

3 August 2022



## NewDay BondCo plc

### Group results for the six months ended 30 June 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 today released its financial results for the six months ended 30 June 2022 and has published its interim report for the period on the Group's website [www.newday.co.uk/investors](http://www.newday.co.uk/investors)

#### Highlights

- Record Underlying Profit before Tax up 28% to £97 million (H1 2021: £76 million)
- Strong cash generation and profitability demonstrating resilience in current challenging macro-economic environment
- Acquired 427k new accounts (H1 2021: 401k) despite tighter account origination criteria
- 38% increase in total customer spend to £3.6 billion (H1 2021: £2.6 billion); no discernible change in customer spend patterns as a result of current macro-economic climate since beginning of the year
- Strong growth in Gross Receivables up 21% to £3.5 billion (H1 2021: £2.9 billion), significantly above market growth of 10%
- Strong Underlying RAM of 12.6% (H1 2021: 12.9%)
- Continued reduction in Cost:Income Ratio to 28.9% (H1 2021: 32.6%) with per-unit servicing costs continuing to fall. Inflationary impacts on cost base well controlled together with ongoing efficiency gains
- £78m of cash generated before growth and debt service (H1 2020: £98m) reflecting more normalised working capital levels
- Resilient funding structure with over £2.1 billion (H1 2021: c.£1.0 billion) of headroom to fund receivables growth with £5.6bn (H1 2021: £4.2 billion) in total commitments

## Commercial update

- Merchant partnership with John Lewis expected to commence imminently in August 2022 with legacy HSBC customers offered a 0%, 6-month balance transfer to NewDay
- Following notice given in January 2022 to Amazon to terminate partnership, new account acquisition ceased in June with migration of legacy Amazon customers to Pulse to commence in Q4 2022. Contract will be formally terminated in January 2023
- Signed white-label NewPay partnership with fast-growing online retailer, expected to commence in H1 2023
- Signed NewPay branded partnership with The Hut Group expected to commence in Q3 2022
- Origination of unsecured personal loans on behalf of Antelope Loans, expected to commence in Q3 2022, generating additional capital-light fee income

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

*“NewDay has maintained strong momentum in the first half of this year and continues to deliver record profitability and sustainable growth. These results are evidence of NewDay’s resilience and its ability to navigate difficult market environments. Our data-intensive underwriting models mean we continually assess affordability implications for our customers, in line with our focus on responsible lending.*”

*“We have seen good progress in our Merchant Offering business line, as retailers continue to partner with NewDay for our differentiated technology and products as well as high service levels. We will shortly commence issuing cards to new and existing John Lewis customers as part of our new long-term partnership with them.*”

*“We look forward to continuing to make progress in H2, harnessing our strong momentum to execute against our strategy.”*

## Summary of financial performance

Six months-ended 30 June

£m	2022 £m	2021 £m	Variance %
Interest income	411.9	331.8	24%
Cost of funds	(44.9)	(29.5)	52%
Fee and commission income	30.1	18.2	65%
<b>Net Revenue</b>	<b>397.1</b>	<b>320.5</b>	<b>24%</b>
Adjusted Impairment	(184.8)	(140.2)	32%
<b>Underlying Risk-Adjusted income</b>	<b>212.3</b>	<b>180.3</b>	<b>18%</b>
Servicing costs	(47.3)	(43.9)	8%
Change costs	(24.1)	(20.7)	16%
Marketing and partner payments	(21.4)	(15.0)	43%
Collection fees	14.6	11.2	30%
<b>Contribution</b>	<b>134.1</b>	<b>111.9</b>	<b>20%</b>
Salaries, benefits, and overheads	(36.7)	(36.1)	2%
<b>Underlying profit before tax</b>	<b>97.4</b>	<b>75.8</b>	<b>28%</b>
Add back: depreciation and amortisation	5.4	5.4	-
<b>Adjusted EBITDA</b>	<b>102.8</b>	<b>81.2</b>	<b>27%</b>

## Selected Alternative Performance Measures and Operational Metrics

Six months-ended 30 June

	2022	2021	Variance %
Gross Receivables (£m)	3,502	2,884	21%
Average Gross Receivables (£m)	3,373	2,799	21%
Net Revenue Margin (%)	23.5%	22.9%	
Impairment Rate (%)	11.0%	10.0%	
Charge-off Rate (%)	8.8%	9.2%	
Underlying Risk-Adjusted Margin (%)	12.6%	12.9%	
Cost:Income Ratio (%)	28.9%	32.6%	
Servicing Costs Margin (%)	2.8%	3.1%	
Advance Rate <sup>(1)</sup> (%)	88.1%	87.1%	
Number of accounts (m)	4.7	4.8	(2%)
New accounts (000s)	427	401	6%

Note: (1) Reflects FX hedged view which has also adjusted the prior year comparator

## **Enquiries**

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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 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 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 3 August 2022. Please register using the following link:

<https://cossprereg.btc.com/prereg/key.process?key=RQTGM9QUF>

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](http://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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