retain and attract talent.	→ Enhanced our operational resilience framework and associated activities to improve resilience capabilities across important business services → Improved cyber security, including enhanced user access architecture, secure design and development of products through new testing tools, enhancements in security monitoring, and embedding policies and standards into ways of working → Security testing and security control testing validation, including the use of external validation methods → Maintained ISO 27001 certification and PCI DSS compliance → Further centralisation of supplier management in business teams to optimise further our capability and delivery against our mandated supplier management framework → Deployed real-time managed services data platforms architecture → Enhanced colleague digital experience by consolidating nine people systems into one → Evolved and strengthened our Platform operating model through the introduction of a product delivery model across product and engineering, as well as client solutions and client delivery functions to improve the quality of our technology delivery and programme implementation → Enhanced management of data lineage → Redesigned and launched platform portal for third party clients
Conduct risk Customer harm arising from inappropriate culture, products, governance and processes. **Example** → NewDay or its strategic partners fail to define good outcomes associated with its products and services resulting in customer detriment or a failure of customers to achieve their financial objectives	→ Delivered the Consumer Duty Annual Report to the Board and post-implementation review → Created a cyclical Consumer Duty assurance plan to support ongoing assurance over delivery of good outcomes → Delivered further optimisations of *Aqua Coach* to help more customers move forward with credit → Managed incidents and remediated where necessary to avoid any customer detriment → Enhanced disclosure, reporting and monitoring of outcomes for vulnerable customers

How we are mitigating this risk	Where next?
→ Platform Committee overseeing control frameworks in relation to change management, information security and data governance → Operational resilience scenario testing, validating existing resilience capabilities across systems and processes, driving continuous improvement to our important business services → IT general controls including physical security, access and configuration management, secure development and penetration testing and cyber security → Supplier management framework enabling consistent and proportionate management of suppliers based on their risk classification → Dedicated product teams ensuring effective prioritisation of developments and updates to ensure long-term viability, stability and resilience → Change governance and dedicated project management resources → Firm-wide identification and risk assessment of in-house built and/or configured applications and appropriate control alignment → Recruitment, remuneration and performance management	→ Continue to ready ourselves on operational resiliency as we approach the end of the transition period on 31 March 2025, and commit to further embed operational resilience capabilities for the future → Continue to monitor and adapt to the ever-changing cyber threat and invest in secure architecture, configuration management and security monitoring → Deliver changes to comply with new ISO 27001:2022 and PCI DSS v4 standards → Continue to enhance our customer digital journeys for both consumer and enterprise clients → Further strengthen our in-house development capabilities and delivery model and deliver on business priorities for Platform clients → Continued digitisation of procurement processes, focusing on automating steps in the contract management life cycle process → Continue to develop data management capability including validation of data quality and proactive monitoring of all applications through identification of local and centrally controlled systems together with assigned ownership → Further strengthening technology resiliency through continuous testing and addressing any vulnerabilities
→ Credit Management Committee overseeing our conduct risk management framework → Our company purpose, helping people move forward with credit → Our manifesto, values, and investment in colleague training, together with key management communications support business standards and the customer outcomes we aim to achieve → New product approval forum → Retail partner monitoring and relationship management → Continuing to focus on agent recruitment, retention, training and performance management and reward considering changing ways of working → Monitoring the effectiveness of policies and processes supporting conduct risk → Reviewing responsible lending and affordability across the Group to ensure they remain fit for purpose → Monitoring emerging new sources of complaints from individuals and CMCs and continuing to enhance processes and management of complaints → Customer outcomes forum to drive customer improvement initiatives → Customer understanding forum to ensure appropriate tone and content of our communications → Product annual review and fair value assessments to identify improvement opportunities in customer outcomes	→ Continue to raise the bar on our Consumer Duty journey. Maintain our focus on responsible lending and customer outcomes and continue to ensure that our marketing and complaints processes deliver effectively for customers and are aligned to the Consumer Duty → Regularly review our affordability strategy and roadmap → Review customer behaviour patterns and how customers access credit and their understanding of how to manage their credit account → Deliver ongoing enhancements in the support of vulnerable customers → Further support to customers to help them be better with credit by giving them greater visibility of the impacts of their credit behaviour

Our principal risks continued

Principal risk	2024 performance
Financial risk Inaccuracies in financial and management reporting and/or inadequate management of liquidity, funding and cash. **Examples** Reputational damage, financial loss and/or withdrawal of funding could arise from: → misstatement of external reporting (annual and quarterly reports and financial statements, bank submissions, regulatory reports or securitisation reports); → misstatement of information for internal decision-making; → commingling of customer payments delaying or reducing securitisation funding; → non-compliance with tax regulations; or → incorrect payments to third parties. Operational cash ensures that the Group can implement its business plan under normal conditions and within the Board's agreed cash risk profile. Insufficient cash could impact the Group's ability to meet ongoing financial commitments, invest in new business or pay debt interest. Insufficient funding for receivables would impact the Group's ability to support customer spending and receivables growth.	→ £144m statutory profit before tax and £213m underlying profit before tax → Repaid £24m of Senior Secured Debt maturing in 2024 → £118m of free cash flow available for growth and debt servicing → As at the year end, a cash balance of £451m and £101m of cash held outside of the securitisation structures or for specific funding activities → Refinanced all maturing asset-backed securities → Funding facility headroom of £1.7bn as at the year end to use for refinancing and funding gross receivables growth → Continued investment to improve technology capabilities and drive ongoing cost efficiencies with costs well controlled in moderating inflationary environment → Updated the Group's provision for uncertain tax positions to reflect the progression of ongoing enquiries from HMRC
Market risk Although our business is not exposed to trading risk, we are exposed to market risk through access to financial markets to source funding, and our resultant exposure to markets, currencies and interest rates. Where appropriate we seek to hedge those risks. **Examples** → Interest rate movements expose NewDay to the risk of increased cost of funding → Increased funding costs and/or not meeting funding requirements could result in higher than anticipated costs, deleveraging and/or scaling back of business growth	→ 2024 funding strategy executed, creating further diversified funding structures with a consistent maturity profile whilst delivering £1.7bn headroom for future growth and refinancing → Repaid £24m of Senior Secured Debt reducing the aggregate principal on this debt to £214m. The remaining debt matures in December 2026 → Efficient use of own equity supported by multiple facilities resulted in strong advance rates → Monitored interest rate risk exposure to ensure we have adequate hedging instruments in place to protect against base rate increases → Interest rate cap executed to reduce interest rate exposure on Argos portfolio prior to legal title migrating to NewDay

How we are mitigating this risk	Where next?
→ Executing funding deals and extending deals where appropriate → Monitoring levels of cash held to ensure the business meets its current and future requirements → Revising forecasts and preparing stress tests in response to the prevailing economic conditions → Completing annual stress scenario analysis → Reassessing risk appetite measures with approval from the Board → Daily cash reports and forecasts of the Group's daily cash balance → Monitoring of funding triggers to ensure all requirements are met → Regularly reviewing and updating the Group's probability weighted assessment of uncertain tax positions → Monthly monitoring of various performance triggers and events which could trigger an invocation of our contingency funding plan → Financial control framework governing processes and procedures across Finance → First, second and third line of defence governance structure	→ Perform regular reforecasting of financial performance, including funding covenants and cash liquidity → Continue to develop effective and proportionate stress test scenarios throughout the year → Proactive engagement with HMRC to bring their enquiries to an appropriate conclusion → Enhance our securitisation reporting to improve control and reduce manual input → Take appropriate steps to integrate the Argos portfolio and future embedded finance partnership
→ Reducing direct financial risk by having the ability, in most instances, to pass on base rate changes to customers → Having the ability to extend the maturity of all asset-backed debt by one year (where not already executed) → Executing our funding strategy and improving VFN flexibility and capacity → Having headroom on funding facilities to fund future gross receivables growth → Regular monitoring of hedging-related risks	→ Include further diversification in our funding strategy and increase our securitisation funding → Review the levels of interest rate exposure and take out further swaps if necessary → Refinance maturing debt in advance of maturity where necessary

Our principal risks continued

Emerging risks

Emerging risks are those risks which are increasing or changing rapidly and as a result their impact cannot be fully assessed. Emerging risks are continually reviewed and reported to the Board for consideration alongside our principal risks.

We have identified the following emerging risks moving forward into 2025.

Generative AI

We are monitoring developments in generative AI, offering new dimensions to potential fraud, where criminals can use AI-related technology to make fraud more sophisticated, greater in scale and more difficult to detect.

Cyber risk

We are monitoring the evolution of cyber threats including an increase in hostile cyber activity, driven by advancements in technology and continued geopolitical uncertainty.

Commission disclosures

We are monitoring developments in connection with the Supreme Court appeal hearing regarding the disclosure of motor finance commissions. The Court of Appeal judgment acknowledged it was highly fact dependent and did not provide any guidance as to if, and when, these obligations may arise outside the motor finance sector. NewDay has never offered motor finance. In addition, our relationships with credit brokers and the manner in which our products are sold are very different to those that are the subject of the Court of Appeal judgment. We will assess the Supreme Court judgment when it is handed down to understand the impact to our business (if any).

Chairman's introduction to corporate governance

Maintaining high standards of corporate governance is a key priority for NewDay. It is central to our aim of delivering growth in a controlled and compliant manner and is actively endorsed by Cinven, CVC and all members of management.

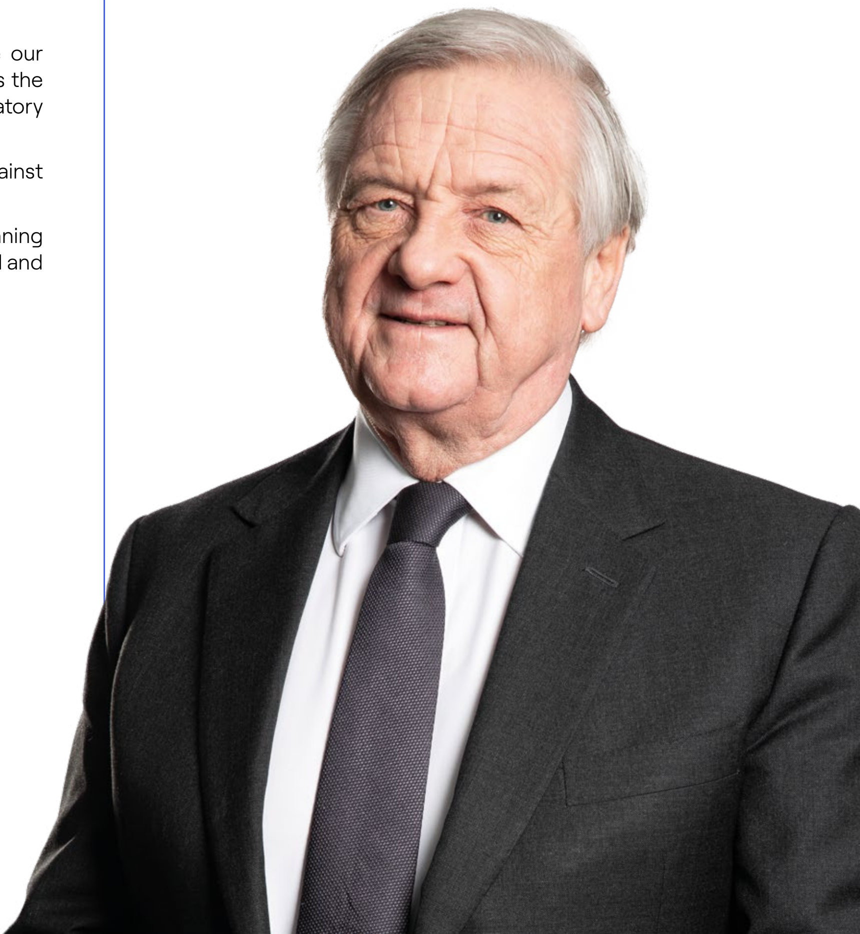
Effective from 1 January 2024 we made changes to our management and governance structures to ensure that they remain fit for purpose and reflect the Group's size, structure and ambition. The Group has operated efficiently and effectively under this new model throughout the year, responding to opportunities and changing economic conditions in an informed and agile manner that protects the interests of its stakeholders, and ensuring in particular that the FCA's Consumer Duty is embedded at the heart of the business.

During the year, the Board took a number of key decisions. The principal governance matters addressed in 2024 are detailed below.

- Closely monitored macroeconomic conditions to ensure the Group responded appropriately. This included maintaining appropriate levels of funding and carefully monitoring our approach to credit risk.
- Reviewed and adjusted our strategy to ensure it remains fit for purpose and that we remained well positioned for growth in 2025 and beyond.
- Carried out the Group's annual review of its implementation of the FCA's Consumer Duty.
- Approved the payment of dividends to our shareholders.
- Approved the acquisition of the Argos store card portfolio and a new long-term relationship with Argos for the provision of an Argos-branded embedded finance proposition.
- Monitored the performance of the John Lewis & Partners portfolio and reviewed actions to deliver a sustainable long-term trajectory for the programme.
- Closely monitored regulatory developments to ensure we are aware of matters on the regulatory horizon and are adequately prepared for them.
- Reviewed our ESG and sustainability roadmap to ensure our approach is aligned to our manifesto and values, as well as the changing needs of stakeholders and the evolving regulatory landscape.
- Regularly reviewed customer outcomes and progress against our manifesto and values.
- Ensured appropriate talent, capability and succession planning measures are in place to attract and retain a highly engaged and high-performing workforce.
- Appointed Rupert Keeley as ESG director.

"Our governance model allows us to respond to opportunities and changing economic conditions in an informed and agile manner that protects the interests of our stakeholders, and ensures that the FCA's Consumer Duty is embedded at the heart of our business.

Sir Michael Rake
Chairman and Non-Executive Director



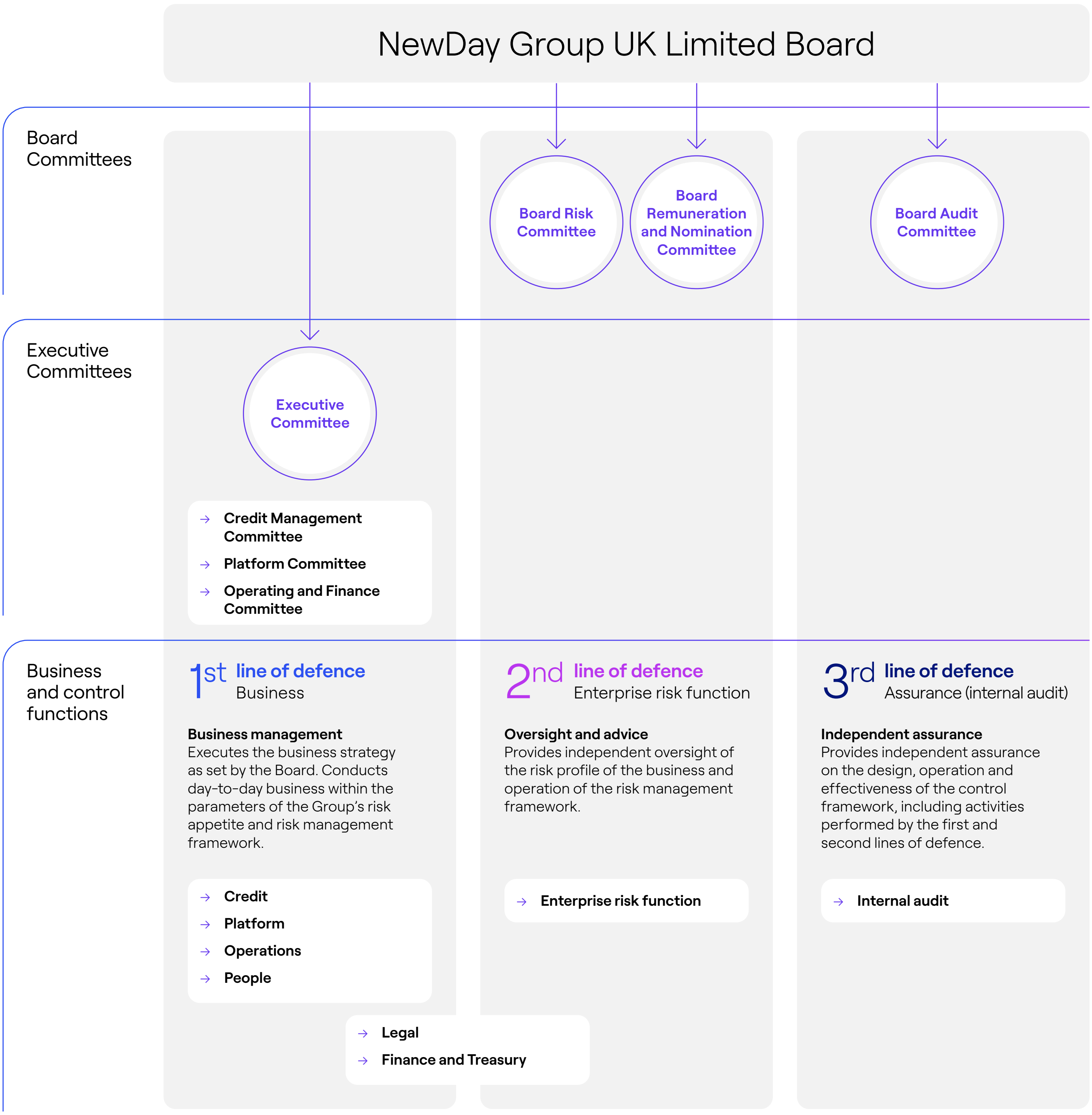
Chairman's introduction to corporate governance continued

Governance framework

The commercial aspects of the Group's UK subsidiaries are managed by the Board of NewDay Group UK Limited (the Board), a wholly owned subsidiary of NewDay Group (Jersey) Limited, the Jersey-based parent company.

The Directors of NewDay Group (Jersey) Limited are responsible for the matters relating to NewDay Group (Jersey) Limited and their report for the year is set out on page 76. Additionally, the Managers of NewDay Group Holdings S.à r.l. (the parent company of the Predecessor Group) remain responsible for matters relating to NewDay Group Holdings S.à r.l. and the Directors of NewDay JVCo Ltd are responsible for matters relating to NewDay JVCo Ltd.

Other than as set out on pages 76 and 77, the governance and risk framework described in this report relates to the governance and risk framework established for the Group's UK subsidiaries and references to the 'Board', 'Group', 'NewDay' and 'Company' should be construed accordingly (where appropriate).



The Board's role and composition are regularly reviewed to ensure that they are well defined and appropriate, and support the long-term development of the Group. The day-to-day responsibility for managing the Group's business is delegated to the Group Chief Executive Officer who, supported by the Executive Committee, implements the decisions and policies approved by the Board and deals with matters within the ordinary course of business.

For the year ended 31 December 2024, the Board has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) and available on the FRC's website) (the 'Wates Principles'). In addition, the Group complies with: (i) elements of the FRC's UK Corporate Governance Code (which can also be found on the FRC's website) where deemed appropriate taking account of the size, nature and share ownership structure of the Group; and (ii) the Guidelines for Disclosure and Transparency in Private Equity (applicable in respect of accounting periods ending up to and including 30 April 2025), which can be found online at privateequityreportinggroup.co.uk.

A summary of how the Group has complied with the Wates Principles is set out below.

Principle 1 An effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.	→ We believe in credit as a force for good. Our purpose is to help people move forward with credit. This is at the heart of everything we do and is supported by our manifesto. Detailed disclosures regarding our manifesto and strategy can be found on pages 02 and 24.
Principle 2 Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.	→ We have a highly experienced Board with a diverse range of skills and experience, reflecting the needs of the business. Board biographies can be found on pages 60 to 62. Details on how the Board operates, together with further details on its composition and committee structure, can be found on pages 64 and 58.
Principle 3 The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.	→ The Board executes its responsibilities through its own decision-making and by delegating responsibility to Board committees and to the Group Chief Executive Officer, with support from the Executive Committee. Responsibilities are appropriately defined in terms of reference to ensure there are clear lines of accountability between the Board and the other committees. Further details on: (i) the Group's committee structure and their responsibilities can be found on page 58; and (ii) how our Board operates can be found on page 64.
Principle 4 A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.	→ The Board meets regularly to review strategic opportunities including through the annual strategy process culminating in the Board's annual strategy day. The Board drives a technology agenda to enhance digital capabilities to create value. The Board also receives regular ESG updates to ensure success is delivered in a sustainable manner, see pages 08 and 40 for further details. → The Board Risk Committee ensures risks are identified and managed appropriately. Further details can be found on page 72.
Principle 5 A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.	→ The Board Remuneration and Nomination Committee oversees our remuneration policy with the aim of ensuring the long-term health and success of the Group. Further details can be on page 74.
Principle 6 Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	→ The Board is committed to ensuring it maintains strong relationships with all stakeholders (including employees) and actively engages with them on an ongoing basis. Further details are provided on page 38.

Board of Directors

Sir Michael Rake

Chairman and Independent Non-Executive Director

N

Appointed - May 2018

Sir Michael is currently chairman of Wireless Logic Ltd, Phoenix Global Resources plc and Majid Al Futtaim Holdings LLC. He is also a senior advisor to Elliott Advisors and a Vice President of the RNIB.

He has previously been chairman of BT plc, Worldpay plc, EasyJet plc, KPMG (UK and International), deputy chairman of Barclays Bank plc and a director of the Financial Reporting Council (FRC). He has been a director of S&P Global Inc and lead director of Worldpay Inc (now FIS). He has been a senior advisor to Chatham House, a member of the Oxford University global board for business reputation and a William Pitt fellow at Pembroke College Cambridge. He has been president of the CBI, a member of Prime Minister David Cameron's Business Advisory Council and chairman of the International Chairman of Commerce (UK). He was a member of Prime Minister Gordon Brown's National Security Forum, the first chairman of the Commission for Employment and Skills and the first chairman of the Private Equity Oversight group. He has also been chairman of Great Ormond Street Hospital, Business in the Community (BITC), Blueprint for Better Business and a director of the Prince's Charitable Foundation.

John Hourican

Executive Director and Group Chief Executive Officer

N

Appointed – October 2019

John has over 30 years of global financial services experience. He began his career at Price Waterhouse working in Dublin, Hong Kong and London before moving to Royal Bank of Scotland in 1997. He served as Chief Executive of the Group's Investment Bank (Markets & International Banking) for five years. Between 2013 and 2019 John served as CEO of Bank of Cyprus, the largest banking and financial services group in Cyprus. During his tenure, John reshaped the business, re-established its deposit base, improved the quality of its loan book and strengthened its financial position. He was named Euromoney's Banker of the Year in 2015 and is a fellow of the Institute of Chartered Accountants in Ireland.

Paul Sheriff

Executive Director and Group Chief Financial and Operations Officer

Appointed – June 2016 (joined NewDay in January 2016)

Paul has over 30 years of experience in financial services organisations spanning banking, asset management and insurance. Paul joined from Legatum, a private investment firm based in Dubai where he was CFO/COO for three years, having previously been CFO/COO of Record plc, a main market listed asset management business. Prior to this, he was Group Finance Director at Arbuthnot Banking Group plc, a listed banking group, and Commercial Finance Director of the Prudential's UK and European Business. Earlier in his career he spent five years in private equity and qualified as a Chartered Accountant with Arthur Andersen. He is a member of the Institute of Chartered Accountants in England and Wales.

Alison Reed

Senior Independent Non-Executive Director

A R

Appointed – October 2012

Alison is a Chartered Accountant with over 30 years of experience in retail, financial services, transport and technology. Alison spent 20 years at Marks and Spencer plc where she held senior management roles across the business, including as CFO from 2001 to 2005 where she played a key role in the 2004 bid defence. She was also CFO at Standard Life plc (including Standard Life Assurance Company) where she led the company's listing on the London Stock Exchange in 2006. Alison currently serves as a non-executive Director of CGI Inc. and as a member of council of Exeter University. She has served as a Non-Executive Director on the Board of Directors of several companies including HSBC Bank plc, Darty plc and British Airways plc. Alison holds a Bachelor of Arts degree from Exeter University and qualified as a Chartered Accountant with Touche Ross in London.

Rupert Keeley

Independent Non-Executive Director

N

Appointed – July 2014

Rupert has extensive and in-depth banking and payments experience. He was the EVP/GM for PayPal's business in Europe, the Middle East and Africa. Prior to PayPal, Rupert was Visa Inc.'s Group Executive and President of the Asia Pacific and Central Europe, Middle East and Africa regions and a Section 16 Officer of the company. In his 11 years with Visa, he held several management roles including Global Head of Strategy and Corporate Development. Rupert also held senior management positions with Standard Chartered plc based in London, Singapore and the Middle East. He is an adviser to the NatWest Group, a member of the Board of Directors of the Dubai Financial Services Authority and a member of the Advisory Board of Team8 Fintech based in Israel. Rupert holds a Management Sciences degree from Manchester University and an MBA from Bayes Business School in London.

James Corcoran

Non-Executive Director

Appointed – January 2009 (originally as Chief Executive Officer)

James has over 30 years of global financial services experience with large multi-national companies, such as American Express, Citibank, HBOS and IBM. James began his career in sales and marketing, moving into general management where he has held various senior executive positions over the last 20 years. He has run credit card businesses for First USA/Bank One and Amex and at HBOS his final role was CEO of Distribution, Retail and Insurance Division. Prior to that, he was head of their Retail Product business units. James joined NewDay as CEO in January 2009 from Washington Mutual in Seattle, where he was President of the Retail Banking Division.

Since 2019, when he left NewDay, James has held a number of Board positions and is currently a Director at doValue in Italy, and Mercury Financial in the United States where he is also the CEO. He also is a Trustee of Tinnitus UK and The Corcoran Foundation.

Key to committee membership

- A Board Audit Committee
- N Board Remuneration and Nomination Committee
- R Board Risk Committee
- Board Committee Chair

Board of Directors continued

Peter Rutland

Investor Director
(CVC Capital Partners)

N

Appointed – January 2017

Peter is a Managing Partner at CVC and is Head of CVC's Financial Services Group. Prior to joining CVC in 2007, he worked for Advent International and Goldman Sachs in the Investment Banking Division. Peter holds an MA degree from the University of Cambridge and an MBA from INSEAD. Peter has led or been responsible for investments in Brit Insurance, Avolon, Skrill, Domestic & General, Pension Insurance Corporation, Paysafe, April Group, TMF Group and Riverstone International, Dale Underwriting and Resurs. He serves on the boards of a number of these portfolio companies as well as the partner board of the CVC Group, some of which are PRA/FCA regulated.

Rebecca Hunter

Investor Director
(Cinven)

A R

Appointed – March 2021

Rebecca is a Senior Principal at Cinven and a member of the Consumer sector team. She has been involved in a number of transactions, including JLA, Miller, PCL, True Potential and Fressnapf. Prior to joining Cinven, Rebecca worked at Lazard, focusing on M&A transactions across both the Financial Institutions and Industrials sectors. Rebecca has a BA in Economics and Management from Oxford University. She joined Cinven in 2017.

Matthew Sabben-Clare

Investor Director
(Cinven)

N

Appointed - February 2024

Matthew is a Senior Advisor at Cinven, a role he moved into in 2024. He is also Chair of the British Private Equity and Venture Capital Association (BVCA) and a Senior Advisor at Marlborough Partners. Matthew was Cinven's Chief Administrative Officer between 2017 and 2023 and a member of the firm's Executive Committee. Before this he founded and ran Cinven's Capital Markets team from 2005, where he worked with a wide range of portfolio companies across sectors including Financial Services, TMT/Technology and Business Services. Prior to Cinven, he worked in investment banking at Merrill Lynch and Schroders. He graduated from Cambridge University and is AMCT-qualified with a Diploma in Treasury from the UK's Association of Corporate Treasurers.

Executive Committee

Whilst the Board, amongst other things, directs the Group's strategy, the Executive Committee supports the Group Chief Executive Officer in the management of the Group's day-to-day operations. The Executive Committee comprises the Group Chief Executive Officer (who acts as Chair) and Group Chief Financial and Operations Officer together with the individuals listed below.

John Hourican
Group Chief Executive Officer

See page 60

Paul Sheriff
Group Chief Financial and Operations Officer

See page 60

Rob Holt
Chief Executive Officer, Credit

Rob joined NewDay in 2012 from Santander UK where he held various leadership roles spanning Credit Risk, Collections, Commercial and Marketing Analytics. Prior to this, he worked for HBOS, Capital One and PwC in a career spanning over 20 years in financial services.

Sanjay Sharma
Chief Executive Officer, Platform

Sanjay joined NewDay in 2013. He has nearly 30 years of experience in senior technology and operational roles in international and UK businesses working in India, the Philippines, London and Austria. He joined from BAWAG PSK in Vienna where he was Chief Operating Officer and a member of the Management Board.

Damaris Anderson-Supple
Group Chief People Officer

Damaris joined NewDay in 2013 to establish and lead the People team. Previously she had 20 years' experience in senior commercial leadership roles in the pharmaceutical industry. She joined from Hill and Knowlton, where she was Chief Operating Officer.

The Board

The Board is responsible for overseeing the Group's activities. The Directors are apprised of, debate and challenge strategy, mergers and acquisitions, operational performance metrics, risk matters, customer and conduct-related matters and receive reports on current strategic initiatives.

The Directors bring many skills and a breadth of experience to the Board, including strategic experience, commercial knowledge, retail and investment banking experience, UK regulatory knowledge, customer management and conduct expertise, treasury and funding experience, risk management expertise and operational, IT and accounting experience. This enables Board members to make informed decisions on key issues facing the business.

Throughout the year, the Group maintained appropriate insurance cover to protect the Directors from liabilities that may arise against them personally in connection with the performance of their role. In addition: (i) the Articles of Association of NewDay Group (Jersey) Limited contain an indemnity in favour of its Directors so far as is permitted under Jersey law; and (ii) certain of the Group's UK subsidiaries have similar provisions in their Articles of Association providing qualifying third party indemnities for the benefit of the Directors of such entities.

Role of the Board

The Board is responsible for creating a foundation for growth and attractive shareholder returns. It determines the vision, strategy and high-level policies of the Group, striking an appropriate balance between risk and reward, whilst ensuring positive customer outcomes. It sets out the guidelines within which the business, including those parts of the business that are outsourced, is managed and controlled. It monitors business performance against agreed targets, within an agreed budget, to support the strategic objectives of the business.

It also provides oversight and independent challenge, particularly with regard to the business' culture and values.

The Board executes these responsibilities through its own decision-making and by delegating responsibility to Board committees and to the Group Chief Executive Officer, with support from the Executive Committee. The Board has three sub-committees: (i) the Board Audit Committee; (ii) the Board Risk Committee; and (iii) the Board Remuneration and Nomination Committee. The roles and responsibilities of each committee are documented in Board-approved terms of reference. However, some matters are reserved for consideration by the Board. These include matters relating to: (i) strategy and management; (ii) structure, capital and funding; (iii) financial reporting and controls; (iv) internal controls and risk management; (v) material contracts; (vi) external communications requiring Board approval; (vii) changes to the Board's structure and remuneration and senior management arrangements; (viii) delegation of authority; and (ix) corporate governance matters.

Attendance at Board and Committee meetings

Member	Board	Board Audit Committee	Board Risk Committee	Board Remuneration and Nomination Committee
Sir Michael Rake	11/11	N/A	N/A	2/2
John Hourican	11/11	N/A	N/A	2/2
Paul Sheriff	11/11	N/A	N/A	N/A
Alison Reed	11/11	8/8	5/5	N/A
Rupert Keeley	11/11	N/A	N/A	2/2
James Corcoran	8/11	N/A	N/A	N/A
Peter Rutland[1,2]	8/11	0/1	N/A	2/2
Rebecca Hunter[3]	10/11	7/7	5/5	N/A
Matthew Sabben-Clare[4]	10/10	N/A	N/A	2/2
Javed Khan OBE[5]	2/2	N/A	N/A	N/A
David Giroflier[5]	2/2	1/1	N/A	N/A
Alex Lelekov[5]	1/2	N/A	N/A	N/A
Antoine Grosjean[2,6]	N/A	7/7	5/5	N/A

Chairman and Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer are separate and clearly defined.

The Chairman is responsible for overseeing the Board and its meetings to ensure that: (i) the Board meets its responsibilities; (ii) effective communications are maintained with stakeholders; and (iii) Directors receive accurate, timely and clear information regarding the Group.

The Group Chief Executive Officer is responsible for overseeing the Group and the management of its senior executives within parameters set by the Board.

The Group Chief Executive Officer is also responsible for the development, recommendation and implementation of the Group's strategic plans, which are approved by the Board. The Executive Committee supports the Group Chief Executive Officer in the performance of his duties.

1 Peter Rutland stood down from the Board Audit Committee in February 2024. Alex Lelekov attended the Board Audit Committee meeting in February 2024 as Peter's alternate.
2 Antoine Grosjean is an Investment Executive at CVC and not a member of the Board. He attended three Board meetings as Peter's alternate.
3 Rebecca Hunter has been a member of the Board Audit Committee since March 2024.
4 Matthew Sabben-Clare was appointed to the Board and to the Board Remuneration and Nomination Committee in February 2024.
5 Javed Khan OBE and Alex Lelekov left the Board in March 2024 and David Giroflier left the Board and the Board Audit Committee in March 2024.
6 Antoine Grosjean has been a member of the Board Audit Committee and Board Risk Committee since March 2024.

Board balance and independence

Three of our nine Board members are Investor Directors (two of whom have been appointed by Cinven with another single Investor Director appointed by CVC). These Investor Directors have significant experience serving on the boards of regulated companies as well as in the specialty finance sector. James Corcoran (the Group's former Chief Executive Officer) serves as a Non-Executive Director providing the benefit of his over ten years of experience at NewDay.

In addition, three experienced Independent Non-Executive Directors (including the Chairman) sit on the Board whose views carry substantial weight in the Board's decision-making processes. These members were appointed on merit after a process involving external search consultants. They were considered to be free from any relationship with the Group's executive management that could compromise their independent judgement.

Independent professional advice is available to the Directors at the Group's expense.

The long-standing inclusion of Independent Non-Executive Directors offers an external perspective, independent challenge and broad expertise in key areas of financial services and other related disciplines.

Training

Directors have access to relevant training courses during the year to continue to ensure they are up to date on the latest developments and maximise their effectiveness. During 2024, training focused on generative AI, fraud and the Senior Managers and Certification Regime.

Supply of information

An online repository for Board materials is used to supply appropriate and good-quality information to the Board. All Directors have access to the services of the Company Secretary and other staff, as required.

Political donations

The Group did not incur any political expenditure or make any political donations to political parties, other political organisations, or any independent election candidates during the year.

Relations with Cinven and CVC

Cinven and CVC have both appointed Investor Directors to the Board. In addition, three experienced Independent Non-Executive Directors (including the Chairman), one Non-Executive Director and two Executive Directors sit on the Board. Cinven and CVC are able to appoint and/or remove sufficient Directors to ensure they control the Board for voting purposes.

The Boards of NewDay Ltd and NewDay Cards Ltd, the regulated entities within the Group, do not have Investor Directors and are comprised only of Executive Directors (together with, in the case of NewDay Ltd only, the Independent Non-Executive Directors and the Non-Executive Director).

Engagement with Cinven and CVC is encouraged through attendance at Board meetings and representatives of Cinven and CVC receive updates on key Group initiatives.

Directors' conflicts of interest

The Group has procedures in place for the effective management of conflicts of interest. The Articles of Association of relevant UK Group companies contain provisions to allow the Board to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law.

Internal control and risk management systems

The Board is responsible for monitoring and reviewing the Group's internal control system to maximise its effectiveness. The internal control environment is described on page 71.

Share capital

During the year ended 31 December 2024, the Company did not acquire any of its own shares.

Board Audit Committee

"NewDay is a fast-paced, evolving business. The Committee strives to support the sustainable delivery of the business' strategy by driving excellence in financial and regulatory reporting as well as overseeing an effective control environment.

Alison Reed
Senior Independent Non-Executive Director,
Chair of the Board Audit Committee

Chair's overview

The Committee's role is to review and evaluate the quality and integrity of the Group's financial reporting, processes, policies and disclosures, and to oversee and drive an effective and efficient financial control environment within the Group on behalf of the Board.

I am pleased to present this report and confirm that the business remains alert to financial reporting challenges, and with Committee oversight all significant considerations were regularly reviewed and challenged to ensure appropriate outcomes were reached.

The adequacy of the ECL allowance remained a key focus of the Committee. I was encouraged to see management take steps to enhance the ECL model methodology during the year to ensure reported ECL allowances remained appropriate and adequately reflected recent loss experience.

The Committee also received regular updates from management on other significant judgement areas impacting the Group's financial reporting. This included the recoverability of goodwill and the going concern assumption which are both dependent on management's forecast cash flows that go through significant review and challenge at a Board level.

As well as scanning the regulatory horizon, the Committee works closely with the external auditors to understand emerging trends and best practice. Clear, insightful and compliant external reporting remain of the upmost importance and the Committee reviewed and approved for issuance all external financial reporting.

Committee composition, skills and experience

The current members of the Committee and those that served during the year are as follows:

- Alison Reed (Committee Chair), Senior Independent Non-Executive Director;
- David Giroflier, Investor Director (Cinven) – left in March 2024;
- Peter Rutland, Investor Director (CVC) – left in February 2024;
- Alex Lelekov, Investor Director (CVC) – joined in February 2024, left in March 2024;
- Rebecca Hunter, Investor Director (Cinven) – joined in March 2024; and
- Antoine Grosjean, an Investment Executive at CVC – joined in March 2024.

The diverse backgrounds of the Committee members and our combined skills and range of accounting and financial reporting, risk and business experience enable us to fulfil the Committee's remit, as set out in the terms of reference, which are reviewed regularly.

The Committee acts independently from the Executive team to ensure shareholders' interests are protected in relation to financial reporting and internal control. The internal and external auditors attend all meetings when necessary and the Committee members regularly meet with them in private.

Although not members of the Committee, the Chairman, Group Chief Executive Officer, Group Chief Financial and Operations Officer and Company Secretary attend each meeting. Other Directors and members of the Executive Committee are invited as and when required, to ensure that the Committee has all the information required to operate effectively.

Committee members also regularly meet with senior management to further understand the financial reporting challenges faced by the business.

Roles and responsibilities

The main roles and responsibilities of the Committee, as set out in the terms of reference, are:

- to monitor the integrity of the Financial Statements, review and challenge significant financial reporting issues and assess the judgements made;
- to review the financial reports for publication to ensure compliance with accounting policies and standards and that, taken as a whole, they are fair, balanced and understandable;
- to review and approve financial control and liquidity frameworks;
- to review the internal financial control and risk management systems and to review risk exposures and steps taken to monitor and mitigate them;
- to monitor and review the effectiveness of the internal audit function;
- to make recommendations to the Board in relation to the appointment, remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence, objectivity and effectiveness, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement an approach on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- to review the findings of the external auditor;
- to monitor management's response to the findings and recommendations of internal and external audit;
- to review compliance with legal and regulatory requirements;
- to report the outcome of meetings to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and make recommendations as to the steps to be taken;
- to monitor, and challenge where appropriate, the whistleblowing arrangements as set out in the whistleblowing policy; and
- to review procedures for detecting fraud, including the systems and controls for the prevention of bribery.

Key activities of the Board Audit Committee in 2024

The Committee convened several times during the year to deliver the following key outcomes:

- reviewed the 2023 Annual Report and Financial Statements and each of the quarterly investor reports and presentations to ensure that, taken as a whole, they were fair, balanced and understandable and advised the Board to that effect;
- reviewed and challenged the appropriateness of the Group's critical accounting estimates and key judgements which were presented to the Committee quarterly;
- reviewed significant changes to the Group's ECL allowance model methodology to ensure the allowance as a whole appropriately reflected recent loss experience;
- considered and challenged management forecasts of cash flows and net debt, as well as financing facilities available to the Group to approve to the Board the use of the going concern basis of preparation in the Group's Financial Statements;
- oversaw the relationship with the internal and external auditor including consideration of the terms of engagement and assessed the effectiveness of both the internal and external audit functions. The Committee also reviewed its own effectiveness including how it interacts with the internal and external audit functions;
- approved the internal audit plan for the year to ensure it focused on key risk areas of the business;
- reviewed the Group's tax strategy;
- reviewed the effectiveness of the Financial Control Framework;
- reviewed the 2023 Sustainability Report;
- evaluated the reports and findings of the internal and external auditors, including management's response to any recommendations along with status updates on the resolution of agreed actions; and
- reviewed updates on whistleblowing, and fraud and money laundering monitoring.

Financial reporting

The main areas of judgement the Committee considered in relation to the Group's consolidated Financial Statements for the year ended 31 December 2024 are detailed in the following table. These issues were closely examined with our external auditor during the year.

Board Audit Committee continued

Key issues and judgements in financial reporting	Board Audit Committee's review and conclusions
ECL allowance on loans and advances to customers ECL allowances are recognised on origination of a financial asset, based on anticipated credit losses. The ECL allowance is the product of the probability of default, exposure at default and loss given default, discounted at the original effective interest rate. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. ECL allowances and credit risk are a significant area of risk and audit focus in the Financial Statements because of the various assumptions and judgements, including forward-looking macroeconomic forecasts, that are necessary. In 2024, the ECL allowance methodology was periodically assessed to ensure it remained fit for purpose. The ECL allowance model was enhanced to leverage the latest behavioural scorecards used in credit-decisioning operations across the business. Additionally, a revised and more sophisticated approach to modelling exposure at default (EAD) was introduced. The ECL allowance recorded by the Group as at 31 December 2024 was £361m (2023: £401m) for the Direct to Consumer portfolio and £79m (2023: £114m) for the Merchant Offering portfolio. Refer to note 2.3 for further details on the judgements inherent within the ECL allowance.	The Committee regularly reviewed and challenged the key judgements applied, including the appropriateness of the modelling estimates, the determination of a significant increase in credit risk, the definition of default and incorporation of forward-looking information. In considering the appropriateness, the Committee reviewed the rationale and impact of variations to each of the key assumptions. The Committee assessed the credit performance of the Group's portfolio and reviewed and approved the forward-looking information incorporated in the ECL allowance, including the use of post model adjustments. This ensured the credit performance observed on the portfolio and the likely estimates of future performance were appropriately reflected. The Committee reviewed changes to the ECL model methodology, including the transition to new behavioural scores, and deemed this to more closely align provisioning with operational decision making and therefore supported its implementation. The Committee was satisfied that the ECL allowance was appropriate.
Impairment of goodwill and acquired intangible assets The carrying value of goodwill and acquired intangible assets should be reduced to the higher of their fair value less costs of disposal and their value in use should both be lower than the asset's carrying value. Accordingly, an impairment review is required whenever there is evidence to suggest the assets may be impaired, in addition to the annual impairment review required for goodwill. An impairment review is conducted by comparing the discounted estimated future cash flows of the cash-generating units or underlying intangible assets with their carrying value prior to impairment. In 2024, the Group performed an annual impairment assessment of goodwill as required by IFRS and deemed its carrying value to be appropriately supported by its value in use. Consequently. no impairment was required. There were also no indicators of impairment arising in 2024 for the Group's acquired intangible assets. As at 31 December 2024, the Group reported acquired intangible assets of £17m (2023: £29m) and goodwill of £280m (2023: £280m). Refer to note 2.3 for further details on the judgements inherent within the impairment assessment on goodwill and acquired intangible assets.	The Committee reviewed the impairment assessment performed in the year and challenged the key assumptions made within it. This included consideration of the rationale and impact of variations to each of the key assumptions and the estimated future cash flows, including scenario analysis. The Committee also challenged the support for the discount rate used in the impairment assessment including reviewing sensitivity analysis to changes in the rate. The Committee was satisfied that no impairment charge was required and the reported carrying values of goodwill and acquired intangible assets were appropriate.

Key issues and judgements in financial reporting	Board Audit Committee’s review and conclusions
Effective interest rate (EIR) method of accounting for loans and advances to customers The Group applies the requirements of IFRS 9 through the EIR method for the recognition and measurement of interest income for loans and advances to customers, including customers who have been offered interest-free promotional periods. The EIR is determined on inception as management’s best estimate of future cash flows based on historical information, where available, and considers the repayment activity and the retention of the customer balance after the end of the promotional period. As such, in the case of interest-free promotional period offers, the EIR method introduces estimation uncertainty which, if the actual cash flows differ from the estimate, could result in an adjustment to the carrying value of the asset recognised from interest accrued in the interest-free promotional period. The Group has recognised an EIR adjustment to loans and advances to customers in respect of interest-free periods of £28m (2023: £30m) as at 31 December 2024. Refer to note 2.3 for further details on the judgements inherent within the EIR method of accounting for loans and advances to customers.	The Committee received regular updates on several aspects of the EIR accounting adjustments and focused specifically on the significant judgements used in the adjustment to loans and advances to customers in respect of interest-free promotional periods. These judgements, which include the expected repayment activity and customer retention after the end of the promotional period, were reviewed and approved by the Committee throughout the year. The Committee was satisfied that the carrying value of the EIR adjustment to loans and advances to customers in respect of interest-free periods was appropriate. Whilst other aspects of the EIR accounting adjustments include judgements, these judgements are not considered by the Committee to be significant as they incorporate low levels of estimation uncertainty.

Board Audit Committee continued

Other financial reporting issues

Going concern

The Committee considered and challenged management forecasts of cash flows and net debt, as well as financing facilities available to the Group. The Committee concluded that the Group has adequate resources, including in a severe but plausible stress scenario, to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements and confirmed to the Board that it was appropriate for the Group's 2024 Financial Statements to be prepared on a going concern basis.

Provisions

The Group is engaged in various operational, legal and regulatory matters, the impact of which cannot always be predicted, but can give rise to provisioning for contingent and other liabilities depending on the relevant facts and circumstances. The level of provisioning is subject to management judgement on the basis of legal advice and the uncertainty over the potential outcome and is therefore an area of focus for the Committee. Having reviewed all information available to determine what was both probable and could be reliably estimated, the Committee determined that the provisions reported at the year end were appropriate. See note 21 for further details of the Group's provisions.

Additionally, the Group recognises a provision for an uncertain tax position when the amount of profit subject to tax may be greater than the amount initially reflected in its income tax returns. Provisions reflect the Group's best estimate of the ultimate liability based on its interpretation of tax law, precedent and guidance, informed by external tax advice where necessary. The Group's measurement of provisions is based on a probability-weighted estimate of the additional profit that will become subject to tax, plus potential penalties and interest. See note 10 for further details of the Group's provision for uncertain tax positions.

Assessment of fair, balanced and understandable reporting

The Committee provided robust challenge to the integrity and accuracy of the 2024 Annual Report and Financial Statements to ensure it was fair, balanced and understandable, before recommending for approval to the Board. This included ensuring the Strategic Report presented a balanced view of the successes and challenges experienced by the Group in the year, as well as ensuring there was equal prominence given to relevant statutory and adjusted performance measures.

Internal audit

The business operates an in-house internal audit function with support provided by third party consultants where specialist knowledge is required. The internal audit function reports to me, as Chair of the Committee, to ensure its independence from the management team and I regularly meet with the Director of Internal Audit and his team.

The Committee assesses the performance of the internal audit function on an ongoing basis to ensure it is satisfied with the function's effectiveness. The Committee monitored progress and delivery against the 2024 internal audit plan throughout the year, including assessing the scope of work performed, and evaluating coverage of the internal audit plans. The Committee determines the effectiveness with which internal audit performs its activities, including the level of resources and training of the internal audit function.

Internal audit reports issued in the year covered the following areas:

- late-stage collections management;
- budgeting and forecasting;
- new customer acquisition (including Consumer Duty);
- platform development (including account management capabilities);
- software delivery controls;
- whistleblowing;
- internal fraud;
- customer communication management;
- external fraud, disputes and chargebacks;
- existing customer marketing and management (including Consumer Duty);
- operational resilience;
- Lloyds Banking Group lending and technology partnership (including implementation of a joint credit product);
- anti-money laundering, anti-bribery and corruption, counter-terrorist financing and finance crime; and
- data governance.

The Committee reviewed all internal audit reports issued and assessed whether management had appropriate actions planned to address issues arising from these reports. The Committee subsequently assessed progress against agreed management actions to assess their prompt resolution.

Having reflected on the achievements of the 2024 internal audit plan, the Committee endorsed the internal audit plan for 2025 ensuring it was tailored to address areas on a risk-based approach either as a result of regulator or industry focus, or as a result of the continued pace of growth and change within the business.

In order to ensure the continued development of the internal audit function such that it can continue to fulfil its responsibilities and adapt its audit plans to the changes in the business, the Committee oversaw a series of training sessions for the internal audit team facilitated by Ernst & Young and Grant Thornton.

External audit

The Board and the external auditor have safeguards in place to protect the independence and objectivity of the external auditor. KPMG LLP has been the auditor of the Group (including predecessor groups) since 2012.

The external auditor is not permitted to perform any work that might affect its objectivity and independence or create a conflict of interest with respect to the Group. The Committee has procedures in place to determine the use of the external auditor for non-audit services. The amount paid to the external auditor is disclosed in note 9.

The Committee reviewed and approved the annual external audit plan, including the methodology and risk identification processes used, and reviewed the findings of the external audit including key judgements and the level of challenge provided. The Committee assesses the performance of the external auditor on an ongoing basis to ensure it is satisfied with the quality of the services provided. This includes consideration of the experience and capabilities of the external auditor, the delivery of their audit work in accordance with the agreed plan and the quality of their reports and communications to the Committee.

The Committee has examined regulatory and legislative guidance around the tenure of the external auditor. Having considered this, along with the assessment of the effectiveness of the external auditor, the Committee has recommended to the Board that KPMG LLP be reappointed as external auditor for the financial year ending 31 December 2025.

Alison Reed
Senior Independent Non-Executive Director,
Chair of the Board Audit Committee

Internal control environment

The Committee monitors, and conducts a robust review of, the effectiveness of the Group's internal control systems, accounting policies and practices and compliance controls, including key financial controls, before they are agreed by the Board for inclusion in the Annual Report and Financial Statements. The Board retains overall responsibility for the Group's internal control environment. The system of internal controls is designed to mitigate the risk of material misstatements in the financial records of the Group and to facilitate the business in achieving its objectives. The internal control environment only provides reasonable, rather than absolute, assurance against material misstatement, loss or fraud to the Group.

The Board confirms that a system of internal controls for identifying, evaluating and managing the significant risks faced by the Group has been in place throughout the year ended 31 December 2024, and up to the date of the approval of these consolidated Financial Statements.

The Board, through the Board Audit and Risk Committees, has reviewed the effectiveness of the system of internal controls and is satisfied with the controls operated over financial reporting and associated business activities such that to the best of the Committee's knowledge there was no material loss, contingency or uncertainty to the Group requiring disclosure in the Financial Statements.

Board Risk Committee

"The Committee works to ensure NewDay sustainably delivers its strategy. Working within the Board's risk appetite, the Committee oversaw and enhanced the risk management framework to ensure customers' and stakeholders' needs were adequately safeguarded.

Alison Reed
Senior Independent Non-Executive Director,
Chair of the Board Risk Committee

Chair's overview

The improving economic outlook presented evolving risks for NewDay. The Committee closely monitored the portfolio's credit performance against the stabilising environment and oversaw proactive measures implemented to manage credit exposure whilst ensuring necessary support for customers who needed it.

Regulatory developments and particularly the FCA's Consumer Duty remained a significant focus. The Committee oversaw the annual Board report detailing how NewDay had acted to achieve good outcomes for its customers since the Duty came into force. NewDay's focus on conduct risk management and its dedication to customer welfare are fundamental to NewDay's core purpose.

The Committee continued to oversee the ongoing development and enhancement of the operational resilience framework to ensure it is embedded with the appropriate levels of governance and oversight required to meet regulatory requirements.

A continued rise in the volume of affordability complaints across the consumer credit industry prompted the Committee to assess the business' operational response. Significant progress was made in streamlining processes and aligning with the Financial Ombudsman's expectations, leading to a substantial reduction in upheld complaints.

Given the heightened global cyber threat landscape, information and cyber security remained a top priority. This will continue to be a standing agenda item in 2025, reflecting its status as one of NewDay's most pertinent risks. The Committee urged management to remain vigilant against these ever-present threats.

The Committee also reviewed the impact of third party fraud on customers (as also seen in the wider industry). Efforts were made to ensure that management effectively implemented strategic solutions to enhance fraud prevention measures and educate customers on protective measures.

Furthermore, the Committee maintained oversight of risk management within major projects and business initiatives. This ensured that risk management practices remained adaptable and effective to support the Company's dynamic change agenda.

The Committee's ongoing evaluation of the risk management framework aimed to ensure that principal and emerging risks were identified, assessed and managed within the Board's risk appetite. Day-to-day risk management focused on material principal and functional risks, as well as potential future risks.

Committee composition, skills and experience

The current members of the Committee and those that served during the year are as follows:

- Alison Reed (Committee Chair), Senior Independent Non-Executive Director;
- Peter Rutland, Investor Director (CVC) – left in March 2024;
- Rebecca Hunter, Investor Director (Cinven); and
- Antoine Grosjean, an Investment Executive at CVC – joined in March 2024.

The diverse backgrounds of the Committee members and their combined skills and range of risk and business experience enable us to fulfil the Committee's remit, as set out in the terms of reference, which are reviewed annually. Although not members of the Committee, the Group Chief Executive Officer and Group Chief Financial and Operations Officer attend each meeting. Other members of senior management and the external auditor are invited as and when required to ensure that the Committee has all the information it requires to operate effectively.

Additionally, during the year the Chair and members of the Executive Committee met frequently to discuss upcoming topics and areas of focus for the Committee.

Roles and responsibilities

The main roles and responsibilities of the Committee, as set out in the terms of reference, are:

- to oversee the risk management framework and challenge the processes and methodologies used for identifying, measuring, managing, monitoring and reporting all key risks facing the business;
- to recommend to the Board how to improve the risk management framework including the monitoring of risk exposures, risk appetite, capital and liquidity and any significant risk issues;
- to review the output, effectiveness and resources of the Enterprise Risk team;
- to review, monitor and report to the Board on our interactions with regulators, the effectiveness of regulatory reporting and action on any significant regulatory issues;
- to review and monitor the implementation of risk or compliance-related policies, their suitability in terms of compliance, and the necessary actions taken as a result of policy breaches; and
- to oversee, review, report and make associated recommendations to the Board on risk appetite, risk management culture, training and competence throughout the business.

Key activities of the Board Risk Committee in 2024

The Committee convened several times during the year and delivered the following key outcomes:

- reviewed the effectiveness of the risk management framework to ensure it remained appropriate and fit for purpose;
- considered the effectiveness of the Committee;
- reviewed and challenged the proposed risk appetite statements and metrics, to ensure they were in line with our strategic objectives;
- reviewed the performance of the John Lewis & Partners programme;
- reviewed the stress testing scenarios used throughout the business when assessing risk;
- regularly assessed performance against risk appetite, and monitored any breaches or trends towards breaches, challenging management to deliver action plans to improve when appropriate;
- reviewed and challenged the risk profile of the business using the aggregated risk profile and focused on the management of risks and issues within the business;
- provided oversight and ongoing challenge to management's approach to managing credit risk and fraud, including credit performance, impairment performance and payment deferrals alongside customer outcomes;
- reviewed and challenged new product approvals to ensure that proposals were in line with business aims;
- provided oversight of the regulatory horizon and management response to regulation and legislation;
- provided ongoing oversight of cyber security programme, including a review of the management of increased cyber risk relating to geopolitical situations during the year and a review of an independent assessment of the business' cyber security;
- reviewed the new in-house collections platform to provide customers with both a self-service collections journey as well as an agent platform to support customers when this is needed or preferred; and
- considered updates in relation to other matters during the year to understand management's plans, for example Consumer Duty, operational resiliency and our customer communications strategy.

AC Reed

Alison Reed
Senior Independent Non-Executive Director,
Chair of the Board Risk Committee

Board Remuneration and Nomination Committee

"NewDay is already reaping positive results from the simplified operating structure.

Rupert Keeley
Independent Non-Executive Director, Chair of the Board Remuneration and Nomination Committee

Chair's overview

The Committee has a responsibility to support the long-term health and development of the business. It works with the Executive Committee to review and to update a range of measurable performance, culture and risk-management goals, ensuring that they remain relevant and material for the organisation. Progress against these goals is assessed yearly to help determine annual bonuses and remuneration awards. The Committee also examines the Group's overall performance ratings distribution and reviews the performance of each member of the Executive Committee. It also reviews the effectiveness of the Group's people-related policies and practices.

In 2024, the Committee reassessed the Group's salary budget and approach, given the introduction of increased National Insurance employer contributions required from April 2025. In light of the increased costs, the Committee supported the Executive Committee's recommendations to award the lowest earners with the highest percentage salary increases and to exercise restraint for the highest earners.

An organisational restructure, supported by the Committee, was implemented successfully in Q1 2024. We are already reaping positive results from the simplified operating structure of four business verticals: Credit, Platform, Finance and Operations and People. In addition, the Executive Committee was reduced from eight to five people and there was an overall decrease of more than 100 roles in the Group.

Committee composition, skills and experience

The current members of the Committee and those that served during the year are as follows:

- Rupert Keeley (Committee Chair), Independent Non-Executive Director;
- Sir Michael Rake, Chairman and Independent Non-Executive Director;
- John Hourican, Executive Director and Group Chief Executive Officer;
- Peter Rutland, Investor Director (CVC);
- Rory Neeson, a Partner at Cinven – left in February 2024; and
- Matthew Sabben-Clare, Investor Director (Cinven) – joined in February 2024.

The diverse backgrounds of the Committee members and their complementary skills and range of risk and business experience enable the Committee to fulfil its remit, as set out in the terms of reference. Although not a member of the Committee, the Group Chief People Officer attends each meeting and acts as Secretary.

Roles and responsibilities

The main roles and responsibilities of the Committee, as set out in the terms of reference, are:

- recommending to the Board a suitable remuneration policy and reviewing its ongoing appropriateness and relevance;
- setting the remuneration of all Executive Directors, Non-Executive Directors (including the Chairman) and members of the Executive Committee (including pension rights and any compensation payments);
- recommending for the Board's approval, candidates for appointment to the Board and reviewing the process undertaken in relation to such appointments; and
- recommending for the Board's approval, suitable candidates for the role of Senior Independent Non-Executive Director, membership of each Board Committee and matters relating to the continuation in office of any Director.

Rupert Keeley
Independent Non-Executive Director, Chair of the Board Remuneration and Nomination Committee

Directors' report

Group business review and results

The Group's business model is outlined on page 22 and the KPIs and financial review on pages 30 to 37 contain highlights of the financial performance and capital structure for the year. The Group reported a profit before tax of £144m for the year ended 31 December 2024. A reconciliation of the statutory profit to underlying profit before tax, referred to throughout the Strategic Report, is provided on page 32.

The Group Chief Executive Officer's review on page 10 and the strategic priorities on page 24 provide details of future business developments.

In the year, the Directors approved dividends totalling £51m (2023: nil). The dividends were paid in full before the year end.

Principal risks and management

The principal risks and management thereof are described on pages 48 to 56.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, as well as the overall financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the KPIs and financial review on pages 30 to 37 and within the Financial Statements. The notes to the Financial Statements include our objectives, policies and processes for managing capital, financial risk management objectives, details of financial instruments and our exposures to credit risk and liquidity risk.

We regularly assess business performance and monitor the UK economic outlook to identify trends potentially impacting credit risk exposure. We have a robust credit risk management framework in place to limit unexpected losses arising as a result of customers failing to meet their repayment obligations.

We also depend on the availability of external borrowing to finance our existing gross receivables as well as fund future growth. We aim to refinance or repay all debt maturing within the next 12 months. Our funding is structured so that we have a right to extend the maturity date of all our asset-backed term debt by one year (where not already exercised). As at 31 December 2024, we reported a cash balance of £451m.

We believe that our existing plans and projections of business performance will be sufficient to allow us to continue to meet all our current obligations, including financial covenants and cash requirements, for a period of at least 12 months following the approval of the Financial Statements. We regularly assess the Group's latest cash flow forecasts and ability to refinance maturing debt, including through conducting a severely stressed but plausible scenario analysis. Considering the scenario analysis and our current funding position, we believe that the Group is well placed to continue trading as a going concern for the next 12 months. For this reason the Board has adopted the going concern basis in preparing these Financial Statements.

Transparency in reporting

In preparing the Annual Report and Financial Statements, we have fully complied with the best practice principles set out in 'The Walker Guidelines for Disclosure and Transparency in Private Equity' (applicable in respect of accounting periods ending up to and including 30 April 2025), which were established to provide oversight on disclosure issues and, specifically, to demonstrate private equity companies' commitment to transparency.

ESG matters

We are committed to conducting our business in a manner that is socially responsible and protects the environment. This means ensuring that all relevant legislation and regulations are met, and reducing consumption of resources. For further details, see pages 08 and 40. The Group's Sustainability Report is also available on our website at newday.co.uk.

Modern slavery and human trafficking

We aim to act fairly, ethically and openly in everything that we do and are committed to carrying out our business responsibly. This includes ensuring that modern slavery and human trafficking are not taking place in any part of our business or supply chain. The Group's statement on modern slavery is available on our website at newday.co.uk.

Business relationships and employee engagement

The Group is committed to ensuring it maintains strong relationships with all stakeholders (including employees) and actively engages with them on an ongoing basis. Further details are provided on page 38.

Directors' insurance

Throughout the year, we maintained appropriate insurance cover to protect the Directors from liabilities that may arise against them personally in connection with the performance of their role. In addition: (i) the Articles of Association of NewDay Group (Jersey) Limited contain an indemnity in favour of its Directors so far as is permitted under Jersey law; and (ii) certain of the Group's UK subsidiaries have similar provisions in their Articles of Association providing qualifying third party indemnities for the benefit of the Directors of such entities.

Research and development activities

During the ordinary course of business we develop new products and services within our business units.

Issuance of shares

Upon incorporation on 26 September 2016, the Company issued share capital of 101 fully paid ordinary shares of one pence each.

In 2024, the Company made two separate issuances of ordinary shares. In August 2024, the Company issued 99,999,899 ordinary shares at a par value of 1 pence each and, in December 2024, it made a further issuance of 13,000,000 ordinary shares at a par value of 1 pence each. The aggregate subscription price of these shares was £1,347m. The ordinary shares were issued to Nemean Midco Limited in exchange for the settlement of equity instruments also held by Nemean Midco Limited.

Directors

The Directors who held office during the year and up to approval of the Annual Report and Financial Statements were as follows:

- Carl Hansen;
- Daryl Pilcher (appointed on 4 June 2024); and
- Grant Collins (resigned on 4 June 2024).

Auditor and disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all of the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Group and Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that year. Under that law they have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law. They have elected to prepare the Company Financial Statements on the same basis.

In preparing those Financial Statements, the Directors are required to:

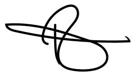
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Group's website is the responsibility of the Directors. The work carried out by the independent auditor does not involve consideration of these matters and, accordingly, the independent auditor accepts no responsibility for any changes that may have occurred to the Financial Statements or the audit report since 3 April 2025. The independent auditor has carried out no procedures of any nature subsequent to 3 April 2025 which in any way extends this date.

Legislation in Jersey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The Directors remain responsible for establishing and controlling the process for doing so, and for ensuring that the Financial Statements are complete and unaltered in any way.

Carl Hansen
Director



Daryl Pilcher
Director

3 April 2025

Independent auditor's report

Opinion

We have audited the consolidated Financial Statements of NewDay Group (Jersey) Limited ("the Company") for the year ended 31 December 2024 which comprise the income statements and statements of comprehensive income, balance sheets, statements of changes in equity, statements of cash flows and the related notes, including the accounting policies in note 2.

In our opinion the consolidated Financial Statements:

- give a true and fair view, in accordance with UK accounting standards including International Financial Reporting Standards ('IFRS') as adopted by the UK, of the state of the Group's and the parent Company's affairs as at 31 December 2024 and of the Group's and the parent Company's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and the Company's business model and analysed how those risks might affect the Group's and the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- enquiring of Directors, Board Audit Committee, Internal Audit and inspection of policy documentation as to the Group's high level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board, Board Audit Committee and Board Risk Committee minutes;
- considering remuneration incentive schemes and performance targets for management under the Group's Management Incentive Plan; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the estimation of expected credit losses ('ECL') and the uncertain tax provision. On this audit we do not believe there is a fraud risk related to revenue recognition because of the automated system driven calculation of contractual revenue, and mechanical data-driven process for calculating effective interest rate adjustments.

We also identified a fraud risk related to the estimation of ECL, specifically relating to completeness of post model adjustments and the economic scenarios as these involve subjective judgement; and the probability weightings associated with the uncertain tax provision, both in response to possible pressures to meet performance targets. In determining the audit procedures, we considered the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls. We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those whose descriptions contained reference to Group executives;
- critically evaluating, with the assistance of our modelling and economics specialists, the appropriateness of the ECL methodologies and post model adjustments recognised against market practice and the Group's historical loss experience;
- critically evaluating key judgements of the uncertain tax treatment calculation, including through involvement of our corporation tax and transfer pricing specialists; and,
- critically assessing key judgements in the valuation of financial instruments within the NewDay Group (Jersey) Limited parent Company Financial Statements, arising from transactions with NewDay JVCo Ltd that are associated with the Group's technology and lending partnership with Lloyds Banking Group.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

In addition, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with laws and regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: conduct, bribery, money laundering and financial crime and certain aspects of company legislation recognising the financial nature of the Group's and parent company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 77, the Directors are responsible for: the preparation of Financial Statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A Simpson

Alexander Simpson
for and on behalf of KPMG LLP
Chartered Accountants
1 Sovereign Square, Sovereign Street
Leeds, LS1 4DA
3 April 2025

Income statements and statements of comprehensive income

		Group		Company	
	Note	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Continuing operations					
Interest and similar income	4	1,110.6	1,047.0	44.0	46.1
Interest and similar expense	5	(318.5)	(294.4)	(34.4)	(37.7)
Net interest income		**792.1**	**752.6**	**9.6**	**8.4**
Fee and commission income		136.1	133.4	–	–
Fee and commission expense		(25.8)	(24.8)	–	–
Net fee and commission income	6	**110.3**	**108.6**	**–**	**–**
Impairment losses on loans and advances to customers	12	(411.0)	(404.5)	–	–
Risk-adjusted income		**491.4**	**456.7**	**9.6**	**8.4**
Personnel expense	7	(141.9)	(154.0)	–	–
Other operating expenses	9	(205.2)	(205.0)	(0.7)	(3.4)
Total operating expenses		**(347.1)**	**(359.0)**	**(0.7)**	**(3.4)**
Dividend and similar income		–	–	17.0	76.1
Profit before tax		**144.3**	**97.7**	**25.9**	**81.1**
Tax expense	10	(30.5)	(15.3)	–	–
Profit after tax		**113.8**	**82.4**	**25.9**	**81.1**
Other comprehensive expense					
Items that may subsequently be reclassified to the income statement:					
– Effective portion of changes in fair value of cash flow hedges		(1.9)	(37.4)	–	–
– Net income statement transfer from hedging reserve		(3.6)	20.5	–	–
Other comprehensive expense		**(5.5)**	**(16.9)**	**–**	**–**
Total comprehensive income		**108.3**	**65.5**	**25.9**	**81.1**

The notes on pages 84 to 125 form an integral part of these statutory Financial Statements.

Balance sheets

	Note	Group		Company	
		31 December 2024 £m	31 December 2023 as restated[1] £m	**31 December 2024 £m**	31 December 2023 £m
Assets					
Cash and cash equivalents	11	451.3	589.3	8.7	3.2
Loans and advances to customers[1]	12	4,055.9	3,890.7	–	–
Other assets	13	64.8	169.2	436.8	491.0
Derivative financial assets	14	8.8	32.9	–	–
Current tax assets		28.6	16.1	–	–
Deferred tax assets		0.6	0.5	–	–
Property and equipment	15	12.7	8.6	–	–
Intangible assets	16	92.1	82.7	–	–
Investment in subsidiaries	17	–	–	659.5	610.9
Goodwill	18	279.9	279.9	–	–
Total assets		**4,994.7**	**5,069.9**	**1,105.0**	**1,105.1**
Liabilities					
Debt issued and other borrowed funds	19	4,274.5	4,381.9	240.1	231.5
Other liabilities[1]	20	144.6	192.4	18.4	1.0
Derivative financial liabilities	14	3.1	7.2	1.5	–
Current tax liabilities		33.7	9.7	–	–
Deferred tax liabilities		3.6	1.9	–	–
Provisions	21	7.7	5.4	–	–
Total liabilities		**4,467.2**	**4,598.5**	**260.0**	**232.5**
Net assets		**527.5**	**471.4**	**845.0**	**872.6**
Equity attributable to owners of the Company					
Share capital[2]	22	1.1	–	1.1	–
Share premium	22	1,345.7	–	1,345.7	–
Equity instruments	22	–	593.9	–	593.9
Other reserves	22	(752.9)	–	(752.9)	–
Hedging reserve	22	1.2	6.7	–	–
Retained (losses)/profits	22	(67.6)	(129.2)	251.1	278.7
Total equity		**527.5**	**471.4**	**845.0**	**872.6**

The notes on pages 84 to 125 form an integral part of these statutory Financial Statements.

The Financial Statements on pages 80 to 125 were approved and authorised for issue by the Board of Directors on 3 April 2025 and signed on its behalf by:

Carl Hansen
Director

Daryl Pilcher
Director

Registration number 122135

1 In 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. Accordingly, the 2023 comparatives have been restated. See note 2.6 for further details.
2 Share capital consists of 113,000,000 (31 December 2023: 101) ordinary shares at an aggregate nominal value of £1,130,000.00 (31 December 2023: £1.01).

Statements of changes in equity

Group	Share capital £m	Share premium £m	Equity instruments £m	Other reserves £m	Hedging reserve £m	Retained losses £m	Total equity £m
As at 1 January 2023	–	–	593.9	–	23.6	(203.4)	414.1
Return on loan from immediate parent company[1]	–	–	–	–	–	(8.2)	(8.2)
Total comprehensive income for the year:							
– Profit after tax	–	–	–	–	–	82.4	82.4
– Other comprehensive expense	–	–	–	–	(16.9)	–	(16.9)
As at 31 December 2023	**–**	**–**	**593.9**	**–**	**6.7**	**(129.2)**	**471.4**
Return on loan from immediate parent company[1]	–	–	–	–	–	(2.5)	(2.5)
Dividends	–	–	–	–	–	(51.0)	(51.0)
Settlement of equity instruments and premium	–	–	(593.9)	(752.9)	–	–	(1,346.8)
Issuance of ordinary shares	1.1	1,345.7	–	–	–	–	1,346.8
Equity-settled share-based payment	–	–	–	–	–	1.3	1.3
Total comprehensive income for the year:							
– Profit after tax	–	–	–	–	–	113.8	113.8
– Other comprehensive expense	–	–	–	–	(5.5)	–	(5.5)
As at 31 December 2024	**1.1**	**1,345.7**	**–**	**(752.9)**	**1.2**	**(67.6)**	**527.5**

Company	Share capital £m	Share premium £m	Equity instruments £m	Other reserves £m	Retained profits £m	Total equity £m
As at 1 January 2023	–	–	593.9	–	205.8	799.7
Return on loan from immediate parent company[1]	–	–	–	–	(8.2)	(8.2)
Total comprehensive income for the year:						
– Profit after tax	–	–	–	–	81.1	81.1
As at 31 December 2023	**–**	**–**	**593.9**	**–**	**278.7**	**872.6**
Return on loan from immediate parent company[1]	–	–	–	–	(2.5)	(2.5)
Dividends	–	–	–	–	(51.0)	(51.0)
Settlement of equity instruments and premium	–	–	(593.9)	(752.9)	–	(1,346.8)
Issuance of ordinary shares	1.1	1,345.7	–	–	–	1,346.8
Total comprehensive income for the year:						
– Profit after tax	–	–	–	–	25.9	25.9
As at 31 December 2024	**1.1**	**1,345.7**	**–**	**(752.9)**	**251.1**	**845.0**

The notes on pages 84 to 125 form an integral part of these statutory Financial Statements.

1 The Group (and Company) made a return of £2.5m (2023: £8.2m) to Nemean Midco Limited, its immediate parent. The return was made in accordance with a loan agreement between NewDay Group (Jersey) Limited and Nemean Midco Limited which, consistent with the requirements of IFRS, was reported as an equity instrument in the Group's and Company's Financial Statements before it was settled prior to the end of 2024.

Statements of cash flows

	Note	Group: Year ended 31 December 2024 £m	Group: Year ended 31 December 2023 as restated[1] £m	Company: Year ended 31 December 2024 £m	Company: Year ended 31 December 2023 £m
Operating activities					
Profit after tax		113.8	82.4	25.9	81.1
Reconciliation of profit after tax to net cash generated from operating activities:					
– Tax expense	10	30.5	15.3	–	–
– Interest and similar income	4	(1,110.6)	(1,047.0)	(44.0)	(46.1)
– Interest and similar expense	5	318.5	294.4	34.4	37.7
– Depreciation of property and equipment	15	4.3	4.5	–	–
– Amortisation of intangible assets	16	19.4	58.1	–	–
– Impairment of intangible assets	16	0.9	0.4	–	–
– Impairment losses on loans and advances to customers	12	411.0	404.5	–	–
– Impairment of investment in subsidiaries	17	–	–	24.2	–
– Fair value gain from profit participation note and related instrument		–	–	(24.3)	–
– Equity-settled share-based payment		1.3	–	–	–
– Dividend and similar income		–	–	(17.0)	(76.1)
Changes in operating assets and liabilities:					
– Increase in loans and advances to customers[1]		(470.8)	(390.0)	–	–
– Decrease/(increase) in other assets[1]		102.9	(19.5)	0.1	(1.0)
– (Decrease)/increase in other liabilities[1]		(45.9)	50.1	(0.6)	(0.1)
– Increase in provisions		1.7	0.4	–	–
Interest and similar income received		1,005.3	937.9	47.7	70.4
Interest and similar expense paid		(328.9)	(291.2)	(31.3)	(39.9)
Tax paid		(22.9)	(9.2)	–	–
Net cash generated from operating activities		**30.5**	**91.1**	**15.1**	**26.0**
Cash flows from investing activities					
Purchases of property and equipment	15	(1.3)	(0.6)	–	–
Investment in intangible assets	16	(29.7)	(29.4)	–	–
Investment in subsidiary	17	–	–	(29.0)	(40.5)
Dividend and similar income received		–	–	17.0	76.1
Net cash (used in)/generated from investing activities		**(31.0)**	**(30.0)**	**(12.0)**	**35.6**
Cash flows from financing activities					
Proceeds from debt issued and other borrowed funds	19	1,902.2	1,648.9	80.4	–
Repayment of debt issued and other borrowed funds	19	(1,983.4)	(1,491.9)	(24.5)	(60.9)
Payment of principal element of lease liabilities		(2.8)	(2.8)	–	–
Return paid on loan from immediate parent company		(2.5)	(8.2)	(2.5)	(8.2)
Dividends paid		(51.0)	–	(51.0)	–
Net cash (used in)/generated from financing activities		**(137.5)**	**146.0**	**2.4**	**(69.1)**
Net (decrease)/increase in cash and cash equivalents		(138.0)	207.1	5.5	(7.5)
Cash and cash equivalents at the start of the year		589.3	382.2	3.2	10.7
Cash and cash equivalents at the end of the year	11	**451.3**	**589.3**	**8.7**	**3.2**

The notes on pages 84 to 125 form an integral part of these statutory Financial Statements.

1 In 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. Similar balances were also reported in other assets as at 1 January 2023 and therefore required restating too. This impacted certain lines of the cash flow statement within cash flows from operating activities which net off to nil. The 2023 comparatives have been restated to reflect the revised presentation. See note 2.6 for further details.

Notes to the Financial Statements

1. Corporate information

NewDay Group (Jersey) Limited (the Company) was incorporated in Jersey as a private limited company on 26 September 2016. The address of its registered office is 27 Esplanade, St Helier, Jersey JE1 1SG. Nemean Midco Limited has been the sole shareholder of the Company since incorporation. The ultimate parent undertaking is Nemean Topco Limited, a private limited company incorporated in Jersey.

2. Accounting policies

2.1 Basis of preparation

The consolidated Group and Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK. The Group's accounting policies have been consistently applied in the current year and prior year comparatives, and the Financial Statements of the Group and Company have been prepared on a historical cost basis except for derivative financial instruments and the profit participation note issued by the Company which have been measured at fair value.

The consolidated Group and Company Financial Statements for the year ended 31 December 2024 were approved by the Board of Directors on 3 April 2025.

Going concern

As at 3 April 2025, the Group has £842.1m (including £76.3m through a cross-currency interest rate swap) of asset-backed term debt principal within the Direct to Consumer securitisation programme maturing in the next 12 months. Additionally, the Group has drawn VFNs of £11.9m within the Merchant Offering securitisation programme maturing in the next 12 months. In order to deliver the growth plans, it is the Directors' intention to refinance the funding due to mature with new asset-backed term debt or VFNs. If new funding cannot be obtained in line with the Group's growth plans, the Directors note that the Group can, if required, exercise an option to extend the maturity date on all its asset-backed term debt and VFNs by one year. As at 3 April 2025, the Group has undrawn VFNs of £943.9m within the Direct to Consumer securitisation programme and £763.6m within the Merchant Offering securitisation programme (excluding VFNs specific to the John Lewis & Partners and Argos Financial Services portfolios) with a maturity in excess of 12 months which can be used to fund future growth and refinance any other maturing debt (subject to sufficient headroom).

In addition to regular forecasting of performance, the Group has undertaken various stress scenarios to assess the impact on profitability, cash flows, the balance sheet and compliance with funding covenants (such as a minimum excess spread, maximum delinquency rate and maximum charge-off rate) in stressed environments. This information is formally presented to the Board for review, and has been approved by the Board, along with consideration of the potential impact of contingent liabilities on the Group.

As part of the stress scenarios, the Directors also considered the impact of the UK economic outlook on the Group including the potential closure of capital markets and other restrictions on the Group's ability to raise new finance. In the event that there is limited headroom within the Group's financing structures, the Directors also have the ability to alter the Group's growth plans to reduce funding requirements.

The most severe but plausible stress scenario considered by the Directors assumes an uplift in unemployment, inflation and base rates in line with the latest PRA stress forecast, as well as a limited ability to raise new financing. In this scenario, the Directors would be required to take mitigating action to reduce growth plans, tighten credit amongst the Group's customers as well as reducing costs and discretionary spend. However, the Group would continue to operate within the financing available under its existing facilities and funding covenants.

Considering this scenario analysis and the stress testing on the Group's current funding position, the Directors are satisfied that the Group and Company have the resources necessary to continue in business for a period of at least 12 months after the approval of the Financial Statements and are of the opinion that the Group and Company are both a going concern. Therefore, the Financial Statements are prepared on the going concern basis.

Presentation of the Financial Statements

The Financial Statements are presented in Sterling and all values are rounded to the nearest £0.1m, except where otherwise indicated. The Group presents its balance sheets in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 25.

Financial assets and financial liabilities are offset with the net amount reported in the balance sheet only when there is a legally enforceable right to offset and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard or interpretation, and specifically disclosed in the accounting policies of the Group.

Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries (together with certain structured entities (SEs) that the Group consolidates) as at 31 December 2024. The subsidiaries and SEs are disclosed in note 27. The Financial Statements of the Group's subsidiaries (including SEs that the Group consolidates) are prepared for the same reporting period as the Company, except for the entities incorporated in 2024, using consistent accounting policies. The following entities were incorporated in 2024 and have an accounting period from their incorporation date to 31 December 2024.

Name	Date of incorporation
NewDay EU Financing S.à r.l.	14 February 2024
NewDay Funding EU Loan Note Issuer S.à r.l.	15 February 2024
NewDay Partnership EU Loan Note Issuer S.à r.l.	15 February 2024
NewDay JVCo Ltd	23 February 2024

NewDay JVCo Ltd was established to support the Group's technology and lending partnership with Lloyds Banking Group. The partnership was launched in October 2024 and from the launch date the Group held 75% of the ordinary shares of this entity, whilst Lloyds Banking Group held the remaining 25%. Prior to launch, the Group held 100% of the ordinary shares of this entity, with the subsequent dilution to 75% ownership performed through a share issuance.

Subsidiaries are fully consolidated from the date that control is transferred to the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity, has the exposure or rights to the variable returns from the involvement with the entity, and is able to use its power to affect the amount of returns for the Group.

SEs are fully consolidated based on the power of the Group to direct relevant activities, and its exposure to the variable returns of the SE. In assessing whether the Group controls an SE, judgement is exercised to determine the following:

- whether the activities of the SE are being conducted on behalf of the Group to obtain benefits from the SE's operations;
- whether the Group has the decision-making powers to control or to obtain control of the SE or its assets;
- whether the Group is exposed to the variable returns from the SE's activities; and
- whether the Group is able to use its power to affect the amount of returns.

The Group's involvement with SEs is detailed in note 28.

All intra-Group balances, transactions, income and expenses are eliminated in full.

2.2 Summary of material accounting policies

(1) Foreign currency translation

The Financial Statements are presented in Sterling which is the presentational and functional currency of the Group and Company. The Group transacts mainly in Sterling. Transactions that are not Sterling denominated are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the balance sheet date. Differences arising on translation are charged or credited to the income statement, except when deferred in equity as effective cash flow hedges.

(2) Financial instruments — initial recognition and subsequent measurement

(i) Date of recognition

Loans and advances to customers are initially recognised on the date on which they are originated or purchased. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

(ii) Classification of financial assets and financial liabilities

IFRS 9 'Financial Instruments' contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Classification is generally based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial instruments (whether these are solely payments of principal and interest or not). The Group's business model objective for continuing operations is to hold assets to collect the contractual cash flows. Any financial asset sales from continuing operations are incidental to the objective of the business model. The Group has assessed the contractual cash flow characteristics of its non-derivative financial assets to be consistent with a basic lending arrangement, being cash flows that are predominantly payments of principal and interest on the principal amount outstanding. Accordingly, the Group's non-derivative financial assets are classified as measured at amortised cost. The Group's derivative financial assets meet the hedge accounting requirements of IFRS 9, which the Group has elected to apply, and are measured at FVTPL with the effective portion of changes in their fair value recognised in other comprehensive income.

The classification and subsequent measurement of financial assets changes at the start of the next reporting period after the objective of the Group's business model associated with those financial assets changes.

Non-derivative financial liabilities are held at amortised cost and derivative financial liabilities are measured at FVTPL with the effective portion of changes in their fair value recognised in other comprehensive income.

The Company also issued a profit participation note to a subsidiary company, NewDay JVCo Ltd, which requires the Company to pay certain cash flows derived from the performance of the lending partnership the Group has with Lloyds Banking Group. The profit participation note liability is designated at FVTPL, see note 2.3.2 for further details of the instrument.

Notes to the Financial Statements continued

2. Accounting policies continued

(iii) Cash and cash equivalents

This consists of amounts due on demand (or with an original maturity of three months or less) and restricted cash. Restricted cash is demand deposits that are ring-fenced cash for credit balances on loans and advances to customers and cash restricted due to covenants in place in accordance with the Group's funding structure.

(iv) Loans and advances to customers

Loans and advances to customers primarily constitute revolving credit products such as credit cards and digital credit. All customer receivables are contractually repayable on demand. After initial measurement at fair value, they are subsequently measured at amortised cost using the effective interest rate (EIR) method, less allowances for any expected credit loss (ECL). The interest income calculated using this method is included in interest and similar income in the income statement (see note 2.2(6)(i)). The ECL is recognised in the income statement in impairment losses on loans and advances to customers.

(v) Debt issued and other borrowed funds

Financial liabilities that are not designated at fair value through profit and loss are classified as liabilities under debt issued and other borrowed funds where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset.

After initial measurement, debt issued and other borrowed funds are measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on issue and directly attributable, incremental issue costs (such as debt funding issuance fees) that are an integral part of the EIR.

(3) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the performance of the asset suggests there is no reasonable expectation of its recovery and it is therefore written off; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
  - the Group has transferred substantially all the risks and rewards of the asset; or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. For example, the Group has issued asset-backed securities to fund certain loans and advances to customers. In cases where the securitisation vehicles are funded by the issue of debt, on terms whereby the majority of the risks and rewards of the portfolio of the securitised lending are retained by the Group, these loans and advances to customers continue to be recognised in the Group's balance sheet, together with a corresponding liability for the debt issued. In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset but it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement determined by the extent to which it is exposed to changes in the value of the transferred asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the income statement. Where the contractual terms of an existing financial liability are renegotiated, and the renegotiation does not result in the derecognition of the financial liability, the Group recalculates the gross carrying amount and recognises a modification gain or loss in interest and similar expense. The gross carrying amount of the financial liability is recalculated as the present value of the renegotiated contractual cash flows that are discounted at the financial liability's original effective interest rate.

(4) Determination of fair value

For all other financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist and other relevant valuation models.

(5) Impairment of financial assets

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group assesses impairment on a collective basis for all financial assets that are not individually significant. Loans and advances to customers are collectively grouped together by brand and retail partner which reflects the shared risk characteristics at this level.

IFRS 9 prescribes a forward-looking ECL model for financial assets measured at amortised cost. An impairment provision is recognised on origination of a financial asset, based on its anticipated credit loss. Under IFRS 9, expected loss allowances are measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition (including those which are credit-impaired) or if it was purchased or originated credit-impaired (POCI), otherwise the 12-month ECL measurement applies.

Financial assets where 12-month ECL is recognised are classified as 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk since initial recognition but are not credit-impaired are classified as 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit-impaired, are classified as 'stage 3'. Financial assets that were credit-impaired when purchased by the Group through the Acquisition (being the purchase by NewDay Group (Jersey) Limited of NewDay Group Holdings S.à r.l. and its subsidiaries on 26 January 2017) are classified as 'POCI' for the remainder of their life and cannot transition out of this classification. The assessment of whether a significant increase in credit risk has occurred is a key aspect of the IFRS 9 methodology which includes quantitative and qualitative measures and therefore requires management judgement as disclosed in note 2.3.

ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted at the original effective interest rate. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted, and should incorporate all information that is available without undue cost or effort relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward-looking aspect of IFRS 9 requires judgement as to how changes in economic factors affect ECL. See note 2.3 for further details of the significant accounting judgements, estimates and assumptions used in the ECL allowance.

(ii) Renegotiated loans and advances to customers

Where possible, the Group seeks to restructure assets before they reach write-off based on customers' ability to make minimum monthly payments on their outstanding balances. This may involve setting up payment arrangements. The terms and conditions of the credit agreements are not varied as the payment arrangements operate by way of waiver. Once these arrangements are in place, any impairment is measured using a provision rate consistent with other restructured assets (separately from the portfolio of non-renegotiated assets) discounted at the original EIR as calculated before the introduction of the payment arrangements and the asset is no longer considered past due. Management continually reviews renegotiated assets to ensure that all criteria are met and that future payments are likely to occur. The assets continue to be subject to collective impairment assessments.

(6) Recognition of income and expenses

Income and expenses are recognised to the extent that it is probable that economic benefits will flow to or from the Group and the amount can be reliably measured. The following specific recognition criteria must also be met before income or expenses are recognised:

(i) Interest and similar income and expense

Interest income and expense are recognised in the income statement using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying value of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments, other than for POCI financial assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. For POCI financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL.

In calculating interest income and expense, the EIR is applied to the gross carrying value of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition and are therefore classified as stage 3, interest income is calculated by applying the EIR to the carrying value of the financial asset net of the ECL allowance. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For POCI financial assets, interest income is calculated by applying the EIR to the carrying value of the financial asset net of the ECL allowance and does not revert to a gross basis, even if the credit risk of the asset improves.

The Group recognises interest and similar income using the EIR on loans and advances to customers that have been offered interest-free promotional periods. The EIR is determined on inception as management's best estimate of expected future cash flows based on historical information, where available. The EIR methodology applied by the Group brings forward interest expected to be charged to the customer after the interest-free period to recognise a yield in the interest-free period. This interest is derived from the expected pay down of the spend that attracts the interest-free period. Any costs incurred to originate the account that has an interest-free period are spread over the expected life of the account.

See note 2.3 for further details of the significant accounting judgements, estimates and assumptions used in the EIR method.

Notes to the Financial Statements continued

2. Accounting policies continued

The Group extends short-term concessions to customers in the form of payment holidays and breathing spaces which suspend interest and fees for the duration of the intervention. These concessions have been accounted for as a non-substantial modification and therefore have not resulted in derecognition of the underlying asset. As at 31 December 2024, the total loans and advances to customers that were on a payment holiday or breathing space was £78.2m (31 December 2023: £125.7m). In the year ended 31 December 2024, the Group reported a loss on modification of £30.9m (2023: £36.4m) on balances totalling £364.6m (2023: £471.0m) at the point of modification. This loss has been recorded within impairment losses on loans and advances to customers because the modifications were deemed to have resulted from financial difficulties of the customers.

See note 24.2 for further details of the Group's forbearance and other temporary arrangements offered to customers.

(ii) Net fee and commission income

In accordance with IFRS 15 'Revenue from Contracts with Customers', fee and commission income is recognised when the Group satisfies its underlying performance obligations. Fees arising from revolving credit product agreements are predominantly based on customer transaction events (for example, foreign exchange fees) and are recognised at the point of the customer transaction. Fees linked to certain servicing activities are recognised after fulfilling the corresponding criteria. Any subsequent refunds of fees to customers are netted against fee and commission income in the period in which the Group commits to make the refund. Fee and commission income excludes fees that have been recognised using the EIR method and reported within interest and similar income in the income statement. Also included within fee and commission income are interchange fees which are the fees received, as card issuer, each time a cardholder purchases goods and services; and income earned from insurance commission (including profit shares).

Netting off against fee and commission income is fee and commission expense which principally consists of scheme fees arising from using third party processing networks (such as the Mastercard network), cashback the Group pays to its customers on qualifying spend and customer goodwill gestures.

(iii) Loyalty programmes

Loyalty points and vouchers costs relate to programmes run by the retail partners and are recognised in the year in which they are incurred. Earned but not yet redeemed points and vouchers at the year end are accrued in the balance sheet within other liabilities.

Where loyalty points and vouchers expire before they are utilised by customers, the accrual is reversed in the year in which they expire. The costs are calculated individually for each scheme in place and are accrued within commissions to retailers, advertising and marketing costs in other operating expenses.

(iv) Personnel expense

The Group applies IAS 19 'Employee Benefits' in its accounting for the relevant components of staff costs. Short-term employee benefits including salaries, accrued bonus, other incentive costs and social security are recognised over the period in which the employees provide the services to which the payments relate. Bonus and other incentive costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the benefits.

(v) Share-based payment arrangements

In 2024, interests in Nemean Midco Limited, the Company's immediate parent undertaking, were issued to certain key management personnel and senior employees. These participating interests are treated as equity-settled shares under IFRS 2 'Share-based Payment'. The cost of providing these interests is charged to the income statement over the vesting period of the award, with a corresponding increase in equity. The cost is based on the fair value of the awards at the grant date, which is calculated using a Monte Carlo simulation model.

(vi) Defined contribution pension plan

The contributions payable to the defined contribution pension plan are in proportion to the services rendered to the Group by its employees and are recorded in the income statement as a personnel expense on an accruals basis. Unpaid contributions are accrued in the balance sheet within other liabilities.

(vii) Servicing costs

Servicing costs include costs associated with servicing customer accounts. Certain servicing costs are subject to a netting arrangement whereby the expenses and income (rebates) relating to the same servicer are netted against each other. This is in line with the servicer agreement and reflects the intention of both parties to settle on a net basis. Some of the Group's servicing costs are prepaid and released to the income statement over the period in which the service is provided. These amounts are included in prepayments and accrued income on the balance sheet.

(viii) Capitalisation of expenditure

Expenditure relating to specific projects is reviewed to determine whether the capitalisation criteria of IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' are met (see note 2.2(10) and (11)). The Group capitalises expenditure where the criteria are met and amortises or depreciates over the useful economic life of the asset.

(ix) Dividend and similar income

Dividend income is recognised in the income statement when the Company's right to receive payment is established. The Company's dividend and similar income also consists of returns of interest on Tracking Preferred Equity Certificates (TPECs) issued by NewDay Group Holdings S.à r.l., an immediate subsidiary. Interest is contractually accrued on the TPECs per the terms of the underlying agreement, however it is only payable at the sole discretion of the TPEC issuer. Accordingly, a return of interest is only recognised as dividend and similar income when there is an irrevocable right to receive it.

(7) Tax
Income tax expense comprises current tax, deferred tax and tax provisions for uncertain tax positions.

(i) Current tax
Current tax assets and liabilities arising in current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the tax balances are those that are enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

(ii) Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, where deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(iii) Uncertain tax positions
The Group deems an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in its income tax returns. A tax provision for uncertain tax positions is recognised when it is considered probable that, upon examination of the uncertainty by a relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect the Group's best estimate of the ultimate liability based on its interpretation of tax law, precedent and guidance, informed by external tax advice where necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are remeasured, as required, to reflect current information.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position reviewed in isolation from any other position, or one of several items which are expected to be reviewed concurrently and resolved simultaneously with a tax authority. The Group's measurement of provisions is based on a probability-weighted estimate of the additional profit that will become subject to tax. Where several items are expected to be reviewed and resolved together, the Group will take into account not only the merits of its position in respect of each particular item but also the overall level of provision across all the items that are expected to be resolved at the same time. In assessing provision levels, it is assumed that tax authorities will review with all facts fully and transparently disclosed.

(8) Derivative financial instruments
The Group uses derivative financial instruments, namely interest rate swaps, cross-currency interest rate swaps and interest rate caps, to manage the interest rate and foreign exchange rate risks arising from the Group's debt arrangements. No transactions of a speculative nature are undertaken. These derivative financial instruments are assessed against the hedge accounting criteria prescribed in IFRS 9. The Group's derivatives are cash flow hedges and meet the hedge accounting requirements of IFRS 9.

The Company is also party to an option (the 'JVCo option'), ultimately exercisable at Lloyds Banking Group's discretion should the Company not exercise it beforehand, to buy the remaining 25% of share capital in NewDay JVCo Ltd. This option is a derivative financial instrument.

Derivatives are recognised initially at the fair value on the date a derivative contract is entered into and are remeasured subsequently at each reporting date at their fair value. Where derivatives do not qualify for hedge accounting, movements in their fair value are recognised immediately in the income statement.

Notes to the Financial Statements continued

2. Accounting policies continued

For derivatives that are designated as cash flow hedges and where the hedge accounting criteria are met, the effective portion of changes in the fair value is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recognised in the income statement when the income or expense on the hedged item is recognised in the income statement.

The Group discontinues hedge accounting when:

- it is evident from testing that a derivative no longer meets the hedge effectiveness requirements of IFRS 9;
- the derivative expires, or is sold, terminated or exercised, except for when the expiry or termination of a derivative is a replacement or roll-over of a hedging instrument into another that is part of, and consistent with, the Group's documented risk management objective; or
- the underlying hedged item matures or is sold or repaid.

(9) Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting as required by IFRS 3 'Business Combinations'. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the consideration transferred over the fair values of the identifiable net assets acquired is recognised as goodwill.

Goodwill is allocated to cash-generating units for the purposes of impairment assessments. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment is tested by comparing the carrying value of the cash-generating unit to its recoverable amount. Any impairment is recognised immediately in the income statement.

See note 2.3 for further details on the significant accounting judgements, estimates and assumptions that affect the carrying value of goodwill.

(10) Intangible assets

The Group's intangible assets include intangible assets acquired as part of the Acquisition and internally generated intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired as part of a business combination is their fair value at the date of acquisition.

Internally generated intangible assets primarily include computer software and core operating platforms. These assets are capitalised as an intangible asset based on the costs incurred to acquire, develop and bring it into use. An intangible asset is recognised only when an asset is created that can be identified, its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Expenditure incurred in relation to scoping and researching the build of an asset as part of a project is expensed as incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful economic lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over their useful economic life. Amortisation is calculated using the straight-line method, or a unit-of-production method for acquired intellectual property, to write down the cost of intangible assets to their residual values over their estimated useful economic lives, which are generally estimated to be:

- computer software and core operating platforms 3–10 years
- acquired customer and retail partner relationships 6–8 years
- acquired brand and trade names 20 years
- acquired intellectual property (credit scoring models) 7 years

Changes in the expected useful economic life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. In 2024, the Group capitalised expenditure on a core operating platform build and estimated the useful economic lives of the related assets to be ten years.

The Group has no intangible assets with an infinite useful economic life. The amortisation expense on intangible assets with finite lives is recognised within other operating expenses in the income statement.

Intangible assets are assessed for indications of impairment at each balance sheet date, or more frequently where changes in circumstances exist. The carrying value of assets is compared to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. Any impairment is recognised immediately in the income statement.

See note 2.3 for further details on the significant accounting judgements, estimates and assumptions that affect the carrying value of intangible assets.

(11) Property and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Changes in the expected useful economic life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful economic lives. The estimated useful economic lives are as follows:

→ computer equipment	3–5 years
→ fixtures and fittings	3–5 years
→ leasehold improvements	over the lease term

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in other operating expenses in the income statement in the period in which the asset is derecognised.

(12) Leasing

(i) Lease liability

All leases where the Group is a lessee, other than those that are less than 12 months in duration or are low value which the Group has elected to treat as exempt, require a lease liability to be recognised on the balance sheet on origination of the lease. The lease liability is initially measured as the present value of the contractual lease payments payable over the lease term discounted at the rate implicit in the lease if that can be readily determined or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Subsequently settled lease payments reduce the lease liability and an interest expense is recognised in the income statement as the discount is unwound. Each lease payment is allocated between payments of the principal element of the lease liability and interest payments within the consolidated statement of cash flows.

(ii) Right-of-use asset

For each lease liability a corresponding right-of-use asset is recorded in the balance sheet. The right-of-use asset is measured at cost comprising the following:

- → the amount of the initial measurement of the lease liability;
- → any lease payments made at or before the commencement date less any lease incentives received;
- → any initial direct costs; and
- → restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful economic life and the lease term on a straight-line basis and recorded as an expense in other operating expenses. All of the Group's right-of-use assets relate to property leases.

(13) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying value of the asset does not exceed its recoverable amount, nor exceeds the carrying value that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement.

(14) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in other operating expenses in the income statement net of any reimbursement.

(15) Share capital and share premium

Ordinary shares are classified as equity. Ordinary shares issued at the par value are classified as share capital and the aggregate portion of the share price above the par value is classified as share premium. Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as a post balance sheet event.

Notes to the Financial Statements continued

2. Accounting policies continued

(16) Equity instruments

The Group applies IAS 32 'Financial Instruments: Presentation' to determine whether funding is either a financial liability or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds are included in equity, net of transaction costs.

(17) Other reserves

The Group and Company recognises an equity reserves balance in relation to the settlement of redemption premium on equity instruments previously issued to its immediate parent company, Nemean Midco Ltd. These equity instruments took the form of shareholder loans with such loans being treated as equity instruments for accounting purposes on the basis that repayment of principal and accrued interest in relation to such loans was payable at the discretion of the Board of the Company and there was no contractual obligation to deliver cash or another financial asset to settle them until such determination. In 2024, these equity instruments were settled by the issuance of new ordinary shares. As such, other reserves represent the amounts arising on the issue of shares in respect of the redemption of equity instruments.

(18) Investment in subsidiary undertakings

The Company's equity investments in its subsidiary undertakings are recorded at cost less impairment. At each reporting date an assessment is undertaken to determine whether there is any indication of impairment.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated Group and Company Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. The Group's Board Audit Committee regularly reviews and approves the Group's significant accounting judgements, estimates and assumptions, see pages 68 and 69 for further details. The most significant uses of judgements, estimates and assumptions are detailed below, and within note 10 for taxation.

2.3.1 Significant accounting judgements, estimates and assumptions - Group

(1) ECL on loans and advances to customers

The following judgements, estimates and assumptions are made in determining the Group's ECL under the requirements of IFRS 9.

(i) Modelling estimates

The measurement of ECL is calculated using three main components: (i) PD; (ii) EAD; and (iii) LGD. The ECL is calculated by multiplying the PD, EAD and LGD. The 12-month PD, being the likelihood of default occurring in the next 12 months, is used for assets in stage 1 and the lifetime PD, being the likelihood of default occurring over the remaining expected life of the asset, is used for all other assets. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of unutilised but committed credit limits. The LGD represents expected losses upon default, taking into account the time value of money. The Group's strategy is to sell debt once it is written off, which is predominantly after it reaches 180 days past due or, when on a repayment plan, has met certain criteria making it eligible to be sold. The Group's LGD is primarily determined by the recoveries received following such debt sales. The debt sales are principally at contractually agreed prices through forward flow agreements. The assumptions are regularly validated to recent performance and reviewed by management. Improved debt sale recoveries (either through higher prices or operational strategies maximising post-sale cash flows), a more favourable economic outlook and enhancements to PD and EAD estimates primarily on portfolios previously reliant on proxies were the main reasons for the reduction in ECL allowance during the year.

The following table details the movements in the ECL allowance for changes in the significant modelling estimates, being the PD and expected recoveries incorporated in the LGD.

Group	31 December 2024 £m	31 December 2023 £m
+/-5% relative change in the PD (with a fixed stage 1 and 2 receivable distribution per the unsensitised model output)	11.7/(11.7)	14.1/(14.1)
+/-1 pence movement per pound of receivable on recoveries from debt sales assumed in the LGD	(2.8)/3.2	(2.8)/2.8

(ii) Significant increase in credit risk

In determining whether an account has demonstrated a significant increase in credit risk since origination the Group applies the following criteria, based on its historical experience, to assess whether an asset should move from stage 1 to stage 2:

- quantitative measures consider the increase in an account's remaining lifetime PD compared to the expected lifetime PD when the account was originated. For the purposes of provisioning, the Group segments its portfolios into PD risk grades and has determined a relevant threshold for each risk grade where a movement in excess of the threshold since origination is considered to be significant and the account is therefore moved into stage 2;
- qualitative measures which consider whether an account has displayed specific adverse behaviour which is indicative, based on historical experience, that the account may go on to default. These measures include a range of information as reasonably available, including payment holiday intervention, bureau scores, specific credit bureau flags and a high consumer indebtedness index (wherever possible or relevant); and
- IFRS 9 includes a rebuttable presumption that once contractual payments are more than 30 days past due this is an indicator of a significant increase in credit risk since origination. The Group has not rebutted this presumption.

In most instances an account has to meet both the quantitative and at least one qualitative criteria before it is deemed to have experienced a significant increase in credit risk since origination. An account on a payment holiday is deemed to have experienced a significant increase in credit risk since origination irrespective of the quantitative criteria.

An account is moved back to stage 1 when it no longer meets these criteria for a period of three consecutive monthly payment cycles.

As at 31 December 2024, a 10% increase/decrease in the significant increase in credit risk PD thresholds (for example, from a 1.0 to 1.1 times uplift) results in a £2.6m reduction or £3.9m increase (31 December 2023: £2.3m reduction or £3.6m increase) in the Group's ECL allowance respectively.

(iii) Definition of default
The Group classifies an account as in default and therefore moves to stage 3 when it meets one or more of the following criteria:

- quantitative measures including once contractual payments are more than 60 days past due; and
- qualitative measures including the observation of specific events such as insolvency or forbearance measures.

An account transitions out of stage 3 when its performance improves to the extent that it no longer meets any of the default criteria for three consecutive months.

(iv) Forward-looking information
The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. As at 31 December 2024, the Group has identified the UK unemployment rate as the most significant macroeconomic factor that is likely to impact credit loss. The UK unemployment rate and its associated impact on ECL has been factored into the credit loss models using a five-year outlook period utilising four scenarios based on reasonable forecasts of future economic conditions and applying a probability-weighted approach. These scenarios include a base, an upside and two downside scenarios, which are based on a panel of external forecasts taken from HM Treasury and the latest PRA stress forecast. The probability weighting applied to each scenario is based on management's best estimate of the likely occurrence of each scenario.

The following table details the key forward-looking information incorporated into the Group's ECL allowance over the five-year outlook period used in the Group's ECL provisioning model.

Group	UK unemployment rate forecast over five-year outlook period %			ECL allowance assuming 100% probability weighting £m	Probability weighting used in reported ECL allowance %
	Peak	Minimum	Average		
31 December 2024					
Upside	4.3	3.9	4.0	409.4	15
Base	4.4	4.0	4.2	429.5	50
Downside 1	6.4	4.3	5.7	459.2	30
Downside 2	8.5	4.3	7.2	513.4	5
31 December 2023					
Upside	4.4	4.0	4.1	482.5	15
Base	4.7	4.2	4.4	502.9	50
Downside 1	6.5	4.2	5.8	534.9	30
Downside 2	8.5	4.2	7.1	611.2	5

A summary of the assumptions in each scenario as at 31 December 2024 is detailed below.

- The upside scenario assumes inflation remains within range of the Bank of England target and the economy grows throughout the forecast period. The unemployment rate is expected to remain broadly flat and settle at a long-term rate of 3.9%.
- The base scenario assumes growth in the UK economy and a stabilisation of macroeconomic conditions resulting in inflation reducing to just above the Bank of England target. The Bank of England base rate reduces in a similar trend to inflation so as not to overstimulate the economy and drive inflation again. With a rebound in consumer confidence, the unemployment rate rises marginally to its peak of 4.4% before falling back to 4.0% by the end of the forecast period.
- The downside 1 scenario assumes a combination of strong domestic price growth, ongoing wage inflation and lower global economic growth. This sees businesses face higher costs, lower domestic consumer spending and reduced exports, which causes them to reduce hiring and investment. This in turn further affects household incomes through reduced employment and the economy experiences a slow recovery from recession. The unemployment rate gradually rises to its peak of 6.4% before falling back to 5.6% at the end of the forecast period.
- The downside 2 scenario embodies a series of cost shocks along with high and persistent consumer price inflation across advanced economies. A fall in real household income, lower confidence and tighter financial conditions result in a severe UK recession. Inflation rises sharply and predominantly reflects increases in energy and food prices as well as wider global supply chain pressures affecting import and domestic prices. The unemployment rate peaks at 8.5% in 2026 before recovering to 7.1% at the end of the forecast period.

The probability weighting applied to each scenario represents management's view of the likelihood of the scenario occurring and reflects the uncertainty in the UK economic outlook at the prevailing date. The ECL allowance assuming a 100% probability weighting applied to each scenario also includes the impact of post model adjustments.

As at 31 December 2024, the impact of probability-weighting these scenarios and overlaying other forward-looking information increased the ECL allowance on loans and advances to customers by £10.1m (31 December 2023: £12.1m) compared to the base scenario ECL allowance.

Notes to the Financial Statements continued

2. Accounting policies continued

(v) Post model adjustments (PMAs)

The Group uses PMAs to adjust modelled ECL outcomes when it is deemed that the ECL model methodology has not fully captured anticipated credit losses. The following table details the PMAs reported in the Group's ECL allowance, with a negative balance representing a reduction in total ECL allowance.

	As at 31 December 2024 £m	As at 31 December 2023 £m
Forward-looking information	(21.0)	(8.4)
Model performance	2.7	(12.3)
Total PMAs	**(18.3)**	**(20.7)**

The methodologies used to calculate PMAs are based on similar principles to those used in the underlying model methodology, with the inputs and calculations subject to regular oversight and review consistent with the underlying model output. A summary of each category of PMA is detailed below.

- The forward-looking information PMA represents a £(21.0)m PMA which reduces overall ECL (31 December 2023: £(10.5)m) for the use of proxies to model the impact on ECL of multiple economic scenarios. The Group uses its Direct to Consumer model as a proxy for considering the impact of changes in forward-looking information on ECL for portfolios which do not have a bespoke forward-looking model. Additionally, in 2024, following a review of the modelled ECL output and the prevailing economic outlook, management considered the modelled ECL output to appropriately reflect the cost-of-living pressures for which a cost-of-living PMA reported in previous years was initially held to cover. Consequently, the PMA could no longer be supported and was released in the year (31 December 2023: £2.1m).
- Model performance PMAs represent adjustments to modelled outcomes including normalisation for recent experience and the outcome of periodic model validations. In 2024, the Group transitioned to an enhanced behavioural scoring model which more accurately predicts the PD at an account level. On transition, this resulted in more up-to-date accounts being reported in stage 1 rather than stage 2 compared to the previous legacy model, which contributed to lower modelled ECL to replace the PMA. As a result, the Group's PD calibration PMA reduced to £(1.5)m (31 December 2023: £(22.6)m). Model performance PMAs also include several other PMAs that collectively total £4.2m (31 December 2023: £10.3m) as at 31 December 2024.

See notes 12 and 24.2 for further details of the Group's ECL allowance.

(2) Effective interest rate (EIR) on loans and advances to customers

In accordance with IFRS 9, interest income is recognised in the income statement using the EIR method for loans and advances to customers, including throughout interest-free promotional periods when these are offered to customers.

The EIR is determined on inception as management's best estimate of future cash flows based on historical information, where available, and considers the repayment activity and the retention of the customer balance after the end of the promotional period. As such the EIR method introduces estimation uncertainty which, if the actual cash flows differ from that estimate, could result in an adjustment to the carrying value of the asset which reflects the value of interest recorded.

The Group's best estimate of the future cash flows is a profile running off over a period of ten years. The interest-free promotional period is the most sensitive element of the total EIR methodology.

As at 31 December 2024, the Group reported an EIR adjustment to loans and advances to customers in respect of interest-free periods of £27.6m (31 December 2023: £29.9m). Net interest and similar income recognised in relation to the interest-free promotional periods totalled £(2.3)m (2023: £(5.8)m) for the year ended 31 December 2024. As at 31 December 2024, if the estimated cash flows used in the EIR model for interest-free promotional products increased/decreased by 5% the EIR adjustment to loans and advances to customers would increase/decrease by £0.9m/£0.9m (31 December 2023: £1.2m/£1.2m).

(3) Impairment of intangible assets and goodwill

In accordance with IAS 36 'Impairment of Assets' the goodwill arising on the Acquisition is subject to an annual impairment review and intangible assets are assessed for indications of impairment at each balance sheet date, or more frequently where changes in circumstances exist.

(i) Impairment of goodwill
In 2024, the Group performed an annual impairment review of goodwill by comparing the discounted estimated future cash flows of the cash-generating units with their carrying value including goodwill. The impairment review is dependent on several assumptions with the most significant being the cash flow forecasts and discount rate; both are detailed further below.

- The cash flow forecasts were extracted from the Group's Board-approved five-year budget and inherently include a number of judgements and estimates, particularly in relation to interest income rates, new customer account originations, impairment rates and the ongoing cost base of the cash-generating units. Interest income is dependent on customer behaviour and their appetite for carrying interest-bearing balances. The economic environment can also impact cash flows. The unemployment rate and/or base rate influences credit losses and interest income. The Group's budgeted cash flows incorporate the expected impact of forecast unemployment rates and base rates (amongst other economic variables). Cash flows were extrapolated into perpetuity, reflecting the fact they are held for long-term investment, with an annual growth rate of 1.4% (2023: 1.3%) after year five.
- The discount rate is based on the cost of equity relevant to each cash-generating unit, being 12.1% (2023: 12.6%). This rate is calculated using observable inputs specific to the Group. The inferred pre-tax discount rate from the impairment review was 15.6% (2023: 14.7%).

The nature and inherent uncertainty relating to the above judgements and estimates means that the forecast cash flows may be materially different from actual cash flows. A material reduction in future cash flows from these assets would necessitate a full impairment review and the possibility of a material impairment charge in future years.

As at 31 December 2024, the Group reported a goodwill carrying value of £279.9m (31 December 2023: £279.9m), with £240.5m (31 December 2023: £240.5m) of goodwill allocated to Direct to Consumer and £39.4m (31 December 2023: £39.4m) allocated to Merchant Offering.

Following an annual impairment review, based on a value in use assessment, no impairment charge was reported in the year (2023: £nil). Cash flows used in the impairment review would have to reduce by over 62% (2023: over 28%) or the discount rate would have to increase to 27.1% (2023: 16.8%) for there to be an impairment charge (with the goodwill allocated to Merchant Offering incurring the charge). Within the Merchant Offering cash-generating unit impairment assessment was an assumption that cash flows will increase as a result of the Argos portfolio acquisition which, as at 31 December 2024, was dependent on certain events prevailing in 2025. These events materialised subsequent to the year end and the portfolio was acquired on 28 February 2025. See note 18 for further details of the Group's goodwill.

(ii) Impairment of acquired intangible assets
As at 31 December 2024, the reported carrying value of the Group's acquired intangible assets was £16.8m (31 December 2023: £28.9m). In accordance with IAS 36, intangible assets arising on the Acquisition are measured at fair value on the date they were acquired less accumulated amortisation and impairment losses. Accordingly, at each reporting date the Group is required to assess whether there are any indicators that the assets may be impaired. If any such indicators exist, the asset's recoverable amount must be calculated and the carrying value should be reduced to the recoverable amount should it be lower.

As at 31 December 2024, the Group has reviewed all available information that may indicate its acquired intangible assets are impaired and assessed there to be no impairment triggers. Accordingly, no impairment has been recognised on the acquired intangible assets in the year. See note 16 for further details of the Group's acquired intangible assets.

2.3.2 Significant accounting judgements, estimates and assumptions - Company
(1) Profit participation note valuation and recoverability of investment held in NewDay JVCo Ltd
In 2024, the Group entered into a technology and lending partnership with Lloyds Banking Group. As part of the lending partnership, NewDay JVCo Ltd was incorporated to facilitate the relationship. The Company owns 75% of the share capital of NewDay JVCo Ltd and paid consideration totalling the value of a profit participation note issued by the Company. The profit participation note required the Company to pay NewDay JVCo Ltd certain cash flows derived from the performance of the lending partnership the Group has with Lloyds Banking Group (which is over a minimum five-year term). The profit participation note is measured at FVTPL. The fair value is categorised as level 3 (31 December 2023: n/a) per the definition in note 23, and there have been no changes to this categorisation during the year.

The Company's investment in NewDay JVCo Ltd is accounted for in the Company's Financial Statements at cost less cumulative impairment. Accordingly, the Company assesses annually (at a minimum) if the investment is impaired by performing a value in use assessment. The value in use is derived primarily from 75% of the profit participation note cash flows, plus certain other cash flows.

The fair value calculation methodology and value in use assessment involve significant judgement because they are dependent on unobservable inputs. The significant estimates and assumptions in the fair value calculation and value in use assessment are the cash flow forecasts and discount rate.

- The cash flow forecasts are extracted from the Group's Board-approved five-year budget and inherently include a number of judgements and estimates, particularly in relation to interest income rates, new customer account originations, impairment rates and the ongoing cost base allocated to the underlying partnership. Interest income is dependent on customer behaviour and their appetite for carrying interest-bearing balances. The economic environment can also impact cash flows. The unemployment rate and/or base rate influences credit losses and interest income. The Group's budgeted cash flows incorporate the expected impact of forecast unemployment rates and base rates (amongst other economic variables). After year five, cash flows forecast reflect the performance of a mature partnership with limited new account growth. The cash flows used in the value in use assessment also include residual cash flows from NewDay JVCo Ltd which are less variable.
- The discount rate is based on the cost of equity, being 12.1% (2023: n/a).

The fair value of the profit participation note and value in use of the investment are both derived from their respective forecast cash flows discounted to present value. The methodology, inputs and judgements are reviewed by management to support the final valuation.

Notes to the Financial Statements continued

2. Accounting policies continued

The table below shows the movement in carrying value of both balances during the period.

Company	Profit participation note £m	Investment in NewDay JVCo Ltd £m
As at 31 December 2023	–	–
On issuance	(42.3)	43.8
Impairment	–	(24.2)
Fair value gain	24.3	–
As at 31 December 2024	**(18.0)**	**19.6**

The nature and inherent uncertainty relating to the estimates and assumptions means that a material reduction in future cash flows and/or discount rate could materially change the carrying value of the balances. The following table details the sensitivity of the carrying values based on certain changes in the cash flow forecasts and discount rate.

	Profit participation note £m			Investment in NewDay JVCo Ltd £m		
Company	10% relative increase in discount rate	No change in discount rate	10% relative decrease in discount rate	10% relative increase in discount rate	No change in discount rate	10% relative decrease in discount rate
10% increase in cash flows	0.4	(1.8)	(4.3)	(0.6)	2.0	4.9
No change in cash flows	2.0	–	(2.3)	(2.3)	–	2.7
10% decrease in cash flows	3.6	1.8	(0.2)	(4.1)	(2.0)	0.5

Due to the terms of the contractual agreements between NewDay JVCo Ltd and the Company, the cash flows of the profit participation note and investment are closely linked. The net impact on the Company's balance sheet based on the sensitivities detailed in the table above is shown below.

	Balance sheet net impact £m		
Company	10% relative increase in discount rate	No change in discount rate	10% relative decrease in discount rate
10% increase in cash flows	(0.2)	0.2	0.6
No change in cash flows	(0.3)	–	0.4
10% decrease in cash flows	(0.5)	(0.2)	0.3

The Company also holds the JVCo option, which entitles it to buy the remaining 25% of the share capital of NewDay JVCo Ltd. Whilst this option is held at FVTPL, its valuation is not materially sensitive to changes in unobservable inputs or other similar judgements or assumptions.

2.4 Adoption of new and revised standards

The following new amendments to existing standards are relevant to the Group and Company and are mandatory for the first time for the year ended 31 December 2024.

→ Amendments to IAS 1 'Presentation of Financial Statements'. The amendments provide more guidance on the definition of current and non-current liabilities, and guidance on disclosures for non-current liabilities subject to covenants.

The amendments noted above do not have a significant impact on the Group's or Company's Financial Statements.

2.5 Standards issued but not yet effective

The following amendments have been issued by the International Accounting Standards Board and are relevant to the Group and Company but have not been adopted early.

→ Amendments to IFRS 9 'Financial Instruments'. The amendments provide more guidance on when to recognise or derecognise financial assets and financial liabilities, particularly when they are settled using electronic payment systems.

→ IFRS 18 'Presentation and Disclosure in Financial Statements'. The new standard aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. Also, certain management performance measures (MPMs) will now form part of the audited financial statements.

The items noted above are not expected to have a significant impact on the Group's or Company's Financial Statements.

2.6 Prior year adjustment

In 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. These balances related to customer repayments which, as at each period end, are not processed to a customer's account because they are not fully verified in the Group's operational system. Such balances are probable to be fully verified shortly after each period end and subsequently allocated to loans and advances to customers. Therefore, following review of its processes, the Group has deemed it more appropriate to show these amounts netted off against loans and advances to customers.

The following tables summarise the impact of affected line items in the statement of financial position and statement of cash flows as a result of the change.

	Year ended 31 December 2023 as previously reported £m	Adjustments £m	Year ended 31 December 2023 as restated £m
Loans and advances to customers	3,919.4	(28.7)	3,890.7
Total assets	**5,098.6**	**(28.7)**	**5,069.9**
Other liabilities	(221.1)	28.7	(192.4)
Total liabilities	**(4,627.2)**	**28.7**	**(4,598.5)**

Similar balances were also reported in other assets as at 1 January 2023 and therefore required restating too. The table below shows the adjustments applied to the 1 January 2023 statement of financial position.

	1 January 2023 as previously reported £m	Adjustments £m	1 January 2023 as restated £m
Loans and advances to customers	3,807.9	(10.5)	3,797.4
Other assets	146.5	1.9	148.4
Total assets	**4,815.5**	**(8.6)**	**4,806.9**
Other liabilities	(158.0)	8.6	(149.4)
Total liabilities	**(4,401.4)**	**8.6**	**(4,392.8)**

The table below shows the adjustments applied to the year ended 31 December 2023 statement of cash flows.

	Year ended 31 December 2023 as previously reported £m	Adjustments £m	Year ended 31 December 2023 as restated £m
Operating activities			
Changes in operating assets and liabilities:			
– Increase in loans and advances to customers	(408.2)	18.2	(390.0)
– Increase in other assets	(21.4)	1.9	(19.5)
– Increase in other liabilities	70.2	(20.1)	50.1
Impact on operating activities	**(359.4)**	**-**	**(359.4)**
Net cash generated from operating activities	**91.1**	**-**	**91.1**

3. Segment information

On 1 January 2024, the Group revised its operating structure and subsequently its reporting segments. Direct to Consumer and Merchant Offering were combined into one segment, Credit, and Platform Services was renamed Platform. In Q4 2024, the Group determined that to get a better understanding of the Group's performance it is required to separate the results of certain brands in its Credit segment. For this reason, Credit was split back into two reporting segments, being Direct to Consumer and Merchant Offering, as well as being shown combined.

Each segment offers different products and services and are managed in line with the Group's management and internal reporting structure. For Direct to Consumer and Merchant Offering, segment performance is assessed based on risk-adjusted income due to this being the lowest level that certain items can be allocated with sufficient accuracy. For Credit (Direct to Consumer and Merchant Offering combined) and Platform, segment performance is assessed based on contribution.

Notes to the Financial Statements continued

3. Segment information continued

The segments are summarised below.

- Direct to Consumer: This segment serves customers who are typically new to credit or have a limited or poor credit history. The segment issues credit cards under the *Aqua*, *Marbles* and *Fluid* brands and digital credit under the *Bip* brand. The segment also includes certain other capital-light activities and two closed portfolios.
- Merchant Offering: This segment provides co-branded credit products in partnership with established retail and consumer brands, and an own-branded *Pulse* card to customers from previous partnerships that have since ended. The segment also offers finance products to customers through its digital revolving credit product, *Newpay*. In addition, the segment has a portfolio of other closed credit cards and point-of-sale finance products.
- Platform: This business provides digital platform solutions for end-to-end servicing of unsecured credit products financed and owned by third parties.

These segments reflect how internal reporting was provided to management including the chief operating decision maker, and how management allocates resources and assesses performance. The chief operating decision maker is deemed to be the Executive Committee.

The accounting policies of the reportable segments are consistent with the Group's accounting policies. The Group's activities are managed across Jersey, Luxembourg and the UK. The Group currently only offers credit products to customers in the UK and digital platform solutions both in the UK and internationally. Capital expenditure is not allocated to individual segments as property and equipment is managed at a Group level.

The table below presents the Group's performance on a segmental basis in line with reporting to the chief operating decision maker.

Year ended 31 December 2024	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Total £m
Interest income	784.3	302.1	1,086.4	–	1,086.4
Cost of funds	(164.5)	(100.5)	(265.0)	–	(265.0)
Net interest income	**619.8**	**201.6**	**821.4**	**–**	**821.4**
Fee and commission income	45.7	22.1	67.8	2.3	70.1
Net revenue	**665.5**	**223.7**	**889.2**	**2.3**	**891.5**
Impairment losses on loans and advances to customers	(341.9)	(68.4)	(410.3)	–	(410.3)
Underlying risk-adjusted income	**323.6**	**155.3**	**478.9**	**2.3**	**481.2**
Servicing costs			(122.5)	(5.1)	(127.6)
Change costs			(38.2)	(10.7)	(48.9)
Marketing and partner payments			(26.2)	(0.7)	(26.9)
Collection fees			23.2	–	23.2
Contribution			**315.2**	**(14.2)**	**301.0**
Salaries, benefits and overheads					(88.3)
Underlying profit before tax					**212.7**
Add back: depreciation and amortisation					11.6
Adjusted EBITDA					**224.3**
Corporate debt interest and related costs					(28.3)
Platform development costs					(18.1)
Argos partnership costs					(3.9)
Other					(6.0)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition					(23.7)
Profit before tax					**144.3**
Gross receivables	**2,578.9**	**1,799.4**	**4,378.3**	**–**	**4,378.3**

See pages 32 and 33 for details of the reconciling items between underlying profit before tax and profit before tax. No single customer in the current and prior year accounts for more than 10% of revenue.

The table below presents a reconciliation of the reclassifications from the statutory performance to the results shown in the segmental analysis.

Year ended 31 December 2024 reconciling items	Statutory £m	Fee income £m	Corporate debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	1,110.6	–	–	(24.2)	1,086.4
Cost of funds	(318.5)	–	28.3	25.2	(265.0)
Fee and commission income	110.3	(40.2)	–	–	70.1
Impairment losses on loans and advances to customers	(411.0)	–	–	0.7	(410.3)
Underlying risk-adjusted income	**491.4**	**(40.2)**	**28.3**	**1.7**	**481.2**
Total operating expenses	(347.1)	40.2	(28.3)	(1.7)	(336.9)
Profit before tax	**144.3**	**–**	**–**	**–**	**144.3**

Fee income includes: (i) cost recovery fees which are presented as a component of collection fees on a segmental basis rather than fee and commission income; and (ii) certain partner payments relating to the passthrough of interchange fees to a retail partner which is presented as fee and commission income on a segmental basis rather than within operating expenses. Corporate debt interest and related costs represents: (i) interest and related costs on the Senior Secured Debt and the Revolving Credit Facility; and (ii) interest and associated costs related to a £30.0m debt instrument[1] issued to Lloyds Banking Group as part of the Group's technology and lending partnership with them. Such costs are excluded from underlying profit on a segmental basis. Other primarily represents interest income from cash and cash equivalents which is presented in cost of funds on a segmental basis rather than interest income.

The table below presents the Group's performance on a segmental basis for the year ended 31 December 2023 in line with reporting to the chief operating decision maker.

Year ended 31 December 2023 re-presented[2]	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Total £m
Interest income	748.1	284.0	1,032.1	–	1,032.1
Cost of funds	(146.3)	(95.1)	(241.4)	–	(241.4)
Net interest income	**601.8**	**188.9**	**790.7**	**–**	**790.7**
Fee and commission income	42.5	18.4	60.9	0.9	61.8
Net revenue	**644.3**	**207.3**	**851.6**	**0.9**	**852.5**
Impairment losses on loans and advances to customers	(301.3)	(102.3)	(403.6)	–	(403.6)
Underlying risk-adjusted income	**343.0**	**105.0**	**448.0**	**0.9**	**448.9**
Servicing costs			(117.8)	(1.6)	(119.4)
Change costs			(37.5)	(2.8)	(40.3)
Marketing and partner payments			(21.0)	(0.2)	(21.2)
Collection fees			25.3	–	25.3
Contribution			**297.0**	**(3.7)**	**293.3**
Salaries, benefits and overheads					(86.0)
Underlying profit before tax					**207.3**
Add back: depreciation and amortisation					12.0
Adjusted EBITDA					**219.3**
Corporate debt interest and related costs					(37.7)
Platform development costs					(10.4)
Restructuring costs					(10.9)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition					(62.6)
Profit before tax					**97.7**
Gross receivables	**2,465.1**	**1,843.7**	**4,308.8**	**–**	**4,308.8**

1 This instrument represents shares held in NewDay JVCo Ltd by Lloyds Banking Group which, per International Financial Reporting Standards, are classified as a debt instrument. See note 19 for further details.

2 In 2024, to aid understanding of performance the Group revised its policy for 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. Additionally, the Group reallocated certain business streams from Platform to Direct to Consumer. Accordingly, the 2023 comparatives throughout this note have been re-presented for consistency where necessary.

Notes to the Financial Statements continued

3. Segment information continued

The table below presents a reconciliation of the reclassifications from the statutory performance to the results shown in the segmental analysis.

Year ended 31 December 2023 reconciling items re-presented[1]	Statutory £m	Fee income £m	Corporate debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	1,047.0	–	–	(14.9)	1,032.1
Cost of funds	(294.4)	–	37.7	15.3	(241.4)
Fee and commission income	108.6	(46.5)	–	(0.3)	61.8
Impairment losses on loans and advances to customers	(404.5)	–	–	0.9	(403.6)
Underlying risk-adjusted income	**456.7**	**(46.5)**	**37.7**	**1.0**	**448.9**
Total operating expenses	(359.0)	46.5	(37.7)	(1.0)	(351.2)
Profit before tax	**97.7**	**–**	**–**	**–**	**97.7**

The table below presents a reconciliation from gross receivables to gross loans and advances to customers.

	31 December 2024			31 December 2023 as restated		
	Direct to Consumer £m	**Merchant Offering £m**	**Group £m**	Direct to Consumer £m	Merchant Offering £m	Group £m
Gross receivables	**2,578.9**	**1,799.4**	**4,378.3**	**2,465.1**	**1,843.7**	**4,308.8**
Deferred origination costs[2]	42.8	9.3	52.1	47.4	9.4	56.8
EIR method adjustment for interest-free promotional periods (note 2.3)	14.3	13.3	27.6	16.7	13.2	29.9
Other[3]	21.9	15.6	37.5	15.3	(5.1)	10.2
Gross loans and advances to customers	**2,657.9**	**1,837.6**	**4,495.5**	**2,544.5**	**1,861.2**	**4,405.7**

4. Interest and similar income

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Interest income from loans and advances to customers	1,086.4	1,032.1	–	–
Interest income from cash and cash equivalents	24.1	14.9	0.1	0.2
Interest income from related parties	0.1	–	0.1	–
Interest income from loans with Group undertakings	–	–	43.8	45.9
Interest and similar income	**1,110.6**	**1,047.0**	**44.0**	**46.1**

The Company's interest and similar income primarily consists of interest on a loan note issued by NewDay UK Limited.

1 See footnote 2 on page 99.
2 This relates to transaction costs incurred on origination of customer accounts. These costs are amortised through the EIR method over the life of the underlying accounts.
3 This relates to other adjustments required by IFRS and principally includes: interest income accruals to ensure appropriate cut-off to the period end; fee income deferred and amortised through the EIR method over the life of the underlying account; the reclassification of accounts that are in a credit position; and customer repayments that are yet to be processed to their account.

5. Interest and similar expense

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Interest and similar expense on debt issued and other borrowed funds	329.0	305.5	3.5	3.3
Interest expense on amounts owed to Group undertakings	–	–	30.9	34.4
Net realised gain arising from qualifying hedge relationships	(11.5)	(11.8)	–	–
Other	1.0	0.7	–	–
Interest and similar expense	**318.5**	**294.4**	**34.4**	**37.7**

Within the Group's interest and similar expense on debt issued and other borrowed funds was £28.3m (2023: £37.7m) of corporate debt interest and related costs. Other includes £0.4m (2023: £0.4m) of cost which represents the interest expense arising from the unwind of lease liabilities.

6. Net fee and commission income

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Card fees	69.8	71.4	–	–
Interchange fees	50.9	49.5	–	–
Other income	15.4	12.5	–	–
Fee and commission income	**136.1**	**133.4**	**–**	**–**
Fee and commission expense	(25.8)	(24.8)	–	–
Net fee and commission income	**110.3**	**108.6**	**–**	**–**

Fee and commission income consists of fees earned on customer accounts but excludes fees that have been recognised using the EIR method which are reported within interest and similar income in the income statement. Also included in fee and commission income are interchange fees earned each time a cardholder purchases goods or services. Fee and commission expense principally consists of scheme fees arising from using third party processing networks (such as the Mastercard network), cashback the Group pays to its customers on qualifying spend and customer goodwill gestures.

7. Personnel expense

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Wages and salaries	112.9	115.1	–	–
Social security costs	12.2	11.7	–	–
Pension contributions	8.4	7.8	–	–
Redundancy costs	0.6	11.3	–	–
Share-based payment charge (note 8)	1.3	–	–	–
Other staff costs	6.5	8.1	–	–
Personnel expense	**141.9**	**154.0**	**–**	**–**
Average number of full time equivalent employees	1,233	1,360	–	–
Number of full time equivalent employees as at the year end	1,254	1,312	–	–

In 2023, the Group announced an operational restructure which resulted in 90 employees being made redundant. These employees were still employed on 31 December 2023 and had various contract end dates up to 30 June 2024.

In 2024, the Group incurred £49.5m (2023: £46.5m) of project-related personnel expenses, of which £16.0m (2023: £18.6m) was capitalised within intangible assets. The corresponding capitalisation credit is netted off project expenses and other items within other operating expenses (note 9).

The Company has no employees (2023: none). No Directors' remuneration was paid by the Company during the year (2023: £nil). Remuneration for the Directors listed in the Board of Directors section on pages 60 to 62 is borne by NewDay Cards Ltd (for the Executive Directors) and NewDay Group UK Limited (for the Non-Executive Directors). See note 27 for details of transactions with key management personnel.

Notes to the Financial Statements continued

8. Share-based payment arrangements

During the year shares in Nemean Midco Limited, the Company's immediate parent undertaking, were issued to certain key management personnel and senior employees. These participating interests are treated as equity-settled shares under IFRS 2 'Share-based Payment'. Whilst the investments by key management personnel and other senior employees were made at unrestricted market value, it is necessary to consider the total fair value of the shares at the date of issue in accordance with IFRS 2. The total fair value of the shares issued to key management personnel and other senior employees was estimated as £4.5m compared to a total purchase price paid by key management personnel and other senior employees of £1.5m. As a result, the difference between these amounts will be charged to the income statement. Loans totalling £1.4m were provided by Nemean Midco Limited to certain key management personnel and other senior employees to fund the acquisition of the shares acquired.

9. Other operating expenses

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Servicing costs	50.9	58.4	–	–
Commission to retailers, advertising and marketing costs	44.1	43.3	–	–
Administrative costs	10.5	9.7	0.6	0.6
IT and communications	29.8	24.6	–	–
Professional fees	12.0	5.6	0.2	0.1
Depreciation of property and equipment	4.3	4.5	–	–
Amortisation of intangible assets	19.4	58.1	–	–
Impairment of intangible assets	0.9	0.4	–	–
Affordability-related claim costs	19.3	5.3	–	–
Project expenses and other items	14.0	(4.9)	–	2.7
Impairment of investment in subsidiaries (note 17)	–	–	24.2	–
Fair value gain from profit participation note and related instrument (note 2.3.2)	–	–	(24.3)	–
Other operating expenses	**205.2**	**205.0**	**0.7**	**3.4**

Professional fees include fees payable to the external auditor, KPMG LLP, in relation to:

	Group	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Audit of consolidated Group and Company Financial Statements	1.4	0.6
Audit of the Financial Statements of the Company's subsidiaries	2.6	1.3
Other assurance services	0.2	0.3
Fees payable to the external auditor	**4.2**	**2.2**

The auditor may undertake work in other areas where it is permissible under the Ethical Standard published by the Financial Reporting Council if it is the most suitable supplier and the terms and conditions of the engagement, including the fee, do not impair its objectivity or independence.

10. Tax expense

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Current tax expense	28.9	14.4	–	–
Deferred tax expense	1.6	0.9	–	–
Tax expense	**30.5**	**15.3**	**–**	**–**

The current tax expense includes a £4.6m credit (2023: £10.7m credit) for adjustments recognised in the year for current tax of the prior year. The deferred tax expense relates to temporary differences arising in the current year.

Reconciliation of the total tax expense

The Group has entities incorporated in the UK, Jersey and Luxembourg. The Group adheres to the tax regime of each relevant country where necessary and this is reflected in the tax computations accordingly. The Jersey tax regime is applicable for the Company. A reconciliation between the result before tax and the tax expense at the UK corporation tax rate is shown in the following table.

	Group		Company	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Profit before tax	144.3	97.7	25.9	81.1
Tax charge at average UK corporation tax rate of 25.0% (2023: 23.5%)	36.1	23.0	6.5	19.1
Effects of:				
– Disallowable items and allowable deductions	(1.1)	5.5	(4.3)	(17.9)
– Profits subject to corporation tax under securitisation vehicle rules	(15.0)	(10.9)	–	–
– Adjustment in respect of foreign tax rates	(2.6)	(1.3)	(2.2)	(1.2)
– Prior year adjustment[1]	(4.6)	(10.7)	–	–
– Provision for uncertain tax positions	17.7	9.7	–	–
Tax expense	**30.5**	**15.3**	**–**	**–**

As at 31 December 2024, the enacted UK corporation tax rate applicable to the Group was 25% (31 December 2023: 25%) and the average UK corporation tax in the year was 25.0% (2023: 23.5%). For the year ended 31 December 2024, the Jersey tax regime rate applicable to the Company was 0% (2023: 0%).

The 31 December 2024 deferred tax balances have been calculated based on the 25% rate (31 December 2023: 25%), reflecting the expected timing of the reversal of the related temporary differences. As at 31 December 2024, the Group reported a deferred tax asset of £0.6m (31 December 2023: £0.5m) and a deferred tax liability of £3.6m (31 December 2023: £1.9m) and both resulted from temporary differences. There was no tax recognised through the Group's or Company's statement of other comprehensive income in the year (2023: £nil).

Pillar Two legislation became effective in Jersey for accounting periods starting on or after 1 January 2025. The Group is currently assessing the impact of this legislation and the potential impact it might have on the Group's tax charge.

Uncertain tax positions
The scale of NewDay's business means it is periodically subject to reviews and enquiries from His Majesty's Revenue and Customs (HMRC). The Group deems an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in its income tax returns. A tax provision for uncertain tax positions is recognised when it is considered probable that, upon examination of the uncertainty by HMRC, it is more likely than not that an economic outflow will occur. Provisions reflect the Group's best estimate of the ultimate liability based on its interpretation of tax law, precedent and guidance, informed by external tax advice where necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are remeasured, as required, to reflect current information.

As at 31 December 2024, the Group recognised a provision for uncertain tax positions of £33.7m (31 December 2023: £9.7m) relating to enquires around a number of aspects of tax associated with the Group's structure, in particular transfer pricing arrangements between onshore and offshore entities. The Group's provision is its best estimate of the probability-weighted exposure based on the circumstances prevailing at the period end. The key judgements involved in the calculation of the provision are:

- the number and nature of the scenarios representing the possible outcomes;
- the probability weightings associated with each of these scenarios; and
- the economic outflow associated with each scenario.

The probability-weighted assessment includes consideration that the range of potential scenarios are interlinked and some of the potential scenarios are mutually exclusive.

In 2024, the Group updated its provision to reflect the progression of ongoing enquiries from HMRC. Following further dialogue with HMRC in the period and discussions with external advisors, the Group has reassessed the scenarios and probability weightings in its tax provision, adding a further two potential scenarios into its assessment, with a wider range of increased potential outflows.

Whilst the Group currently deems the probability of the additional two scenarios materialising to be unlikely, they could result in a material increase in the potential outflow in excess of the provision held as at 31 December 2024. Conversely, the provision held is in excess of the potential outflow in five out of the eight scenarios in the assessment which could lead to a material reduction in the potential outflow (or no outflow at all) if certain scenarios prevail. The probability assigned to the scenario which results in no outflow at all is remote.

A ten percentage point increase or decrease in the probability weighting associated with the scenario where the Group unsuccessfully defends all outcomes, reweighted equally across all other scenarios, could result in a provision increase or decrease of £6.7m respectively. Therefore, considering the high degree of estimation uncertainty involved, there is a risk of an adjustment to the provision within the next 12 months, where the range of possible outcomes is material. The Group will continue to update its probability-weighted assessment based upon information available at each balance sheet date.

1 The prior year adjustment principally relates to updating the tax expense for the final tax returns submitted to HMRC.

Notes to the Financial Statements continued

11. Cash and cash equivalents

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	31 December 2023 £m
Unrestricted cash	373.6	515.5	8.7	3.2
Restricted cash	77.7	73.8	–	–
Cash and cash equivalents	**451.3**	**589.3**	**8.7**	**3.2**

Restricted cash of £77.7m (31 December 2023: £73.8m) are demand deposits that is ring-fenced cash for credit balances on loans and advances to customers and cash restricted due to covenants in place in accordance with the Group's funding structure. All cash balances are held with large commercial banks.

As at 31 December 2024, the Group's cash balance included £72.1m (31 December 2023: £208.3m) arising from funding overlaps, where funds were raised in advance of the maturity of the debt it was replacing. Additionally, as at 31 December 2024, the Group's unrestricted cash balance included £101.1m (31 December 2023: £62.0m) of cash held by entities outside of the securitisation structure and not held for specific funding activities.

12. Loans and advances to customers

	Group		Company	
	31 December 2024 £m	31 December 2023 as restated £m	31 December 2024 £m	31 December 2023 £m
Gross loans and advances to customers	4,495.5	4,405.7	–	–
ECL allowance on loans and advances to customers	(439.6)	(515.0)	–	–
Loans and advances to customers	**4,055.9**	**3,890.7**	**–**	**–**

There is no fixed term for repayment of revolving credit agreements other than a contractual requirement for customers to make a minimum monthly repayment towards their outstanding balance. See note 3 for a reconciliation between gross receivables and gross loans and advances to customers.

The following tables reconcile the movement in gross loans and advances to customers.

Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Gross loans and advances to customers as at 31 December 2023 (as restated)	3,504.2	497.2	402.2	2.1	4,405.7
Transfers between stages:					
– to stage 1	168.0	(156.9)	(11.1)	–	–
– to stage 2	(166.9)	173.6	(6.7)	–	–
– to stage 3	(149.6)	(102.1)	251.7	–	–
New spend	15,137.2	267.3	114.7	1.6	15,520.8
Repayments	(15,495.6)	(289.4)	(163.1)	(2.1)	(15,950.2)
Interest and fee income	901.7	105.7	52.6	0.4	1,060.4
Write-offs	(158.5)	(136.0)	(264.8)	(0.4)	(559.7)
Other	17.5	(12.1)	13.1	–	18.5
Gross loans and advances to customers as at 31 December 2024	**3,758.0**	**347.3**	**388.6**	**1.6**	**4,495.5**

Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Gross loans and advances to customers as at 31 December 2022 (as restated)	3,460.3	534.5	386.4	2.5	4,383.7
Transfers between stages:					
– to stage 1	176.9	(167.3)	(9.6)	–	–
– to stage 2	(235.3)	244.0	(8.7)	–	–
– to stage 3	(150.5)	(85.2)	235.7	–	–
New spend	14,471.6	398.4	102.4	1.8	14,974.2
Repayments	(14,853.7)	(445.5)	(163.1)	(2.5)	(15,464.8)
Interest and fee income	809.0	146.4	50.4	0.5	1,006.3
Write-offs	(167.6)	(138.6)	(198.7)	(0.2)	(505.1)
Other	(6.5)	10.5	7.4	–	11.4
Gross loans and advances to customers as at 31 December 2023 (as restated)	**3,504.2**	**497.2**	**402.2**	**2.1**	**4,405.7**

ECL allowance assessment
In accordance with IFRS 9, the Group uses a forward-looking ECL model. An ECL allowance is to be recognised on origination of a credit agreement, based on its anticipated credit loss. Allowances are assessed collectively for ECL on loans and advances to customers since balances are not individually significant.

The measurement of ECL is calculated using three main components: (i) PD; (ii) EAD; and (iii) LGD. The ECL is calculated by multiplying the PD, EAD and LGD. ECL for exposures in stage 1 is calculated by multiplying the 12-month PD by the LGD and EAD. Lifetime ECL is reported for all assets other than those in stage 1 and is calculated by multiplying the lifetime PD by the LGD and EAD. On origination, and other than for POCI assets, an asset is reported in stage 1 and subsequently transferred to stage 2 if it has experienced a significant increase in credit risk since origination. Once defaulted, and therefore credit-impaired, an asset is transferred to stage 3. An asset can transition backwards out of stage 2 or 3 if it has evidenced that it has no longer experienced a significant increase in credit risk since origination or is no longer credit-impaired respectively. An originated credit-impaired asset is classified as POCI and remains in this classification even if it is no longer credit-impaired. The Group monitors performance and default information about its credit risk exposures and employs statistical models to analyse the data collected and generate estimates of the PD.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure on the underlying asset as well as expected drawdowns of unutilised, but committed, credit limits. LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates on defaulted assets, which is primarily determined by the amounts received from debt sales.

Subject to using a maximum of a 12-month PD for stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. For revolving credit facilities this period is extended to the behavioural life of the facility if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual period. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL, including reducing credit limits and cancellation of the facility.

The provisioning methodology together with significant modelling techniques and assumptions are assessed for appropriateness annually through a model validation exercise. The significant judgements in the provisioning methodology are also regularly reviewed by the Board Audit Committee, see page 68 for further details.

See note 2.3 for further details of the significant accounting judgements, estimates and assumptions in the ECL on loans and advances to customers.

The following tables reconcile the movement in the ECL allowance.

Group	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**POCI £m**	**Total £m**
ECL allowance as at 31 December 2023	(137.3)	(146.0)	(231.2)	(0.5)	(515.0)
Transfers between stages:					
– to stage 1	(49.2)	43.0	6.2	–	–
– to stage 2	9.9	(13.6)	3.7	–	–
– to stage 3	9.4	31.2	(40.6)	–	–
Remeasurement of ECL[1]	71.4	(24.5)	61.2	0.2	108.3
Release of ECL on loans and advances to customers settled in the year	8.1	5.2	5.1	0.1	18.5
ECL on new loans and advances to customers originated in the year	(24.3)	(16.2)	(10.9)	–	(51.4)
ECL allowance as at 31 December 2024	**(112.0)**	**(120.9)**	**(206.5)**	**(0.2)**	**(439.6)**

1 Includes changes in ECL allowance driven by changes in credit risk (both within and between stages) and write-offs.

Notes to the Financial Statements continued

12. Loans and advances to customers continued

Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
ECL allowance as at 31 December 2022	(161.2)	(194.1)	(230.3)	(0.7)	(586.3)
Transfers between stages:					
– to stage 1	(41.4)	35.9	5.5	–	–
– to stage 2	19.8	(24.8)	5.0	–	–
– to stage 3	12.1	30.7	(42.8)	–	–
Remeasurement of ECL[1]	33.1	7.0	30.6	0.2	70.9
Release of ECL on loans and advances to customers settled in the year	11.7	6.3	6.2	–	24.2
ECL on new loans and advances to customers originated in the year	(11.4)	(7.0)	(5.4)	–	(23.8)
ECL allowance as at 31 December 2023	**(137.3)**	**(146.0)**	**(231.2)**	**(0.5)**	**(515.0)**

Transfers of financial assets

The Group transfers certain receivables to recovery agencies, in the ordinary course of business, for a proportion of their carrying value. During the year the Group sold and derecognised certain loans and advances to customers for the purpose of expediting recovery of these balances for total net proceeds of £157.5m (2023: £117.1m). The Group has no other transferred financial assets which are derecognised partly or in their entirety and in which it retains some form of continuing involvement.

13. Other assets

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Other receivables	46.5	142.0	0.1	–
Prepayments and accrued income	16.5	21.6	0.1	0.1
Amounts due from related parties	1.8	5.6	1.6	1.7
Amounts due from Group undertakings	–	–	435.0	489.2
Other assets	**64.8**	**169.2**	**436.8**	**491.0**

The decrease in other receivables primarily represents lower daily settlement volumes resulting from 31 December 2024 falling on a weekday, and can therefore be processed and cleared, as opposed to a weekend which was the case for 31 December 2023.

Amounts due from Group undertakings for the Company principally consists of a loan note held with NewDay UK Limited. On 28 April 2017, the Company acquired from NewDay Group Holdings S.à r.l. a loan note issued by NewDay UK Limited of £483.7m at an interest rate of 9% per annum due 2027. The loan note was listed on the International Stock Exchange on 12 October 2017. In 2024, NewDay UK Limited repaid £50.4m of the outstanding principal and the remaining balance is included within amounts due from Group undertakings.

See note 27 for details of the amounts due from related parties.

14. Derivative financial instruments

The Group uses derivative financial instruments, namely interest rate swaps, cross-currency interest rate swaps and interest rate caps, to manage the interest rate and foreign exchange rate risks arising from the Group's debt. The principal terms of the instruments match (except for spreads) and this results in an economic hedge but gives rise to an accounting mismatch as derivatives are measured at fair value and asset-backed term debt is measured at amortised cost.

The Group has designated its derivative financial instruments as hedging instruments in qualifying cash flow hedges. Their fair value has been calculated by discounting contractual future cash flows using relevant market interest rate yield curves and forward foreign exchange rates (where relevant) prevailing at the balance sheet date. Management regularly assesses the effectiveness of the hedge relationships and to date the hedge relationships have been 100% effective. The key consideration that could give rise to any ineffectiveness is whether there is a need for a debit valuation adjustment (DVA) or credit valuation adjustment (CVA). Any DVA/CVA has been assessed as being immaterial.

The notional amounts and fair values of derivative financial instruments at the year end are detailed in the following table. The movements in the fair values are primarily driven by market movements in the interest rate yield curves and forward exchange rates.

1 Includes changes in ECL allowance driven by changes in credit risk (both within and between stages) and write-offs.

Group	As at 31 December 2024 Notional amount £m	As at 31 December 2024 Assets £m	As at 31 December 2024 Liabilities £m	As at 31 December 2023 Notional amount £m	As at 31 December 2023 Assets £m	As at 31 December 2023 Liabilities £m
Cross-currency interest rate swaps	139.5	4.2	(1.0)	403.9	22.0	(2.3)
Interest rate swaps	635.0	3.0	(2.1)	735.0	10.9	(4.9)
Interest rate caps	688.0	0.4	–	–	–	–
Other derivatives	–	1.2	–	–	–	–
Derivative financial instruments	**1,462.5**	**8.8**	**(3.1)**	**1,138.9**	**32.9**	**(7.2)**

Other derivatives relates to a derivative arising from the contract the Group entered into in 2024 which entitled it to acquire beneficial interest in the Argos store card portfolio in 2025 at a pre-agreed price. The £1.2m carrying value represented the change in the fair value of the portfolio compared to the pre-agreed price.

	Cross-currency interest rate swaps £m	Interest rate swaps £m	Interest rate caps £m
As at 31 December 2022	364.4	680.0	–
Issued	60.8	155.0	–
Settled	–	(100.0)	–
Foreign exchange movements	(21.3)	–	–
As at 31 December 2023	**403.9**	**735.0**	**–**
Issued	–	–	688.0
Settled	(248.9)	(100.0)	–
Foreign exchange movements	(15.5)	–	–
As at 31 December 2024	**139.5**	**635.0**	**688.0**

In 2024, the Group purchased an interest rate cap to reduce its exposure to increases in the Bank of England base rate and its subsequent impact on the profitability of the Argos portfolio which, once acquired, does not currently have the ability to pass on such increases to customers. The interest rate cap did not take effect until February 2025.

All cash flow hedges are deemed to be effective and the fair value thereof has been deferred in equity within the hedging reserve. There was no impact on the income statement in the year in respect of the movement in the fair value of ineffective cash flow hedges (2023: £nil). Foreign currency basis spreads of the financial instruments are excluded from the designated hedging instrument and are recognised in the income statement as a cost of hedging.

In 2024, the Company became party to the JVCo option which is exercisable under certain conditions and requires it to buy the remaining 25% of share capital in NewDay JVCo Ltd. As at 31 December 2024, the carrying value of this derivative was a liability of £1.5m (31 December 2023: £nil).

15. Property and equipment

Group	Computer equipment £m	Fixtures and fittings £m	Leasehold improvements £m	Right-of-use assets £m	Total property and equipment £m
Cost as at 1 January 2024	3.9	3.8	7.8	17.4	32.9
Additions	0.8	0.1	0.4	7.1	8.4
Disposals	(0.8)	–	–	–	(0.8)
Cost as at 31 December 2024	**3.9**	**3.9**	**8.2**	**24.5**	**40.5**
Depreciation as at 1 January 2024	(2.9)	(3.5)	(5.9)	(12.0)	(24.3)
Charge to the income statement for the year	(1.0)	(0.2)	(0.8)	(2.3)	(4.3)
Disposals	0.8	–	–	–	0.8
Depreciation as at 31 December 2024	**(3.1)**	**(3.7)**	**(6.7)**	**(14.3)**	**(27.8)**
Net book value as at 31 December 2024	**0.8**	**0.2**	**1.5**	**10.2**	**12.7**
Net book value as at 31 December 2023	1.0	0.3	1.9	5.4	8.6

The right-of-use assets consist solely of land and buildings leased by the Group. The total cash outflow in the year arising from right-of-use leases was £3.2m (2023: £3.2m).

The Company held no property and equipment during the year (2023: £nil).

Notes to the Financial Statements continued

16. Intangible assets

Group	Acquired customer and retail partner relationships £m	Acquired brand and trade names £m	Acquired intellectual property £m	Internally generated intangibles £m	Total intangible assets £m
Cost as at 1 January 2024	313.4	27.8	51.9	73.0	466.1
Additions	–	–	–	29.7	29.7
Disposals	–	–	–	(0.1)	(0.1)
Cost as at 31 December 2024	**313.4**	**27.8**	**51.9**	**102.6**	**495.7**
Amortisation as at 1 January 2024	(303.1)	(9.5)	(51.6)	(19.2)	(383.4)
Charge to the income statement for the year	(10.3)	(1.5)	(0.3)	(7.3)	(19.4)
Disposals	–	–	–	0.1	0.1
Impairment	–	–	–	(0.9)	(0.9)
Amortisation as at 31 December 2024	**(313.4)**	**(11.0)**	**(51.9)**	**(27.3)**	**(403.6)**
Net book value as at 31 December 2024	**–**	**16.8**	**–**	**75.3**	**92.1**
Net book value as at 31 December 2023	10.3	18.3	0.3	53.8	82.7

As at 31 December 2024, the remaining amortisation period for acquired brand and trade names was 12 years (31 December 2023: 13 years). For details of the significant accounting judgements, estimates and assumptions in the acquired intangible assets see note 2.3.

Internally generated intangibles primarily include computer software and core operating platforms. These assets are amortised over a three to ten-year period.

The Company held no intangible assets during the year (2023: £nil).

17. Investment in subsidiaries

Company	£m
As at 1 January 2023	570.4
Capital contribution	40.5
As at 31 December 2023	**610.9**
Capital contribution	29.0
Investment in NewDay JVCo Ltd	43.8
Impairment	(24.2)
As at 31 December 2024	**659.5**

The Company holds 100% of the ordinary shares of NewDay Group UK Limited and NewDay Group Holdings S.à r.l. In 2024, the Company acquired 75% of the share capital of NewDay JVCo Ltd for consideration totalling the value of a profit participation note issued by the Company, being £42.3m. The 75% ownership was enacted by a share issuance performed by NewDay JVCo Ltd which diluted the Company's ownership from 100%. The Company also acquired the JVCo option, which had an effective purchase price of £1.5m, and increased the value of its initial investment in NewDay JVCo Ltd.

On 28 April 2017, NewDay Group Holdings S.à r.l. assigned to the Company a loan note issued by NewDay UK Limited for £483.7m, at an interest rate of 9% per annum due 2027 in consideration for: (i) the repurchase of 312,500 A9 NewDay Group Holdings S.à r.l. shares for £324.6m; (ii) redemption of £68.5m Interest Free Preferred Equity Certificates; and (iii) repayment of £92.5m Tracking Preferred Equity Certificate interest.

Since acquiring NewDay Group Holdings S.à r.l., the Company made several capital contributions into the entity. In 2024, the Company made capital contributions totalling £29.0m (2023: £40.5m).

In 2024, an impairment assessment was performed on the carrying value of the investments which concluded that impairment of £24.2m (2023: £nil) was required to the investment in NewDay JVCo Ltd. The impairment reflected lower cash flows expected from the investment reflecting the underlying performance of this entity. See note 2.3.2 for further details of the impairment assessment.

18. Goodwill

Group	£m
As at 31 December 2023	279.9
As at 31 December 2024	**279.9**

On 26 January 2017, the Company acquired 100% of the issued share capital and preferred equity certificates in NewDay Group Holdings S.à r.l. for cash consideration of £990.5m. NewDay Group Holdings S.à r.l. was the parent company of the Predecessor Group.

The allocation of the consideration was subject to a purchase price allocation exercise. The excess of consideration over the net assets acquired was allocated to goodwill. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. £240.5m of goodwill was allocated to Direct to Consumer and £39.4m was allocated to Merchant Offering.

In line with the requirements of IAS 38, an annual impairment assessment has been completed and no impairment was identified (2023: £nil). See note 2.3 for further details.

19. Debt issued and other borrowed funds

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Senior Secured Debt and associated facilities	212.0	234.6	–	–
Asset-backed term debt	2,425.8	2,513.5	–	–
Variable funding notes	1,628.6	1,647.3	–	–
Other debt instruments	24.0	–	–	–
Intercompany loan agreements and related items	–	–	242.1	234.6
Gross debt issued and other borrowed funds	**4,290.4**	**4,395.4**	**242.1**	**234.6**
Capitalised debt funding fees	(15.9)	(13.5)	(2.0)	(3.1)
Debt issued and other borrowed funds	**4,274.5**	**4,381.9**	**240.1**	**231.5**

In 2022, NewDay BondCo plc completed an Exchange Offer whereby it exchanged £237.7m of existing Senior Secured Debt for new notes with a December 2026 maturity. Following this, £298.6m of notes were outstanding, being £60.9m of notes due 2024 and £237.7m of notes due 2026. In 2023, the Group repaid the £60.9m of notes due to mature in 2024. In 2024, the Group made a partial redemption of the notes due to mature in 2026. The aggregate redemption amount was £25.1m and included a £23.8m partial redemption of the outstanding principal. As at 31 December 2024, the nominal value of the outstanding notes was £213.9m (31 December 2023: £237.7m).

Debt issued and other borrowed funds includes publicly listed asset-backed securities and variable funding notes provided by a number of different investors. The debt is provided at SOFR or SONIA plus margin and is backed by securitised outstanding loans and advances to customers.

Of the gross debt issued and other borrowed funds, £139.8m (31 December 2023: £405.6m) was denominated in US Dollars with the remaining denominated in Sterling.

In addition, the Company and certain subsidiaries of the Group entered into a £30.0m Super Senior Revolving Credit Facility. The facility was undrawn as at 31 December 2024 (31 December 2023: undrawn).

In 2022, the Company entered into an amended and restated intercompany loan agreement with NewDay UK Limited which the Company borrowed an additional £237.7m at a fixed rate of 13.25% per annum due December 2026. Following this, £298.6m of notes were outstanding, being £60.9m of notes due 2024 and £237.7m of notes due 2026. In 2023, the Company repaid the £60.9m of notes due to mature in 2024. In 2024, the Company made a partial redemption of the notes due to mature in 2026. The aggregate redemption amount was £25.1m and included a £23.8m partial redemption of the outstanding principal. As at 31 December 2024, the nominal value of the outstanding notes was £213.9m (31 December 2023: £237.7m).

In 2024, the Group launched a technology and lending partnership with Lloyds Banking Group which resulted in Lloyds Banking Group paying £30.0m to the Group. The terms of the underlying agreements entitle Lloyds Banking Group to the following:

- 8% per annum interest (less applicable taxes) on the £30.0m;
- 25% of certain cash flows derived from the performance of the underlying lending partnership; and
- an option, ultimately exercisable at Lloyds Banking Group's discretion should the Group not exercise it beforehand, that requires the Group to repay the £30.0m back to Lloyds Banking Group.

All items are ultimately mandatory payments without any discretion, consequently the £30.0m is classified as a debt instrument in the Group Financial Statements and is being measured at amortised cost. As at 31 December 2024, the Group assessed the expected cash flows on the debt instrument and revised down the expected 25% performance-related cash flows. This resulted in a revaluation of the carrying value of the debt instrument to £24.0m with the write-down being credited to interest and similar expense in the income statement.

Notes to the Financial Statements continued

19. Debt issued and other borrowed funds continued

In 2024, the Company borrowed £30.0m from NewDay JVCo Ltd pursuant to an intercompany proceeds loan which was entered into in connection with the technology and lending partnership with Lloyds Banking Group. The loan accrues interest at market terms.

A reconciliation of gross debt issued and other borrowed funds movements for the Group during the year is detailed in the following table.

Group	As at 1 January 2024 £m	Cash flows: Proceeds from debt issued £m	Cash flows: Repayment of debt issued £m	Non-cash movements: Other £m	As at 31 December 2024 £m
Senior Secured Debt and associated facilities	234.6	–	(24.5)	1.9	212.0
Asset-backed term debt	2,513.5	931.5	(1,001.2)	(18.0)	2,425.8
Variable funding notes	1,647.3	940.7	(957.7)	(1.7)	1,628.6
Other debt instruments	–	30.0	–	(6.0)	24.0
Gross debt issued and other borrowed funds	**4,395.4**	**1,902.2**	**(1,983.4)**	**(23.8)**	**4,290.4**

Group	As at 1 January 2023 £m	Cash flows: Proceeds from debt issued £m	Cash flows: Repayment of debt issued £m	Non-cash movements: Other £m	As at 31 December 2023 £m
Senior Secured Debt and associated facilities	294.4	–	(60.9)	1.1	234.6
Asset-backed term debt	2,218.4	642.6	(331.5)	(16.0)	2,513.5
Variable funding notes	1,741.9	1,006.3	(1,099.5)	(1.4)	1,647.3
Gross debt issued and other borrowed funds	**4,254.7**	**1,648.9**	**(1,491.9)**	**(16.3)**	**4,395.4**

Other non-cash movements includes changes in accrued interest and foreign exchange movements on the US Dollar denominated debt.

In 2024, the £24.5m repayment of Senior Secured Debt and associated facilities consisted of £23.8m principal and a £0.7m early repayment charge.

The scheduled maturities of gross debt issued and other borrowed funds are shown in the following table.

	Group 31 December 2024 £m	Group 31 December 2023 £m	Company 31 December 2024 £m	Company 31 December 2023 £m
Less than one year	859.9	1,100.2	–	–
Between one and two years	1,863.9	1,304.7	212.0	–
Between two and five years	1,542.6	1,990.5	–	234.6
More than five years	24.0	–	30.1	–
	4,290.4	**4,395.4**	**242.1**	**234.6**

The Group aims to refinance maturing debt through new deals and/or existing VFN facilities in advance of their maturity. If new funding cannot be obtained the Group can, if required, exercise an option at its own discretion to extend the maturity date on all asset-backed term debt and VFNs by one year (where not already exercised). The table above assumes the one-year rollover will not be exercised.

Certain debt instruments issued by the Group have covenants which could result in an early or partial amortisation of the related debt. Such covenants relate to the Group's £2,425.8m (31 December 2023: £2,513.5m) asset-backed term debt and £1,628.6m (31 December 2023: £1,647.3m) VFNs. The most significant covenant prescribes a set threshold for the minimum amount of excess spread of the associated gross receivables securitised to the debt. Certain other debt instruments have additional terms that must be met on an ongoing basis.

Refer to note 28 for further details on the Group's funding structure.

20. Other liabilities

	Group		Company	
	31 December 2024 £m	31 December 2023 as restated £m	31 December 2024 £m	31 December 2023 £m
Trade payables and accruals	109.6	105.7	0.1	–
Other payables	23.1	79.6	–	–
Lease liabilities	10.6	6.3	–	–
Pension contributions	1.3	–	–	–
Amounts due to related parties	–	0.8	–	0.7
Amounts due to Group undertakings	–	–	0.3	0.3
Profit participation note	–	–	18.0	–
Other liabilities	**144.6**	**192.4**	**18.4**	**1.0**

The decrease in other payables primarily represents lower daily settlement volumes resulting from 31 December 2024 falling on a weekday, and can therefore be processed and cleared, as opposed to a weekend which was the case for 31 December 2023.

The Company is party to a profit participation note with a subsidiary company, NewDay JVCo Ltd, which requires it to pay certain cash flows derived from the performance of the lending partnership the Group has with Lloyds Banking Group. The instrument is measured at FVTPL and the significant judgements and estimates incorporated in the valuation are detailed in note 2.3.2.

Lease liabilities consist of leases held by the Group for land and buildings. The scheduled maturities of the leases are shown in the following table.

	Group	
	31 December 2024 £m	31 December 2023 £m
Less than one year	1.9	2.7
Between one and two years	1.9	2.1
Between two and five years	2.3	1.5
More than five years	4.5	–
Lease liabilities	**10.6**	**6.3**

21. Provisions

Group	£m
As at 1 January 2023	5.0
Arising during the year	6.1
Utilised during the year	(5.7)
As at 31 December 2023	**5.4**
Arising during the year	20.0
Utilised during the year	(17.7)
As at 31 December 2024	**7.7**

The Group is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise, the Group records a provision for its best estimate of cost where an outflow of economic resources is considered probable. As at 31 December 2024, the Group's provisions constituted several individually immaterial items of this nature. In 2024, the additions to provisions was driven primarily by affordability-related claims made by customers, and the utilisation of provisions was driven primarily by the remediation of these claims.

The Company held no provisions during the year ended 31 December 2024 (2023: £nil).

Notes to the Financial Statements continued

22. Capital and reserves

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Share capital	1.1	–	1.1	–
Share premium	1,345.7	–	1,345.7	–
Equity instruments	–	593.9	–	593.9
Other reserves	(752.9)	–	(752.9)	–
Hedging reserve	1.2	6.7	–	–
Retained (losses)/profits	(67.6)	(129.2)	251.1	278.7
Total equity	**527.5**	**471.4**	**845.0**	**872.6**

Share capital and share premium

Company **Called up share capital ordinary shares (1 pence)**	**Number of shares**	**Nominal value £**
As at 31 December 2023	**101**	**1.01**
Issuances of ordinary shares	112,999,899	1,129,998.99
As at 31 December 2024	**113,000,000**	**1,130,000.00**

On incorporation, 101 fully paid up ordinary shares were issued at a nominal value of 1 pence each.

In 2024, the Company made two separate issuances of ordinary shares. In August 2024, the Company issued 99,999,899 ordinary shares at a par value of 1 pence each and, in December 2024, it made a further issuance of 13,000,000 ordinary shares at a par value of 1 pence each. The aggregate subscription price of these shares was £1,346.8m with £1.1m being allocated to share capital and £1,345.7m being allocated to share premium. The ordinary shares were issued to Nemean Midco Limited in exchange for the settlement of equity instruments also held by Nemean Midco Limited.

Equity instruments

In 2024, the Company settled the entire £593.9m of equity instruments (as well as £752.9m of premium) owed to Nemean Midco Ltd. These equity instruments took the form of shareholder loans with such loans being treated as equity instruments for accounting purposes on the basis that repayment of principal and accrued interest in relation to such loans was payable at the discretion of the Board of the Company and there was no contractual obligation to deliver cash or another financial asset to settle them until such determination. The settlement of the instruments, inclusive of the premium, was completed in full by the issuance of ordinary shares with an aggregate value of £1,346.8m.

Other reserves

This reserve relates to amounts arising on the issue of shares in respect of the redemption of equity instruments. The amount represents the premium on the £593.9m equity instruments which were settled in 2024.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges net of income statement transfers.

Capital management

The Group manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue capital securities. The objectives, policies and processes are under regular review by the Directors.

The Group maintains an actively managed capital base to cover risks inherent in the business and specifically for NewDay Ltd, to meet the capital adequacy requirements of the FCA under the Payment Services Regulations (2017) for Authorised Payment Institutions.

During the year, the Group complied with its externally imposed capital requirements (2023: complied).

23. Fair value of financial instruments

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: other techniques for which all inputs, other than observable unadjusted quoted prices included within level 1, having a significant effect on the recorded fair value are observable, either directly or indirectly; and
- level 3: techniques which use inputs having a significant effect on the recorded fair value not based on observable market data.

The Group's derivative financial instruments are recognised at fair value and are classified as level 2 (31 December 2023: level 2) as they are not traded in an active market and their fair value is therefore determined by discounting expected future cash flows using interest rate yield curves and forward foreign exchange rates prevailing at the year end. See note 14 for further details.

The Company holds a profit participation note and JVCo option which are both recognised at fair value. The fair value calculation methodology for both instruments is dependent on unobservable inputs and therefore the instruments are categorised as level 3 (31 December 2023: n/a).

Fair value of financial instruments carried at amortised cost

Set out below is a comparison, by class, of the carrying value and fair values of the Group's and Company's financial instruments. During the year there have been no transfers between levels (2023: none).

Group **As at 31 December 2024**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total carrying value £m**	**Fair value £m**
Financial assets					
Cash and cash equivalents	–	451.3	–	451.3	451.3
Loans and advances to customers	–	–	4,055.9	4,055.9	4,804.3
Other assets	–	48.3	–	48.3	48.3
Total financial assets	**–**	**499.6**	**4,055.9**	**4,555.5**	**5,303.9**
Financial liabilities					
Debt issued and other borrowed funds	–	(4,250.5)	(24.0)	(4,274.5)	(4,332.6)
Other liabilities	–	(143.3)	–	(143.3)	(143.3)
Total financial liabilities	**–**	**(4,393.8)**	**(24.0)**	**(4,417.8)**	**(4,475.9)**

Group As at 31 December 2023 as restated	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total carrying value £m**	**Fair value £m**
Financial assets					
Cash and cash equivalents	–	589.3	–	589.3	589.3
Loans and advances to customers	–	–	3,890.7	3,890.7	4,028.0
Other assets	–	147.6	–	147.6	147.6
Total financial assets	**–**	**736.9**	**3,890.7**	**4,627.6**	**4,764.9**
Financial liabilities					
Debt issued and other borrowed funds	–	(4,381.9)	–	(4,381.9)	(4,408.1)
Other liabilities	–	(192.4)	–	(192.4)	(192.4)
Total financial liabilities	**–**	**(4,574.3)**	**–**	**(4,574.3)**	**(4,600.5)**

Company **As at 31 December 2024**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total carrying value £m**	**Fair value £m**
Financial assets					
Cash and cash equivalents	–	8.7	–	8.7	8.7
Other assets	–	1.8	434.9	436.7	436.7
Total financial assets	**–**	**10.5**	**434.9**	**445.4**	**445.4**
Financial liabilities					
Debt issued and other borrowed funds	–	(240.1)	–	(240.1)	(258.9)
Other liabilities	–	(0.4)	–	(0.4)	(0.4)
Total financial liabilities	**–**	**(240.5)**	**–**	**(240.5)**	**(259.3)**

Notes to the Financial Statements continued

23. Fair value of financial instruments continued

Company As at 31 December 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total carrying value £m	Fair value £m
Financial assets					
Cash and cash equivalents	–	3.2	–	3.2	3.2
Other assets	–	1.8	489.1	490.9	490.9
Total financial assets	**–**	**5.0**	**489.1**	**494.1**	**494.1**
Financial liabilities					
Debt issued and other borrowed funds	–	(231.5)	–	(231.5)	(243.5)
Other liabilities	–	(1.0)	–	(1.0)	(1.0)
Total financial liabilities	**–**	**(232.5)**	**–**	**(232.5)**	**(244.5)**

Cash and cash equivalents
These items have a short-term maturity (usually less than three months) and it is assumed that the carrying value approximates to their fair value, as a result of their short time horizon to maturity. These have been classified as level 2 because these items can be repriced using market observable inputs.

Loans and advances to customers
This contains the receivables related to credit products that have been issued by the Group. The fair value of these instruments is based on valuation inputs that have been derived from historical performance of the Group's portfolios which would not be observable to a market participant and as such these financial instruments have been classified as level 3.

Other assets
Except for the loan note held by the Company, other assets of the Group and Company consist of other receivables. The fair value of these receivable balances approximates to their carrying value as there have been no significant changes to market conditions that would have caused a difference between the two values, and their short time horizon to maturity. These assets have been classified as level 2 because they can be repriced using market observable inputs. The loan note held by the Company, issued by NewDay UK Limited, cannot be repriced using market observable data and therefore has been classified as level 3.

Debt issued and other borrowed funds
The debt issued contains Senior Secured Debt and associated facilities, asset-backed term securities, variable funding notes and other debt instruments. For the Senior Secured Debt, excluding the Revolving Credit Facility, and asset-backed term debt an observable market price is available; however, such debt is not actively traded, therefore the fair value has been estimated using prices quoted by banks and they have been classified as level 2. The senior variable funding notes and Revolving Credit Facility's fair value approximate to their carrying values. The variable funding notes and Revolving Credit Facility are private bilateral agreements that can be drawn upon and repaid by the borrower at short notice. These issuances have been classified as level 2. The driver of the level 2 categorisation is the interest rate charged on the variable funding notes. A significant component of the interest rate is calculated with reference to an observable market rate.

Other debt instruments issued by the Group consists of a debt instrument derived from the lending and technology partnership with Lloyds Banking Group. The fair value of this instrument is based on valuation inputs that have been derived from forecast performance of the underlying partnership which would not be observable to a market participant and as such these financial instruments have been classified as level 3.

Debt issued and other borrowed funds of the Company consists of intercompany loans with NewDay UK Limited and NewDay JVCo Ltd, and the Revolving Credit Facility. The fair value of the intercompany loan with NewDay UK Limited is determined by using the market price quoted by banks on the publicly listed bonds issued by NewDay BondCo plc, another Group entity, whose terms are identical. The Revolving Credit Facility's fair value approximates to its carrying value. These issuances have been classified as level 2 because these items can be repriced using market observable inputs.

Other liabilities
Other liabilities of the Group and Company largely consist of accounts payable. The fair value of other liabilities approximates to their carrying value because there have been no significant changes to market conditions that would have caused a difference between these two values, and their short time horizon to maturity. These have been classified as level 2 because these items can be repriced using market observable inputs.

24. Risk management

24.1 Introduction

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement and monitoring, with respect to predetermined risk appetite settings and other controls performed by the Board. The Group controls risk via the operation of a risk management framework.

Sound risk management is critical to ensure the Group meets its regulatory requirements, and delivers on the strategic and financial goals agreed with shareholders, whilst also preserving the Group's brand and reputation. The financial risks faced by the Group include:

- credit risk;
- liquidity, funding and cash management risk;
- market risk; and
- regulatory and conduct risk.

See pages 48 to 55 for details of the Group's principal risks and how they are addressed.

Risk measurement and reporting systems

As part of the overall risk management strategy, risks are measured, monitored and reported to ensure the Group understands the risks it faces. The Group has a definition and categorisation model that forms a key part of the risk management framework.

The Group uses qualitative and quantitative methods (including the use of statistical models) to compute both expected and unexpected losses.

Monitoring and control processes are set by the Board, delegated to the Board Risk Committee and subsequently delegated down to the individual business committees and ultimately to all employees of the Group.

Information is compiled from all parts of the business in order to identify, analyse and control risks on a timely basis. Appropriate key risk indicators and other information are presented and discussed at the Board Risk Committee, Executive Committee and specific sub-committees on a regular basis.

24.2 Credit risk

The Group is exposed to credit risk on loans and advances to customers and other financial assets. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and monitoring exposures in relation to such limits.

Credit risk exposure from customers is managed throughout the life cycle, underpinned by proprietary credit models which have been developed from customers' historical credit performance and are used to forecast a probability of default for a given level of credit. At the point of originating a new account, the risk profile is assessed against the credit policy and scorecard cut-off, aligned to the product applied for, to determine the terms and credit limit offered. Credit assessments utilise a combination of customer-provided data as well as data sourced from multiple credit reference agencies. A monthly assessment of existing customers' risk profiles determines if their credit limit is still appropriate for their borrowing needs. The proprietary credit models utilise spend and payment behaviour from products held by the Group as well as products with other providers to determine if a credit limit increase or decrease should be extended to the customer.

Risk-based arrears management combined with a range of contact strategies are deployed so that the Group can manage credit risk and achieve appropriate customer outcomes. Contact is established with customers to understand the reason behind missed payments and to understand if potential future concerns exist over payments due. Strategies are then deployed to ensure that customers in arrears are supported in returning to an up-to-date position or appropriate forbearance arrangements are put in place.

The Group has a range of treatments for customers who are experiencing financial stress through concessions which can be applied on a short-term or permanent basis where there is no detriment to the customer. Forbearance or other temporary arrangements are designed with the aim of ensuring that the customer's product remains sustainable and aligned to their personal circumstances. A customer identified as being in financial difficulty will be managed on an individual basis, with the appropriate understanding of their personal circumstances and priority debt being key factors in judging if a suitable arrangement can be made so the debt repayment becomes affordable and sustainable. One such solution offered by the Group is a payment holiday. A payment holiday suspends payments, interest, fees and any undrawn credit limit for a period of between one to three months depending on the specific circumstances of the individual. At the end of the payment holiday, the customer circumstances are reassessed, and additional forbearance support is available where required, including the option of a further payment holiday of up to three months, depending on the specific circumstances of the individual.

The provision of such arrangements is managed through the operational centres and governed using several processes, including, but not limited to: operational policy framework; controls against the execution of the policy; regular quality assurance reviews; and monitoring of customer outcomes through regular reporting. Forbearance arrangements, which typically include a temporary suspension of fees and interest, are available to customers who complete an income and expenditure assessment and conclude that their contractual minimum payment is unaffordable. These arrangements are tailored to individual customer circumstances and, on the condition that an agreed and affordable monthly payment is made, can range from the suspension of fees for a short time period through to an indefinite suspension of fees and interest.

Notes to the Financial Statements continued

24. Risk management continued

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of customers. Credit limits are established using a credit risk classification system, which assigns each customer a risk rating. Customer risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and to take corrective action where appropriate.

Credit risk exposure is also impacted by the macroeconomic environment. Adverse movements in economic trends in the UK can cause detrimental effects on the recovery of the Group's loans and advances to customers. The unemployment rate is deemed to be a key variable influencing the recoverability of customer balances and this is factored into the Group's ECL assessment as a variable in the model methodology, see note 2.3 for further details. Additionally, other macroeconomic trends (e.g. inflationary and cost-of-living pressures) are incorporated into the Group's ECL assessment through a PMA when necessary.

Credit quality analysis

The following table details the internal measures used to determine the credit quality of loans and advances to customers. As shown in the table, loans and advances to customers in risk grades 1, 2 and 3 are currently continuing to make payments when due.

Credit quality	12-month probability of default	Credit quality description
Risk grade 1	0%–5.89%	Up-to-date accounts which have a very high likelihood of being fully recovered
Risk grade 2	5.90%–19.99%	Up-to-date accounts which have a high likelihood of being fully recovered
Risk grade 3	20.00%–99.99%	Up-to-date accounts which may be fully recovered but where the likelihood of default is higher
Delinquent		Accounts that are up to two monthly payments in arrears and have not defaulted
Defaulted		Accounts that are at least three monthly payments in arrears, forborne, insolvent or bankrupt

The Group extends certain short-term arrangements, being payment holidays and breathing spaces, to customers which temporarily suspend the requirement for them to make their contractual monthly payment. As at 31 December 2024, the total loans and advances to customers that were on such an arrangement was £78.2m (31 December 2023: £125.7m), with a maximum balance at any one point in time during the year of £135.7m (2023: £131.9m).

The following table contains an analysis of the credit risk exposure of the Group's loans and advances to customers for which an ECL allowance is recognised.

	As at 31 December 2024				
Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	2,138.2	7.4	–	0.7	2,146.3
Risk grade 2	1,290.7	40.4	–	0.5	1,331.6
Risk grade 3	329.1	135.7	–	0.1	464.9
Delinquent	–	163.8	–	0.1	163.9
Defaulted	–	–	388.6	0.2	388.8
Gross loans and advances to customers	**3,758.0**	**347.3**	**388.6**	**1.6**	**4,495.5**
ECL allowance	(112.0)	(120.9)	(206.5)	(0.2)	(439.6)
Loans and advances to customers	**3,646.0**	**226.4**	**182.1**	**1.4**	**4,055.9**

	As at 31 December 2023 as restated				
Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,924.7	15.0	–	0.5	1,940.2
Risk grade 2	1,373.0	121.5	–	0.8	1,495.3
Risk grade 3	206.5	184.9	–	0.2	391.6
Delinquent	–	175.8	–	0.1	175.9
Defaulted	–	–	402.2	0.5	402.7
Gross loans and advances to customers	**3,504.2**	**497.2**	**402.2**	**2.1**	**4,405.7**
ECL allowance	(137.3)	(146.0)	(231.2)	(0.5)	(515.0)
Loans and advances to customers	**3,366.9**	**351.2**	**171.0**	**1.6**	**3,890.7**

In 2024, the Group transitioned to a new, enhanced scorecard model to estimate PDs. This model leverages machine learning technology and is generally a better predictor of both risk and a significant increase in credit risk since origination. Accordingly, this resulted in more up-to-date accounts being reported in stage 1 rather than stage 2 compared to the previous legacy model.

The following tables present the credit risk exposure of the Group's loans and advances to customers on a segmental basis.

Direct to Consumer	As at 31 December 2024 Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 POCI £m	 Total £m
Risk grade 1	747.3	3.6	–	0.6	751.5
Risk grade 2	1,029.8	25.8	–	0.5	1,056.1
Risk grade 3	294.2	113.1	–	0.1	407.4
Delinquent	–	132.3	–	0.1	132.4
Defaulted	–	–	310.3	0.2	310.5
Gross loans and advances to customers	**2,071.3**	**274.8**	**310.3**	**1.5**	**2,657.9**
ECL allowance	(95.2)	(102.0)	(163.3)	(0.2)	(360.7)
Loans and advances to customers	**1,976.1**	**172.8**	**147.0**	**1.3**	**2,297.2**

Direct to Consumer	As at 31 December 2023 as restated Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 POCI £m	 Total £m
Risk grade 1	404.9	6.2	–	0.4	411.5
Risk grade 2	1,214.1	95.7	–	0.7	1,310.5
Risk grade 3	201.4	172.9	–	0.2	374.5
Delinquent	–	140.0	–	0.1	140.1
Defaulted	–	–	307.5	0.4	307.9
Gross loans and advances to customers	**1,820.4**	**414.8**	**307.5**	**1.8**	**2,544.5**
ECL allowance	(102.5)	(126.1)	(172.2)	(0.4)	(401.2)
Loans and advances to customers	**1,717.9**	**288.7**	**135.3**	**1.4**	**2,143.3**

Merchant Offering	As at 31 December 2024 Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 POCI £m	 Total £m
Risk grade 1	1,390.9	3.8	–	0.1	1,394.8
Risk grade 2	260.9	14.6	–	–	275.5
Risk grade 3	34.9	22.6	–	–	57.5
Delinquent	–	31.5	–	–	31.5
Defaulted	–	–	78.3	–	78.3
Gross loans and advances to customers	**1,686.7**	**72.5**	**78.3**	**0.1**	**1,837.6**
ECL allowance	(16.8)	(18.9)	(43.2)	–	(78.9)
Loans and advances to customers	**1,669.9**	**53.6**	**35.1**	**0.1**	**1,758.7**

Merchant Offering	As at 31 December 2023 as restated Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 POCI £m	 Total £m
Risk grade 1	1,519.8	8.8	–	0.1	1,528.7
Risk grade 2	158.9	25.8	–	0.1	184.8
Risk grade 3	5.1	12.0	–	–	17.1
Delinquent	–	35.8	–	–	35.8
Defaulted	–	–	94.7	0.1	94.8
Gross loans and advances to customers	**1,683.8**	**82.4**	**94.7**	**0.3**	**1,861.2**
ECL allowance	(34.8)	(19.9)	(59.0)	(0.1)	(113.8)
Loans and advances to customers	**1,649.0**	**62.5**	**35.7**	**0.2**	**1,747.4**

Cash and cash equivalents and other financial assets are all classified as stage 1 as at 31 December 2024 (31 December 2023: stage 1). The probabilities of default associated with these balances have been assessed to be low and accordingly any ECL allowance would be immaterial.

Collateral held

The Group's primary business is to provide short-term credit to customers using the Group's various credit products. In the course of providing credit to customers, the Group has credit risk assessment practices which provide approval for individuals to be extended credit. In providing these products it is not the policy of the Group to obtain collateral or other credit enhancements which reduce exposure to credit risk, other than the individual's commitment to repay outstanding balances.

Notes to the Financial Statements continued

24. Risk management continued

Other commitments provided

As at 31 December 2024, the Group has undrawn facilities on its loans and advances to customers that are available to draw totalling £8,936.5m (31 December 2023: £8,220.3m), however these facilities are not irrevocably committed. This amount when combined with the £4,495.5m (31 December 2023: £4,405.7m) gross loans and advances to customers balance best represents the Group's maximum exposure to credit risk.

The Company, on behalf of the Group, provides a £7.5m committed facility to Nemean Topco Limited, the Company's ultimate parent undertaking. The Group has not entered into any other financial guarantee contracts, letters of credit or other undrawn commitments to lend.

24.3 Liquidity, funding and cash management risk

Contractual cash flow maturity

Loans and advances to customers constitute primarily revolving credit products such as credit cards and digital credit. All customer receivables are contractually repayable on demand and have been disclosed as such. Individual customer behaviour varies and the finance products are used as revolving facilities where drawdowns and repayments towards outstanding balances are made over time.

Of the £4,290.4m (31 December 2023: £4,395.4m) gross debt issued, which includes accrued interest, £859.9m (31 December 2023: £1,100.2m) has a scheduled maturity of less than one year and £3,430.5m (31 December 2023: £3,295.2m) has a scheduled maturity of over one year.

Total committed funding facilities

As at 31 December 2024, the Group's total committed funding facilities were £6,020.3m (31 December 2023: £5,849.3m) of which £1,733.3m (31 December 2023: £1,466.2m) was undrawn.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the undiscounted cash flows of the Group's financial liabilities as at 31 December 2024. This reflects both the interest payable and the repayment of the principal on maturity, based upon current borrowings as at the balance sheet date. The actual repayment profile of debt issued and other borrowed funds may differ due to further drawdowns or early repayment of variable funding notes after the balance sheet date. Additionally, certain debt instruments have no contractual end date so the maturity profile for such instruments has been determined by reference to the expected maturity.

Group **As at 31 December 2024**	**On demand £m**	**Less than 3 months £m**	**3 to 12 months £m**	**1 to 5 years £m**	**Over 5 years £m**	**Total £m**
Financial liabilities						
Debt issued and other borrowed funds	–	74.8	1,060.2	3,656.5	64.3	4,855.8
Other liabilities	–	143.3	–	–	–	143.3
Derivative financial liabilities	–	0.2	0.9	2.2	–	3.3
	–	**218.3**	**1,061.1**	**3,658.7**	**64.3**	**5,002.4**

Group As at 31 December 2023 as restated	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	Total £m
Financial liabilities						
Debt issued and other borrowed funds	–	451.5	943.6	3,610.8	–	5,005.9
Other liabilities	–	192.4	–	–	–	192.4
Derivative financial liabilities	–	(0.3)	0.1	7.5	–	7.3
	–	**643.6**	**943.7**	**3,618.3**	**–**	**5,205.6**

Securitisation vehicles

In the ordinary course of business, the Group enters into transactions that result in the transfer of the right to receive repayments in respect of loans and advances to customers to securitisation vehicles. In accordance with the accounting policy set out in note 2.2(3), the transferred loans and advances to customers continue to be recognised in their entirety or to the extent of the Group's continuing involvement, or are derecognised in their entirety.

The Group transfers financial assets that are not derecognised in their entirety or for which the Group has continuing involvement through securitisation activities. The Group transfers loans and advances to customers to securitisation vehicles but retains substantially all of the risks and rewards of ownership. The Group benefits to the extent that the surplus income generated by the transferred assets exceeds the administration costs of the securitisations, the cost of funding the assets and the cost of any losses associated with the assets and the administration costs of servicing the assets. Refer to note 28 for further details on the structure.

The results of the securitisation vehicles are consolidated into the Group. The following table shows the carrying value and fair value of the assets transferred to securitisation vehicles and the related carrying value and fair value of the associated liabilities.

Group **As at 31 December 2024**	**Carrying value of transferred assets not derecognised £m**	**Carrying value of associated liabilities £m**	**Fair value of transferred assets not derecognised £m**	**Fair value of associated liabilities £m**	**Net fair value £m**
NewDay Funding Transferor Ltd	2,297.1	(2,336.0)	2,901.7	(2,357.9)	543.8
NewDay Partnership Transferor plc	1,758.8	(1,704.5)	1,902.6	(1,709.0)	193.6
	4,055.9	**(4,040.5)**	**4,804.3**	**(4,066.9)**	**737.4**

Group As at 31 December 2023 as restated	Carrying value of transferred assets not derecognised £m	Carrying value of associated liabilities £m	Fair value of transferred assets not derecognised £m	Fair value of associated liabilities £m	Net fair value £m
NewDay Funding Transferor Ltd	2,096.1	(2,396.3)	2,198.6	(2,401.5)	(202.9)
NewDay Partnership Transferor plc	1,747.3	(1,754.1)	1,782.1	(1,756.0)	26.1
	3,843.4	**(4,150.4)**	**3,980.7**	**(4,157.5)**	**(176.8)**

Included within the carrying value of associated liabilities is £13.9m (31 December 2023: £10.4m) of capitalised debt funding fees.

24.4 Market risk

Market risk is defined as the risk that market movements will negatively affect the value of the Group's assets and liabilities. The main market risk that the Group is exposed to is interest rate risk. Foreign exchange risk also impacts the Group's debt, however this is mitigated by the use of cross-currency interest rate swaps.

The main source of interest rate risk for the Group arises where there is a significant difference between the interest rate bases on assets compared to liabilities. The Group's assets are predominantly variable rate and are sensitive to interest rate movements to the extent that the Group is prohibited from repricing the portfolio of assets. The terms and conditions of the majority of the Group's loans and advances to customers allow it to choose to pass on any increases in the Bank of England base rate to customers holding certain products of the Group, insulating the Group against future bank base rate rises. The Group's funding is predominantly SONIA or SOFR based and therefore is sensitive to interest rate movements. The Group mitigates the residual interest rate risk on its funding which cannot be passed on to customers using interest rate swaps and caps. The Group also has US Dollar denominated funding which accrues interest linked to USD SOFR but has been hedged to SONIA or fixed through cross-currency interest rate swaps. The following tables analyse the Group's assets and liabilities by reference to the period of time before that asset or liability can be repriced to realign interest rates.

Contractual repricing profile

Group **As at 31 December 2024**	**Less than 3 months £m**	**3 to 12 months £m**	**Over 1 year £m**	**Non-repricing or non-interest bearing £m**	**Total £m**
Financial assets					
Cash and cash equivalents	426.4	–	–	24.9	451.3
Loans and advances to customers	2,791.2	643.8	–	620.9	4,055.9
Other assets	–	–	–	48.3	48.3
Derivative financial assets	–	–	–	8.8	8.8
Financial liabilities					
Debt issued and other borrowed funds	(4,054.4)	–	–	(220.1)	(4,274.5)
Other liabilities	–	–	–	(143.3)	(143.3)
Derivative financial liabilities	–	–	–	(3.1)	(3.1)
Net repricing difference	**(836.8)**	**643.8**	**–**	**336.4**	**143.4**

Notes to the Financial Statements continued

24. Risk management continued

Group As at 31 December 2023 as restated	Less than 3 months £m	3 to 12 months £m	Over 1 year £m	Non-repricing or non-interest bearing £m	Total £m
Financial assets					
Cash and cash equivalents	555.3	–	–	34.0	589.3
Loans and advances to customers	2,767.3	639.5	8.9	475.0	3,890.7
Other assets	–	–	–	147.6	147.6
Derivative financial assets	17.5	–	–	15.4	32.9
Financial liabilities					
Debt issued and other borrowed funds	(4,160.8)	–	–	(221.1)	(4,381.9)
Other liabilities	–	–	–	(192.4)	(192.4)
Derivative financial liabilities	–	–	–	(7.2)	(7.2)
Net repricing difference	**(820.7)**	**639.5**	**8.9**	**251.3**	**79.0**

The following table demonstrates the sensitivity to changes in interest rates (all other variables being held constant) of the Group's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for the year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2024. Total sensitivity of the income statement is based on the assumption that there are parallel shifts in the yield curve.

Interest rate risk sensitivity

		Sensitivity of profit or loss	
Group	Increase/ (decrease) in basis points	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Loans and advances to customers	25/(25)	9.7/(9.7)	9.9/(9.9)
Debt issued and other borrowed funds	25/(25)	(10.2)/10.2	(10.4)/10.4

24.5 Regulatory and conduct risk

Regulatory risk is the risk of regulatory sanction, material financial loss or reputational damage if the organisation fails to design and implement operational processes, systems and controls such that it can maintain compliance with all applicable regulatory requirements. The Board Risk Committee reviews and discusses proposed regulatory changes that the Group is subject to. Regulatory developments form part of the Board Risk Committee's updates to the Board which assesses the impact of regulatory change on the Group's balance sheet and risk profile.

Conduct risk is the risk of customer detriment arising from inappropriate culture, products and processes. Conduct risk can arise through the design of products that do not meet customers' needs, mishandling complaints where the Group has behaved inappropriately towards its customers, inappropriate sale processes and exhibiting behaviour that does not meet market or regulatory standards. Avoiding poor customer outcomes requires focus on treating customers fairly including assessing affordability and sustainability of lending and handling vulnerable customers sensitively. The Group mitigates conduct risk by ensuring colleagues have appropriate training, monitoring various operational metrics that track activities which affect customers, monitoring customer complaints, implementing process improvements and adhering to service standards. The outcomes of this reporting are monitored by the Board and the Board Risk Committee.

25. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to their contractual terms or when they are expected to be recovered or settled.

Contractually, most loans and advances to customers are repayable on demand but have been presented based on their expected cash flows as a more meaningful presentation. The debt issued and other borrowed funds with a maturity of less than 12 months (as detailed in the tables below) consists of separate instruments that carry an option, exercisable at the Group's discretion, to extend their maturity date by one year if exercised. Management does not currently intend to exercise these options.

Group	As at 31 December 2024 < 12 months £m	> 12 months £m	Total £m	As at 31 December 2023 as restated < 12 months £m	> 12 months £m	Total £m
Assets						
Cash and cash equivalents	373.6	77.7	451.3	515.5	73.8	589.3
Loans and advances to customers	3,551.9	504.0	4,055.9	3,395.2	495.5	3,890.7
Other assets	61.4	3.4	64.8	162.1	7.1	169.2
Derivative financial assets	8.4	0.4	8.8	18.3	14.6	32.9
Current tax assets	27.4	1.2	28.6	16.1	–	16.1
Deferred tax assets	–	0.6	0.6	–	0.5	0.5
Property and equipment	–	12.7	12.7	–	8.6	8.6
Intangible assets	–	92.1	92.1	–	82.7	82.7
Goodwill	–	279.9	279.9	–	279.9	279.9
Total assets	**4,022.7**	**972.0**	**4,994.7**	**4,107.2**	**962.7**	**5,069.9**
Liabilities						
Debt issued and other borrowed funds	(858.3)	(3,416.2)	(4,274.5)	(1,098.4)	(3,283.5)	(4,381.9)
Other liabilities	(128.9)	(15.7)	(144.6)	(171.9)	(20.5)	(192.4)
Derivative financial liabilities	–	(3.1)	(3.1)	–	(7.2)	(7.2)
Current tax liabilities	–	(33.7)	(33.7)	(9.7)	–	(9.7)
Deferred tax liabilities	–	(3.6)	(3.6)	–	(1.9)	(1.9)
Provisions	(5.9)	(1.8)	(7.7)	(4.6)	(0.8)	(5.4)
Total liabilities	**(993.1)**	**(3,474.1)**	**(4,467.2)**	**(1,284.6)**	**(3,313.9)**	**(4,598.5)**

Company	As at 31 December 2024 < 12 months £m	> 12 months £m	Total £m	As at 31 December 2023 < 12 months £m	> 12 months £m	Total £m
Assets						
Cash and cash equivalents	8.7	–	8.7	3.2	–	3.2
Other assets	1.3	435.5	436.8	1.3	489.7	491.0
Investment in subsidiaries	–	659.5	659.5	–	610.9	610.9
Total assets	**10.0**	**1,095.0**	**1,105.0**	**4.5**	**1,100.6**	**1,105.1**
Liabilities						
Debt issued and other borrowed funds	–	(240.1)	(240.1)	–	(231.5)	(231.5)
Other liabilities	(0.4)	(18.0)	(18.4)	(1.0)	–	(1.0)
Derivative financial liabilities	–	(1.5)	(1.5)	–	–	–
Total liabilities	**(0.4)**	**(259.6)**	**(260.0)**	**(1.0)**	**(231.5)**	**(232.5)**

Notes to the Financial Statements continued

26. Contingent liabilities and commitments

As a financial services company, the Group is subject to extensive and comprehensive regulation. The Group must comply with numerous laws and regulations, including the FCA handbook and Consumer Credit Act, which significantly affects the way it conducts business. Whilst the Group believes there are no unidentified areas of failure to comply with these laws and regulations which would have a material impact on these Financial Statements, there can be no guarantee that all issues have been identified.

Legal and regulatory matters

In the ordinary course of business, the Group is subject to complaints and legal proceedings brought by or on behalf of external parties including its customers. These can relate to legal, compliance, conduct or other regulatory matters (amongst others) of which some are beyond the Group's control. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established based on management's best estimate of the amount required at the relevant balance sheet date. In some cases, it will not be possible to form a view, for example because the facts are unclear or because further time is needed to assess properly the merits of the case, and no provisions are held in relation to such matters.

Tax authorities

The scale of NewDay's business means it is periodically subject to reviews and enquiries from HMRC. The Group deems an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in its income tax returns. See note 10 for further details of provisions regarding uncertain tax positions.

Separately, the Group continues to assess the impact of the Supreme Court's verdict in the case of Target Group Ltd v HMRC (2021) EWCA Civ 1043 and anticipates the potential annual impact on the Group's performance to be immaterial.

27. Related party disclosures

Key management personnel

Key management personnel refers to the Executive Committee of NewDay Group UK Limited and the Non-Executive Directors. The following table details the transactions with key management personnel during the year.

Group	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Transactions with key management personnel		
Total emoluments	8.8	10.4
Highest paid key management personnel	2.7	2.2

During the year interests in Nemean Midco Limited, the Company's immediate parent undertaking, were issued to certain key management personnel and senior employees. These participating interests are treated as equity-settled shares under IFRS 2 'Share-based Payment'. Interest-free loans were issued by Nemean Midco Limited to the key management personnel and senior employees to fund the purchase of these interests. See note 8 for further details.

Credit card balances outstanding to key management personnel of the Group and their connected parties as at 31 December 2024 were £15k (31 December 2023: £34k). All transactions are subject to standard commercial interest rates on an arm's length basis.

In 2024, the Group incurred subscription fees of £0.2m (2023: £0.2m) with UK Finance Limited. A member of key management personnel resigned as a director of UK Finance Limited during the year.

Nemean Topco Limited

On 11 January 2018, the Company issued a term loan facility agreement to Nemean Topco Limited for £7.5m. The facility can be drawn upon at any time and accrues interest at 9% per annum. As at 31 December 2024, the Group and Company reported an other assets balance of £0.7m (31 December 2023: £0.6m) on the facility.

The Group and Company reported a £0.7m (31 December 2023: £0.3m) other assets balance for costs recharged to Nemean Topco Limited. Amounts recharged to Nemean Topco Limited over the year totalled £0.4m (2023: £0.3m).

Nemean Midco Limited

In 2024, the Group and Company made a return of £2.5m (2023: £8.2m) to Nemean Midco Limited. The return was made in accordance with the £529.2m loan agreement between NewDay Group (Jersey) Limited and Nemean Midco Limited which was a component of equity instruments before being settled in the year. Additionally, the Group and Company paid dividends of £51.0m (2023: £nil) in the year to Nemean Midco Limited.

The Group and Company reported a £0.2m (31 December 2023: £0.7m) other assets balance for costs recharged to Nemean Midco Limited. Amounts recharged to Nemean Midco Limited over the year totalled £0.1m (2023: £0.2m). Additionally, as at 31 December 2024, the Group and Company reported a £nil (31 December 2023: £0.7m) other liabilities balance with Nemean Midco Limited.

Pay4Later Limited
During the year, the Group performed trading activities with Pay4Later Limited, a sister company of the Group. As at 31 December 2024, the Group reported a £nil (31 December 2023: £0.4m) other assets balance with this entity for recharged costs and a £nil (2023: £3.5m) other assets balance for project-related activities. Amounts recharged to Pay4Later Limited over the year totalled £1.2m (2023: £4.4m). Additionally, as at 31 December 2024, the Group reported an other liabilities balance of £nil (31 December 2023: £0.1m) for other operating expenses incurred with Pay4Later Limited. Other operating expenses incurred over the year with Pay4Later Limited totalled £2.8m (2023: £1.3m).

In 2024, the Group entered an agreement with Pay4Later Limited for the transfer of intangible assets from Pay4Later Limited to NewDay Technology Ltd. The consideration paid to Pay4Later Limited totalled £3.5m which reflected their arm's length value.

In October 2024, liquidators were appointed to Pay4Later Limited and its wholly-owned subsidiaries, Imegamedia Services Limited and TrueInnovation Limited. Prior to the liquidation, these entities agreed to sell certain assets to NewDay Technology Ltd for a sum of £0.1m which reflected their arm's length value. All amounts outstanding were settled by Pay4Later Limited prior to liquidation.

NewDay Group plc
Certain members of key management personnel are also directors of NewDay Group plc. As at 31 December 2024, the Group reported a £0.2m (31 December 2023: £0.1m) other assets balance for costs recharged to NewDay Group plc. Amounts recharged to NewDay Group plc during the period totalled £0.1m (2023: £0.1m). As at 31 December 2024, the Company reported a £0.1m (31 December 2023: £0.1m) other assets balance for costs recharged to NewDay Group plc.

Other balances
As at 31 December 2024, the Company reported a £0.1m (31 December 2023: £0.1m) other assets balance for costs recharged to NewDay Partnership Transferor plc. Amounts recharged to NewDay Partnership Transferor plc during the year totalled £0.1m (2023: £0.1m). Additionally, as at 31 December 2024, the Company reported other liabilities balance of £0.2m (31 December 2023: £0.2m) with NewDay BondCo plc and £0.1m (31 December 2023: £0.1m) with NewDay Group UK Limited.

In 2024, the Company made capital contributions totalling £29.0m (2023: £40.5m) to NewDay Group Holdings S.à r.l., an immediate subsidiary. Additionally, the Company received dividend income of £17.0m (2023: £25.0m) during the year from NewDay Group Holdings S.à r.l.

During the year, NewDay JVCo Ltd was established to support the Group's technology and lending partnership with Lloyds Banking Group. As part of this partnership, the Company invested in NewDay JVCo Ltd and entered into certain agreements with it. See note 2.3.2 for further details. As at 31 December 2024, the Company reported an other liabilities (profit participation note) balance of £18.0m (31 December 2023: n/a) and an intra-Group loan reported within debt issued and other borrowed funds of £30.1m (31 December 2023: n/a). In 2024, interest expense incurred with NewDay JVCo Ltd totalled £0.5m (2023: n/a).

See note 13 for further details of the Company's other assets due from related parties and note 19 for the Company's loans owed to related parties.

In 2024, the Company paid £16k (2023: £15k) to a related party in relation to services provided by the Directors.

Notes to the Financial Statements continued

27. Related party disclosures continued

Consolidated subsidiaries and structured entities

The consolidated Financial Statements include the Financial Statements of NewDay Group (Jersey) Limited and the subsidiaries and structured entities detailed below.

Name	Country of incorporation	Share class held as at 31 December 2024	% equity interest as at 31 December 2024	Share class held as at 31 December 2023	% equity interest as at 31 December 2023
NewDay Group UK Limited	UK	Ordinary	100%	Ordinary	100%
NewDay BondCo plc	UK	Ordinary	100%	Ordinary	100%
NewDay UK Limited	UK	Ordinary	100%	Ordinary	100%
NewDay Group Holdings S.à r.l.	Luxembourg	Ordinary	100%	Ordinary	100%
NewDay Holdings Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay Intermediate Holdings Limited	UK	Ordinary	100%	Ordinary	100%
NewDay Technology Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay Cards Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay Loyalty Limited[1]	UK	–	–	Ordinary	100%
NewDay Partnership Transferor plc	UK	Ordinary	100%	Ordinary	100%
NewDay Funding Transferor Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay UPL Transferor Ltd[1]	UK	–	–	Ordinary	100%
NewDay Partnership Tertiary Funding Ltd	UK	Ordinary	100%	Ordinary	100%
NewDay JVCo Ltd[2]	Jersey	Ordinary	75%	–	–
NewDay Partnership Receivables Trustee Ltd	Jersey	n/a	SE	n/a	SE
NewDay Partnership Loan Note Issuer Ltd	UK	n/a	SE	n/a	SE
NewDay Partnership Master Issuer plc	UK	n/a	SE	n/a	SE
NewDay Partnership Funding 2015-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Partnership Funding 2017-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Partnership Funding 2020-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding Master Issuer plc	UK	n/a	SE	n/a	SE
NewDay Funding 2017-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding 2018-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding 2018-2 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding 2019-1 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding 2019-2 plc[3]	UK	n/a	SE	n/a	SE
NewDay Funding Loan Note Issuer Ltd	UK	n/a	SE	n/a	SE
NewDay Funding Receivables Trustee Ltd	Jersey	n/a	SE	n/a	SE
NewDay Secondary Funding Limited	UK	n/a	SE	n/a	SE
NewDay Partnership Secondary Funding Ltd	UK	n/a	SE	n/a	SE
NewDay EU Financing S.à r.l.	Luxembourg	n/a	SE	–	–
NewDay Funding EU Loan Note Issuer S.à r.l.	Luxembourg	n/a	SE	–	–
NewDay Partnership EU Loan Note Issuer S.à r.l.	Luxembourg	n/a	SE	–	–
NewDay Reserve Funding Ltd[4]	UK	Ordinary	100%	Ordinary	100%
Progressive Credit Limited[1]	UK	–	–	Ordinary	100%
SAV Credit Limited[1]	UK	–	–	Ordinary	100%

1 These entities were dissolved in 2024.
2 This entity's business activities were launched in October 2024 and from the launch date the Group and Company held 75% of the ordinary shares of this entity, whilst Lloyds Banking Group held the remaining 25%. Prior to launch, the Group and Company held 100% of the ordinary shares.
3 These entities are in liquidation and are due to be dissolved in 2025.
4 This entity was dormant in the current and prior year.

The Company's immediate parent company is Nemean Midco Limited. The ultimate parent undertaking is Nemean Topco Limited, a private limited company incorporated in Jersey.

Except for the following entities the principal place of business for the subsidiaries and structured entities listed above is the UK and their registered address is 7 Handyside Street, London, N1C 4DA.

Name	Principal place of business	Registered address
NewDay Group Holdings S.à r.l.	Luxembourg	6, rue Jean Monnet, L-2180, Luxembourg
NewDay JVCo Ltd	Jersey	27 Esplanade, St Helier, Jersey, JE1 1SG
NewDay Partnership Receivables Trustee Ltd	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG
NewDay Partnership Loan Note Issuer Ltd	UK	1 Bartholomew Lane, London, EC2N 2AX
NewDay Partnership Master Issuer plc	UK	1 Bartholomew Lane, London, EC2N 2AX
NewDay Partnership Funding 2015-1 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Partnership Funding 2017-1 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Partnership Funding 2020-1 plc	UK	18a Capricorn Centre, Cranes Farm Road, Basildon, Essex, SS14 3JJ
NewDay Funding Master Issuer plc	UK	1 Bartholomew Lane, London, EC2N 2AX
NewDay Funding 2017-1 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Funding 2018-1 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Funding 2018-2 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Funding 2019-1 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Funding 2019-2 plc	UK	40a Station Road, Upminster, Essex, RM14 2TR
NewDay Funding Loan Note Issuer Ltd	UK	1 Bartholomew Lane, London, EC2N 2AX
NewDay Funding Receivables Trustee Ltd	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG
NewDay Secondary Funding Limited	UK	1 Angel Court, 13th floor, London, EC2R 7HJ
NewDay Partnership Secondary Funding Ltd	UK	1 Angel Court, 13th floor, London, EC2R 7HJ
NewDay EU Financing S.à r.l.	Luxembourg	6, rue Eugene Ruppert, L-2453, Luxembourg
NewDay Funding EU Loan Note Issuer S.à r.l.	Luxembourg	6, rue Eugene Ruppert, L-2453, Luxembourg
NewDay Partnership EU Loan Note Issuer S.à r.l.	Luxembourg	6, rue Eugene Ruppert, L-2453, Luxembourg

28. Structured entities

The Group has four financing arrangements which involve structured entities.

The Direct to Consumer business is funded by a master trust securitisation and a private securitisation. The structures have issued multiple series of debt instruments external to the Group, backed by the cash flow of the Direct to Consumer receivables portfolio. As at 31 December 2024, the master trust has in issue seven series of publicly listed term debt sold to capital market investors and three series of senior variable funding notes sold to seven major banks, which act as a revolving facility. As at 31 December 2024, the private securitisation has issued one series of senior variable funding notes to one major bank which act as a revolving facility.

The Merchant Offering business is funded by a master trust securitisation and a private securitisation. The structures have issued multiple series of debt instruments external to the Group, backed by the cash flow of the Merchant Offering receivables portfolio. As at 31 December 2024, the master trust has in issue one series of publicly listed term debt sold to capital market investors and four series of senior variable funding notes sold to six major banks which act as a revolving facility. As at 31 December 2024, the private securitisation has issued four series of senior and mezzanine variable funding notes sold to six major banks which act as a revolving facility.

Within the funding structure of the Direct to Consumer and Merchant Offering portfolios are various structured entities where all of the ordinary shares are held by a third party trustee for charitable purposes. The consolidated subsidiary and structured entities table in note 27 has further details of the structured entities consolidated into the Group's Financial Statements for the year ended 31 December 2024, on the basis that the Group has the power to direct relevant activities, is exposed to variable returns of the entities and is able to use its power to affect those returns. Within the master trust securitisations, there are also entities which are not consolidated into the Financial Statements of the Group on the basis that the Group does not have control over these entities because it is not exposed, or does not have rights, to variable returns of the entities. These entities are NewDay Partnership Securitisation Holdings Ltd in the Merchant Offering master trust securitisation and NewDay Funding Securitisation Holdings Ltd in the Direct to Consumer master trust securitisation.

29. Post balance sheet events

On 31 October 2024, the Group reached agreement with Home Retail Group Card Services Ltd to acquire beneficial interest in the Argos-branded store card portfolio in Q1 2025 (subject to obtaining appropriate financing and certain antitrust approvals). The beneficial interest was acquired on 28 February 2025 and represented 2.2m customers and £834.2m of gross receivables. The purchase price was £754.0m and was funded by the issuance of new debt. The Group will acquire legal title to the portfolio at migration, which is expected to occur in H1 2026.

Alternative performance measures (APMs)

The Strategic Report uses APMs to describe the Group's performance which are not defined or specified under the requirements of IFRS. The Directors believe these APMs provide readers with important additional information on business performance. The table below lists the main APMs used, their definition and why the APM is considered important to understand the Group's performance.

APM	Definition	Why the APM is important
Customer spend	The amount of customer spend financed through the Group's products in the period, including balance transfers, money transfers and cash advances.	Customer spend is the principal value of advances to customers and is an important measure of the level of lending in the business. If not repaid by customers each month, spend generates growth in the loans and advances to customers balance which, in turn, drives interest and fee income growth.
Free cash flow available for growth and debt servicing	The movement in cash and cash equivalents after adding back net financing cash flows, the movement in gross loans and advances to customers, dividends paid, the return paid on loan from immediate parent company and corporate debt interest paid.	Free cash flow available for growth and debt servicing is a measure of cash generated from business performance before non-underlying operational cash flows (or similar) and investment in growth. The measure shows how much free cash flow has been generated and is available to service corporate debt or to be invested in growth.
Gross receivables	Gross customer balances outstanding at the year end.	Gross receivables represent the outstanding amount of lending (inclusive of interest and fees) that customers owe to the Group. It generates interest and fee income, and is a key driver of the Group's ECL allowance. A reconciliation of gross receivables to loans and advances to customers as presented in the Financial Statements is detailed in note 3 of the Financial Statements.
Impairment rate	Impairment losses on loans and advances to customers as a percentage of average gross receivables.	The impairment rate is a measure of the credit quality of the Group's lending portfolio. It references the average gross receivables balance over the year, therefore allowing a more like-for-like assessment of impairment losses.
Underlying cost-income ratio	Underlying costs as a percentage of net revenue.	The underlying cost-income ratio is used to understand the efficiency of the Group's underlying cost base by assessing the relationship between net revenue and the costs that drive net revenue.
Underlying profit before tax	Underlying risk-adjusted income less underlying costs (servicing, change, marketing and partner payment costs, collection fees, salaries, benefits and overheads).	Underlying profit before tax supports the assessment of the financial performance of the business by excluding interest on corporate debt (which is not used to fund loans and advances to customers) and certain other items that do not reflect the underlying operations of the business or are non-recurring in nature. It is a representation of operating profitability and is an important measure where exceptional items and costs that are not driven by underlying business operations may distort the operating performance of the business. A reconciliation of underlying profit before tax to statutory profit before tax is shown on page 32 of the Strategic Report.
Underlying risk-adjusted margin	Underlying risk-adjusted income as a percentage of average gross receivables.	The underlying risk-adjusted margin is a measure of returns from customers after impairment losses. The metric excludes interest and other associated costs of corporate debt (which is not used to fund loans and advances to customers) as well as certain other items that are not directly related to customer activity. Excluding such items facilitates an assessment of the performance of the underlying portfolios.

Our owners
We are indirectly owned by funds advised by Cinven and CVC Capital Partners (CVC).

Cinven is a leading pure-play, international private equity firm that has been investing for nearly 50 years. Cinven invests in high-performing businesses with strong potential for growth, across Europe and, since 2015, with a focused presence in North America. Cinven creates value by working closely with portfolio company management teams to achieve clear strategic goals – a partnership approach which consistently drives outstanding performance.

Cinven invests across six sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and TMT, and operates out of eight offices in Europe and the US. This focused approach means Cinven has developed deep expertise across these sectors and regions, making it well placed to help its portfolio companies drive growth through cycles by implementing value creation plans with significant impact.

Cinven is proud of its collaborative culture. Cinven forms strong partnerships – with investors, with management teams, with external advisers and with colleagues. Every Cinven investment brings together its sector, country and functional specialists who pool their experience to identify untapped potential. Once invested, Cinven works side-by-side with management teams and co-invest partners, aligning on a business vision and drawing on their experience to provide the strategic direction they need to achieve sustainable growth. This partnership approach means they all succeed together. Visit www.cinven.com to learn more about their work.

CVC is a leading global private markets manager with a network of 30 offices throughout EMEA, the Americas, and Asia, with approximately €200bn of assets under management. CVC has seven complementary strategies across private equity, secondaries, credit and infrastructure, for which CVC funds have secured commitments in excess of €249bn from some of the world's leading pension funds and other institutional investors. Funds managed or advised by CVC's private equity strategies are invested in over 140 companies worldwide, which have combined annual sales of approximately €162bn and employ more than 580,000 people. CVC's financial services team has invested over €6bn of equity capital in the financial services sector since the team's inception in 2008, including its historic and current portfolio companies, Paysafe, Pension Insurance Corporation, Skrill, Domestic & General and Brit Insurance in the United Kingdom, Avolon in Ireland, April in France, Republic Finance and Cunningham Lindsey in the United States, Fidelis in Bermuda, Cerved in Italy, Sun Hung Kai in China and Rizal Commercial Banking Corporation and SPi Global in the Philippines.

Cautionary statement
This report comprises the Annual Report and Financial Statements of NewDay Group (Jersey) Limited (the 'Company') for the year ended 31 December 2024. Underlying and adjusted metrics referred to on pages 01 to 77 exclude a number of non-recurring items as detailed on page 32. Definitions of key performance indicators are included on pages 30 and 31.

Notwithstanding the above, as set out on page 58, with the exception of the Directors' report set out on pages 76 and 77, the governance and risk framework described in this report relates to the governance and risk framework established for the Group's UK subsidiaries. References to the 'Board', 'Group', 'NewDay' and 'Company' should be construed accordingly (where appropriate).

The financial information contained in this report may not be directly comparable to any financial information published by Nemean Topco Limited, NewDay Group plc, Pay4Later Limited (in liquidation) or any other entity not consolidated in the financial information contained in this report. In particular, the financial information contained herein excludes the financials of Pay4Later Limited (in liquidation).

Certain financial data included in this report consists of 'non-IFRS financial measures'. These non-IFRS (International Financial Reporting Standards) financial measures, as defined by the Company, 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 the Company's cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess the Company'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 the Company'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 report or any related presentation should not be regarded as a representation or warranty by the Company, any member of the Group, any of their respective affiliates, advisers 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 the Company and should not be relied upon.

References to adjusted EBITDA throughout this Document have been calculated in accordance with UK IFRS at the relevant time and may differ significantly from "Consolidated EBITDA" as defined in the legal documentation relating to the Senior Secured Notes issued by NewDay BondCo plc in December 2022 (the Senior Secured Debt) and the Super Senior Revolving Credit Facility entered into by the Company on 25 January 2017 (the Revolving Credit Facility).

In addition, all ratios, baskets and calculations required under the terms of the Senior Secured Debt issued in December 2022 or the Revolving Credit Facility are based on UK IFRS as in force as at 8 December 2022 (subject to certain adjustments permitted or required under the terms of the Senior Secured Debt or the Revolving Credit Facility). As a result, such ratios, baskets and calculations may differ significantly from any ratios or figures which are contained in this Document. In particular, except where otherwise expressly stated to be the case, references to "Corporate debt to adjusted EBITDA" and "adjusted EBITDA to pro forma cash interest expense" contained in this Document have been calculated (subject to certain adjustments) in accordance with UK IFRS as in force as at 31 December 2024. As a result, such figures will differ significantly from the calculation of Consolidated Senior Secured Net Leverage Ratio and Fixed Charge Corporate Debt Coverage Ratio (as defined under the terms of the Senior Secured Debt and Revolving Credit Facility).

Certain statements included or incorporated by reference within this report may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition. All statements other than statements of historical fact included in this report are forward-looking statements. Forward-looking statements express the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "aim," "anticipate," "believe," "can have," "could," "estimate," "expect," "intend," "likely," "may," "plan," "project," "should," "target," "will," "would" and other words and terms of similar meaning, the negative thereof or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. No responsibility is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this report should be construed as a profit forecast.

The information contained in this report 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 report. The information and opinions in this report are provided as at the date of this report and are subject to change without notice. None of the Company, 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 report or its contents or otherwise arising in connection with this report, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information in this report.

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Registered in Jersey
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