4 April 2025

NewDay BondCo plc

Group results for the year ended 31 December 2024

The information in this announcement concerns 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.

Highlights

- £213m Underlying Profit Before Tax, up 3% (2023: £207m).
- £4.4bn of Gross Receivables, up 2% (2023: £4.3bn). Interest-bearing balances increased 6% to £3.0bn (2023: £2.8bn).
- 537k new customers, up 36% (2023: 395k). The increase reflects our strategic decision as the macroeconomic environment stabilised. We welcomed 337k new customers (2023: 202k) in our Direct to Consumer business, 67% higher than 2023.
- Agreement to acquire a portfolio of £834m of gross receivables and 2.2 million customers from Argos Financial Services, with NewDay taking economic ownership in February 2025, along with a long-term partnership to provide an embedded finance solution to Argos customers from 2026.
- Commercial launch of our technology and lending partnership with Lloyds Banking Group and pilot launch of our technology partnership with Debenhams Group(1) in Q4 2024.
- Cost-income ratio increased to 30.1% (2023: 28.3%) as we invested in new technologies and new customers combined with inflationary increases in our cost base.
- £1.7bn (2023: £1.5bn) of headroom in committed facilities, providing the Group with a stronger funding and liquidity position.
- Free cash flow for growth and debt service of £118m (2023: £115m).
- Cash held outside the securitisation structures increased 63% to £101m (2023: £62m).
- Repaid £24m of Senior Secured Debt and distributed £51m to shareholders.
- The Group's net Corporate Debt / Adjusted EBITDA ratio(2) was (0.3)x (2023: (0.3)x), and interest cover(3) was 7.1x (2023: 6.9x).

Notes:

(1) Formerly known as Boohoo Group
(2) Represents ratio of net Corporate Debt to adjusted EBITDA excluding funding overlaps.
(3) Represents ratio of adjusted EBITDA to pro forma cash interest expense.

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

"Against a background of a stabilising macroeconomic environment, NewDay made good progress in 2024 regarding its strategic objectives, most notably increasing the number of new customers to more than 0.5m, agreeing to acquire a portfolio of £834m from Argos Financial Services, and launching our technology and lending partnership with Lloyds Banking Group.

Our multi-year investment developing a highly scalable technology platform has enabled this expansion, with financial institutions and retailers realising the value we can offer through our fully customisable credit and technology offering.

In 2025, we intend to increase the number of new customers further, particularly in our Direct to Consumer business. Furthermore, having taken economic ownership of the Argos Financial Services portfolio in February 2025, we will prepare for the migration and new product launch planned for H1 2026. We will work to expand the merchant network within the Lloyds Banking Group partnership and further proliferate the technology platform to external clients."

Summary of financial performance[1]

	Year ended 31 December		
£m	2024	2023[2]	Variance (%)
Interest income	1,086.4	1,032.1	5%
Cost of funds	(265.0)	(241.4)	(10%)
Fee and commission income	70.1	61.8	13%
Net revenue	**891.5**	**852.5**	**5%**
Impairment	(410.3)	(403.6)	(2%)
Underlying risk-adjusted income	**481.2**	**448.9**	**7%**
Servicing costs	(127.6)	(119.4)	(7%)
Change costs	(48.9)	(40.3)	(21%)
Marketing and partner payments	(26.9)	(21.2)	(27%)
Collection fees	23.2	25.3	(8%)
Contribution	**301.0**	**293.3**	**3%**
Salaries, benefits, and overheads	(88.3)	(86.0)	(3%)
Underlying profit before tax	**212.7**	**207.3**	**3%**
Add back: depreciation and amortisation	11.6	12.0	(3%)
Adjusted EBITDA	**224.3**	**219.3**	**2%**
Corporate debt interest and related costs	(28.3)	(37.7)	25%
Argos	(3.9)	-	
Platform development costs	(18.1)	(10.4)	(74%)
Restructuring costs	-	(10.9)	100%
Other	(6.0)	-	
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition	(23.7)	(62.6)	62%
Statutory profit before tax	**144.3**	**97.7**	**48%**

Selected alternative performance measures and operational metrics

	Year ended 31 December		
£m	2024	2023[2]	Variance (%)
Gross receivables (£m)	4,378	4,309	2%
Average gross receivables (£m)	4,278	4,220	1%
Net revenue margin (%)	20.8%	20.2%	
Impairment rate (%)	9.6%	9.6%	
Charge-off rate (%)	9.7%	9.4%	
Underlying risk-adjusted margin (%)	11.2%	10.6%	
Underlying cost-income ratio (%)	30.1%	28.3%	
Servicing costs margin (%)	3.0%	2.8%	

Total customer accounts (m)	3.6	3.7	(3%)
New accounts (000s)	537	395	36%
Advance rate (%)[(3)]	90.6%	91.0%	
Net debt / Adj. EBITDA[(4)]	(0.3)x	(0.3)x	
Interest cover[(5)]	7.1x	6.9x	

Notes:

(1) This announcement excludes the financial results of Pay4Later Limited (in liquidation "P4L") and its subsidiaries. Following a strategic review of the business model of P4L (formerly trading as Deko), certain of P4L's activities were transferred to NewDay Technology Limited over the course of 2024 with P4L and its subsidiaries being placed into liquidation in October 2024.

(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 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 displayed within marketing and partner payments. Accordingly, the 2023 comparatives of impacted metrics have been restated

(3) Reflects FX hedged view, which has also adjusted the prior year comparator.

(4) Represents ratio of net Corporate Debt to adjusted EBITDA excluding funding overlaps.

(5) Represents ratio of adjusted EBITDA to pro forma cash interest expense.

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Results presentation

A webcast for analysts and investors will be held at 10:30 am (UK Time) on 4 April 2025. For video / listen-only and to ask written questions, please access via:

NewDay Annual Results 2024 | SparkLive | LSEG

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

Registration | NewDay Annual Results 2024

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. The Group's underwriting capability and over 20 years of experience enable it to say "yes" responsibly 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. The business provides close to four million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit-decisioning capability, enables it to innovate continually within the UK consumer finance sector, to unlock competitive advantages and develop products that meet customers' and merchants' changing needs.

Chief Executive Officer's Review

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.

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.

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.

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.

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

Financial review

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.

	Year ended 31 December	
£m	**2024**	**2023**
Statutory profit before tax[1]	**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	3.9	-
Other	6.0	-
Amortisation of intangible assets arising on the Acquisition[2]	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 2024 Annual Report and 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.

Management basis income statement

£m	2024					2023				
	Direct to consumer	Merchant Offering	Credit	Platform Services	Group	Direct to consumer	Merchant Offering	Credit	Platform Services	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)
Argos partnership costs					(3.9)					-
Platform development costs					(18.1)					(10.4)
Restructuring costs					-					(10.9)
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.

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 2024 Annual Report & 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 2024 Annual Report & Financial Statements.

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 2024 Annual Report & 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.

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.

	Year ended 31 December	
£m	**2024**	**2023**
Net cash generated from/ (used in) operating activities	30.5	91.1
Net cash used in investing activities	(31.0)	(30.0)
Net cash generated from financing activities	(137.5)	146.0
Net 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.

£m	Year ended 31 December 2024	2023
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	-
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[2]	(0.3)x	(0.3)x
Ratio of adjusted EBITDA to pro forma cash interest expense	7.1x	6.9x

Funding

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.

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%).

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 which arise when we issue new funding in advance of the maturity of the debt it is replacing

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 of the 2024 Annual Report & Financial Statements.