

6 November 2023



NewDay BondCo plc

Group results for the nine months ended 30 September 2023

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

NewDay, a leading digital consumer credit business in the UK, has today released its financial results for the nine months ended 30 September 2023. Details can be found on the Group's website at www.newday.co.uk/investors

Highlights

- Underlying Profit Before Tax for the nine months to 30 September 2023 of £150 million (Q3 YTD 2022: £152 million) and £202 million over the last twelve months
- New account growth in the nine months to 30 September 2023 was 308k, reflecting continued caution in the acquisition of new customers (Q3 YTD 2022: 1,001k). The prior year comparative was significantly boosted by the onboarding of more than 420k John Lewis & Partners ('JLP') customers in an assisted transfer programme
- Gross Receivables increased by 14% to £4.2 billion (Q3 2022: £3.7 billion) and customer spend increased by 98% to £11.1 billion (Q3 YTD 2022: £5.6 billion). The spend increase reflects the transactional velocity in the JLP programme
- Underlying Risk-Adjusted Margin reduced to 11.0% (Q3 YTD 2022: 12.8%) primarily due to the mix effect of including the largely prime JLP portfolio
- Underlying Cost:Income Ratio was 31.2% for the nine months to 30 September 2023 (Q3 YTD 2022: 29.1%, H1 2023: 32.0%), reflecting significant growth in cost of funds with operating costs controlled despite higher servicing costs from the JLP programme
- Senior Secured Notes due 2024 were fully repaid. Corporate debt was reduced by £87 million over the last twelve months
- Funding and liquidity position remains strong with £1.8 billion (Q3 2022: £2.3 billion) of headroom and £5.9 billion (Q3 2022: £6.0 billion) in total committed facilities
- The business continued to generate good levels of cash. As at 30 September 2023 cash held outside of securitisation structures⁽¹⁾ was £70 million (Q3 2022: £95 million)

Notes:

(1) Excludes cash held for specific funding activities

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

“Against a challenging macro-economic backdrop and funding environment, the business continues to make steady progress. Our caution in new business acquisition, our continued underwriting discipline and our focus on cost control have resulted in consistent levels of profit and good cash generation, allowing us to fully redeem the 2024 Senior Secured Notes and significantly reduce group leverage.

“Risk in the book has further moderated since H1 and we continue to deploy tailored strategies to support our customers.

“We remain focused on delivering against our strategic objectives, including building leading technology solutions in support of outstanding customer experience.”

Summary of financial performance

£m	Nine months ended 30 September		
	2023	2022	Variance (%)
Interest income	757.6	640.2	18%
Cost of funds	(185.0)	(76.2)	(143%)
Fee and commission income	62.8	46.3	36%
Net Revenue	635.4	610.3	4%
Impairment	(286.9)	(280.9)	(2%)
Underlying Risk-Adjusted income	348.5	329.4	6%
Servicing costs	(92.9)	(77.0)	(21%)
Change costs	(32.5)	(34.9)	7%
Marketing and partner payments	(33.4)	(32.1)	(4%)
Collection fees	19.4	22.4	(13%)
Contribution	209.1	207.8	1%
Salaries, benefits, and overheads	(58.9)	(56.3)	(5%)
Underlying profit before tax	150.2	151.5	(1%)
Add back: depreciation and amortisation	8.7	8.4	4%
Adjusted EBITDA	158.9	159.9	(1%)
Senior Secured Debt interest and related costs	(29.1)	(19.8)	(47%)
PPI	-	1.2	100%
Platform development costs	(8.1)	(6.1)	(33%)

Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition	(46.6)	(49.5)	6%
Other	-	(0.3)	100%
Statutory Profit before tax	75.1	85.4	(12%)

Selected Alternative Performance Measures and Operational Metrics

Nine months ended 30 September			
£m	2023	2022	Variance (%)
Gross Receivables (£m)	4,197	3,682	14%
Average Gross Receivables (£m)	4,207	3,440	22%
Net Revenue Margin (%)	20.1%	23.7%	
Impairment Rate (%)	9.1%	10.9%	
Charge-off Rate (%)	9.8%	9.1%	
Underlying Risk-Adjusted Margin (%)	11.0%	12.8%	
Underlying Cost:Income Ratio (%)	31.2%	29.1%	
Servicing Costs Margin (%)	2.9%	3.0%	
Number of accounts (m)	3.9	5.1	(24%)
New accounts (000s)	308	1,001	(69%)
Advance Rate (%) ⁽¹⁾	90.2%	90.4%	
Net Debt / Adj. EBITDA ⁽²⁾	(0.2x)	(0.1x)	
Interest cover ⁽³⁾	6.3x	8.8x	

Notes:

- (1) Reflects FX hedged view which has also adjusted the prior year comparator.
- (2) Represents Ratio of net corporate senior secured debt to adjusted EBITDA excluding funding overlaps for LTM ended 30 September.
- (3) Represents Ratio of adjusted EBITDA to cash interest expense for LTM ended 30 September.

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Results presentation

A webcast for analysts and investors will be held at 10:30am (UK Time) on 6 November 2023. For video / listen-only, and to ask written questions please access via:

<https://www.lsegissuerservices.com/spark/NewDay/events/588754d6-13b8-472f-a7e8-3a560faf7ec8>

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

<https://newday-q3-results.open-exchange.net/registration>

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

About NewDay

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

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

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

NewDay has a clear purpose: to help people move forward with credit. It provides c.3.9 million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit decisioning capability allows it to continually innovate within the UK consumer finance sector, unlocking competitive advantage and developing products that meet customer and merchants' changing needs.

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