

9 May 2024



NewDay BondCo plc

Group results for the financial quarter ended 31 March 2024

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

Continued progress as the Group increases new customer acquisition

- £34 million underlying profit before tax (Q1 2023: £47 million). Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living as the UK macroeconomic outlook improved.
- 151k new customers (Q1 2023: 124k), up 22%. Near prime customer acquisition 59% higher year-on-year.
- £4.2 billion of gross receivables (Q1 2023: £4.2bn), up 1%. Interest-bearing balances represented a consistent 65% of gross receivables.
- 9.3% underlying risk-adjusted margin (Q1 2023: 10.4%) with stable net revenue margin and charge-off rates. Q1 2023 included a £17m Expected Credit Loss reduction for cost-of-living.
- 30.5% underlying cost-income ratio (Q1 2023: 29.6%). Cost discipline maintained despite inflationary pressures.
- £1.5 billion (Q1 2023: £1.5 billion) of headroom in committed facilities providing the Group with a strong funding and liquidity position.
- £39 million of free cash flow available for growth and debt service (Q1 2023: £38 million).

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

"In Q1 2024, we increased new customer acquisition. The improving UK economic backdrop, strong demand for our products and our recent credit performance provide the foundation from which to increase new customer acquisition, while remaining within our risk appetite.

We are taking actions, in collaboration with John Lewis & Partners, to ensure a sustainable, long-term partnership. We continue working towards launching our technology and lending partnership with Lloyds Banking Group and our technology partnership with Boohoo Group, with both due to launch in H2.

In January, we combined our Direct to Consumer and Merchant Offering credit businesses into a single business unit and separated out our technology platform. Simplifying the business

will draw out synergies and cost savings and enable our platform capabilities, including for best-in-class customer journeys, to be shared across NewDay and our partners.

I look forward to the rest of 2024 as we invest to further increase customer acquisition and make progress on our important partnerships.

Summary of financial performance

£m	Quarter ended 31 March		
	2024	2023 ⁽¹⁾	Variance (%)
Interest income	266.1	247.2	8%
Cost of funds	(67.9)	(52.3)	(30%)
Net interest income	198.2	194.9	2%
Fee and commission income	15.3	15.0	2%
Net revenue	213.5	209.9	2%
Impairment losses on loans and advances to customers	(114.3)	(100.7)	(14%)
Underlying risk-adjusted income	99.2	109.2	(9%)
Servicing costs	(32.2)	(30.9)	(4%)
Change costs	(12.8)	(11.2)	(14%)
Marketing and partner payments	(6.1)	(5.8)	(5%)
Collection fees	5.8	7.1	(18%)
Contribution	53.9	68.4	(21%)
Salaries, benefits, and overheads	(19.9)	(21.4)	7%
Underlying profit before tax	34.0	47.0	(28%)
Add back: depreciation and amortisation	3.0	3.2	(6%)
Adjusted EBITDA	37.0	50.2	(26%)
Senior Secured Debt interest and related costs	(8.8)	(10.0)	12%
Platform development costs	(2.3)	(2.7)	15%
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition	(8.8)	(15.9)	45%
Statutory profit before tax	17.1	21.6	(21%)

Selected Alternative Performance Measures and Operational Metrics

£m	Quarter ended 31 March		
	2024	2023 ⁽¹⁾	Variance (%)
Gross receivables (£m)	4,242	4,183	1%
Average gross receivables (£m)	4,249	4,208	1%
Net revenue margin (%)	20.1%	20.0%	
Impairment rate (%)	10.8%	9.6%	
Charge-off rate (%)	9.2%	9.5%	
Underlying risk-adjusted margin (%)	9.3%	10.4%	

Underlying cost-income ratio (%)	30.5%	29.6%	
Servicing costs margin (%)	3.0%	2.9%	
Total accounts (m) ⁽²⁾	3.7	4.9	(24%)
New accounts (000s)	151	124	22%
Advance rate (%) ⁽³⁾	89.7%	90.4%	

Notes:

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

Enquiries

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Results presentation

A webcast for analysts and investors will be held at 10:00am (UK Time) on 9 May 2024. For video / listen-only, and to ask written questions please access via:

[Issuer Services | London Stock Exchange | NewDay Q1 2024 Results \(lsegissuerservices.com\)](https://www.lsegissuerservices.com)

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

[Registration | NewDay Q1 Results \(open-exchange.net\)](https://open-exchange.net)

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

About NewDay

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

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

NewDay also offers white-labelled credit cards in partnership with well-known brands such as John Lewis & Partners and Argos. The Group's underwriting capability and over 20 years of experience allow it to responsibly say yes to more customers in the UK, making NewDay a merchant partner of choice for leading brands.

NewDay has a clear purpose: to help people move forward with credit. It provides close to 4 million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit decisioning capability allows it to continually innovate within the UK consumer finance sector, unlock competitive advantage and develop products that meet customer and merchants' changing needs.