

18 May 2022



NewDay BondCo plc

Group results for the quarter ended 31 March 2022

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

NewDay, a leading digital consumer credit business in the UK, has released its financial results for the quarter-ended 31 March 2022.

Highlights

- Record levels of profitability and continued high levels of cash generation
- Underlying Profit before Tax up 39% to £47 million (Q1 2021: £34 million)
- Acquired 244k new accounts (Q1 2021: 220k).
- 49% increase in total customer spend to over £1.7 billion (Q1 2021: £1.1 billion) and up 38% on Q1 2019 (£1.2 billion) pre-Covid levels
- Strong growth in Gross Receivables up 21% to £3.3 billion (Q1 2021: £2.8 billion)
- Strong Underlying RAM of 12.5% (Q1 2021: 13.0%)
- Continued reduction in Cost:Income Ratio to 29.3% (Q1 2021 36.3%) with significant efficiency gains in servicing costs and increased levels of automation. Inflationary impacts on our cost base well controlled through strong cost discipline and contractual caps on costs linked to RPI with major suppliers where possible
- Significant new financial services partnership signed with John Lewis & Partners, expected to commence in summer 2022
- Served notice to terminate the Amazon co-branded credit card programme
- Substantial funding headroom of over £2 billion to drive future growth including a new £650 million facility specifically for receivables associated with the agreement with John Lewis & Partners
- In Q1, we made credit underwriting changes to reflect the anticipated impact on household finances from the likely inflationary increases from fuel and energy prices, food prices and general cost of living increases

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

“Our record start to 2022 with strong growth in receivables, profitability and new customer accounts, is evidence of the continued positive momentum in the business. We have a number of achievements to be proud of, not least the signing of the John Lewis contract, a major win for our Merchant business.

“Given the strong momentum in Q1 we remain confident of delivering continued growth as our business continues to build scale and invests for the future.

“We are attentive to managing emerging macroeconomic risks such as the cost of living squeeze and interest rate rises. Our sophisticated underwriting models for both new and existing customers allow us to assess the affordability implications of inflation on our customers and keep it under constant review”

Summary of financial performance

Quarter-ended 31 March			
£m	2022 £m	2021 £m	Variance %
Interest income	199.4	163.3	22%
Cost of funds	(19.0)	(14.5)	31%
Fee and commission income	13.6	8.3	64%
Net Revenue	194.0	157.1	23%
Adjusted Impairment	(90.5)	(66.6)	36%
Underlying Risk-Adjusted income	103.5	90.5	14%
Servicing costs	(22.9)	(22.1)	4%
Change costs	(12.5)	(10.4)	20%
Marketing and partner payments	(10.1)	(10.5)	(4%)
Collection fees	7.0	5.4	30%
Contribution	65.0	52.9	23%
Salaries, benefits, and overheads	(18.3)	(19.4)	(6%)
Underlying profit before tax	46.7	33.5	39%
Add back: depreciation and amortisation	2.7	2.7	-
Adjusted EBITDA	49.4	36.2	36%

Selected Alternative Performance Measures and Operational Metrics

As at 31 March			
£m	2022	2021	Variance %
Gross Receivables (£m)	3,342	2,753	21%
Average Gross Receivables (£m)	3,310	2,779	19%
Net Revenue Margin (%)	23.4%	22.6%	
Impairment Rate (%)	10.9%	9.6%	
Charge-off Rate (%)	8.5%	8.9%	
Underlying Risk-Adjusted Margin (%)	12.5%	13.0%	
Cost:Income Ratio (%)	29.3%	36.3%	
Servicing Costs Margin (%)	2.8%	3.2%	
Advance Rate (%)	88.4%	88.0%	
Number of accounts (m)	4.7	4.8	(2%)
New accounts (000s)	244	220	11%

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About NewDay

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

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

In its Merchant Offering business, NewDay offers white-labelled credit cards in partnership with well-known brands such as AO.com and Argos. NewDay also offers Newpay, a flexible digital finance offering incorporating BNPL and instalment finance. NewDay's prime and near-prime underwriting capability and 20 years of experience allow it to responsibly say yes to more customers in the UK, making NewDay a merchant partner of choice for leading brands.

NewDay has a clear purpose: to help people move forward with credit. It provides close to 5 million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit decisioning capability allows it to continually innovate within the UK consumer finance sector, unlocking competitive advantage and developing products that meet customer and merchants' changing needs.

Results presentation

A conference call for analysts and investors will be held at 10:30am on 18 May 2022. Please register using the following link:

<https://cossprereg.btc.com/prereg/key.process?key=PA7Y99GQV>

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

The presentation will be made available on the NewDay website at:
www.newday.co.uk/investors

Important disclaimer

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

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

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