NewDay BondCo Plc

Investor quarterly reporting package

30 June 2024

Disclaimer

This quarterly report (this "Document") is being provided in accordance with (i) section 4.03(a)(2) of the indenture, dated as of December 8, 2022 among NewDay BondCo plc, U.S. Bank Trustees Limited, as trustee, HSBC Corporate Trustee Company (UK) Limited, as security agent, the guarantors and certain other parties thereto, (ii) clause 25 of the £30m Super Senior Revolving Facility Agreement dated January 25, 2017 among NewDay Group (Jersey) Limited (the "Company"), Citigroup Global Markets Limited, Credit Suisse AG, London branch, HSBC Bank plc and certain other parties thereto, in compliance with the obligations thereunder, and (iii) Part V of the Guidelines for Disclosure and Transparency in Private Equity in relation to the NewDay group of companies (comprising the Company together with its subsidiaries and subsidiary undertakings).

This Document comprises (i) the unaudited consolidated interim financial information of the Company for the half-year ended 30 June 2024 (contained in the Appendix to this Document) and (ii) additional financial and non-financial information in relation to the Company together with its subsidiaries and subsidiary undertakings (the "Group"). **All financial information contained in this Document relates to the consolidated financial results of the Company (and not, except where expressly stated to be the case, NewDay BondCo plc)**. The financial information contained in this Document has not been audited or verified by any independent accounting firm. All non-financial information contained in this Document relates to the business, assets and operations of the Group.

Certain financial data included in this Document consists of 'non-IFRS financial measures'. These non-IFRS (International Financial Reporting Standards) financial measures, as defined by the Company, 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 the Company's cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess the Company'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 the Company'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 Document or any related presentation should not be regarded as a representation or warranty by the Company, any member of the Group, any of their respective affiliates, advisers 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 the Company and should not be relied upon.

References to adjusted EBITDA throughout this Document have been calculated in accordance with IFRS at the relevant time and may differ significantly from "Consolidated EBITDA" as defined in the legal documentation relating to the Senior Secured Notes issued by NewDay BondCo plc in December 2022 (the Senior Secured Debt) and the Super Senior Revolving Credit Facility entered into by the Company on 25 January 2017 (the Revolving Credit Facility). In addition, all ratios, baskets and calculations required under the terms of the Senior Secured Debt issued in December 2022 or the Revolving Credit Facility are based on IFRS as in force as at 8 December 2022 (subject to certain adjustments permitted or required under the terms of the Senior Secured Debt or the Revolving Credit Facility). As a result, such ratios, baskets and calculations may differ significantly from any ratios or figures which are contained in this Document. In particular, except where otherwise expressly stated to be the case, references to "Senior Secured Debt to adjusted EBITDA" and "adjusted EBITDA to pro forma cash interest expense" contained in this Document have been calculated (subject to certain adjustments) in accordance with IFRS as in force as at 30 June 2024. As a result, such figures may differ significantly from the calculation of Consolidated Senior Secured Net Leverage Ratio and Fixed Charge Corporate Debt Coverage Ratio (as defined under the terms of the Senior Secured Debt and Revolving Credit Facility).

This Document may contain forward-looking statements. All statements other than statements of historical fact included in this Document are forward-looking statements. Forward-looking statements express the Company's current expectations and projections relating to their financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "aim," "anticipate," "believe," "can have," "could," "estimate," "expect," "intend," "likely," "may," "plan," "project," "should," "target," "will," "would" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. You acknowledge that circumstances may change and the contents of this Document may become outdated as a result. Further information on the primary risks of the business and the Group's risk management process is set out in the 'Managing our risk' and 'Our principal risks' sections of the 2023 Annual Report and Financial Statements (as updated by the quarterly reports produced throughout the year); these documents are available at newday.co.uk. All forward-looking statements made on or after the date of this Document and attributable to the Company or any member of the Group are expressly qualified in their entirety by the primary risks set out in these documents.

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Introduction

Key messages

- Underlying profit before tax of £83m (HY 2023: £97m). HY 2023 included a £22m reduction in expected credit loss (ECL) allowance regarding cost-of-living, £20m greater than HY 2024.
- Investing in growth with 296k (HY 2023: 217k) new customer accounts. Near Prime customer acquisition 65% higher period-on-period.
- Gross receivables of £4.3bn (30 June 2023: £4.2bn). Interest bearing balances increased by 2% to £2.8bn (30 June 2023: £2.7bn).
- Net revenue margin of 20.3% (HY 2023: 19.8%). Higher base rates increased funding costs which the Group, in most instances, has a contractual right to pass on to customers.
- Credit quality remains well controlled with the charge-off rate reducing to 9.4% (HY 2023: 9.8%). The impairment rate increased to 10.2% (HY 2023: 9.1%) with the HY 2023 impairment rate benefiting from a cost-of-living ECL allowance release.
- Underlying cost-income ratio improved to 30.9% (HY 2023: 31.1%). Cost discipline maintained despite inflationary pressures.
- £70m (30 June 2023: £56m) of cash balances held outside the securitisation structures.
- Free cash flow available for growth and debt service of £22m (HY 2023: £44m).
- Announced a £24m early repayment of Senior Secured Debt in August 2024.
- Raised £350m of asset-backed securities (of which £26m was retained within the Group) from the Near Prime securitisation programme in the period. A further £350m (of which £23m was retained by the Group) was raised from the Near Prime securitisation programme in July 2024.
- Funding facility headroom of £1.4bn (30 June 2023: £1.5bn) to fund gross receivables growth.
- Net corporate Senior Secured Debt to adjusted EBITDA ratio of 0.0x[1] (31 December 2023: (0.3)x).
- Adjusted EBITDA to pro forma cash interest expense coverage of 6.4x[1] (2023: 6.9x).

[1] The calculations of (i) adjusted EBITDA, (ii) net corporate Senior Secured Debt to adjusted EBITDA and (iii) adjusted EBITDA to pro forma cash interest expense, have each been calculated (subject to certain adjustments) in accordance with IFRS as in force as at 30 June 2024. As a result, such figures/ratios may differ significantly from all ratios, baskets and calculations made in accordance with the terms of the Senior Secured Debt and/or Revolving Credit Facility (in particular, the "Fixed Charge Corporate Debt Coverage Ratio" and "Consolidated Senior Secured Net Leverage Ratio").

Key performance indicators and other unaudited financial data

	Half-year ended June 2024	Half-year ended June 2023[1]	Year ended June 2024	Year ended December 2023[1]
Gross receivables (£m)	4,303.1	4,208.6	4,303.1	4,308.8
Customer spend (£m)	7,508.1	7,384.2	15,098.1	14,974.2
Underlying risk-adjusted income (£m)	216.4	227.2	438.1	448.9
Underlying profit before tax (£m)	82.6	97.2	192.7	207.3
Adjusted EBITDA[2] (£m)	88.3	103.3	204.3	219.3
Free cash flow available for growth and debt service (£m)	22.1	43.7	96.1	117.7
Net revenue margin (%)	20.3	19.8	20.5	20.2
Impairment rate (%)	10.2	9.1	10.1	9.6
Charge-off rate (%)	9.4	9.8	9.2	9.4
Underlying risk-adjusted margin (%)	10.2	10.8	10.3	10.6
Underlying cost-income ratio (%)	30.9	31.1	28.3	28.3
Servicing costs margin (%)	3.0	3.1	2.8	2.8
Advance rate[3] (%)	89.5	91.4	89.5	91.4
Near Prime structure (%)	88.0	89.7	88.0	88.6
Partnership structure (%)	91.5	93.7	91.5	95.0
Advance rate at hedged exchange rates[3] (%)	89.3	90.9	89.3	91.0
Near Prime structure (%)	87.8	88.8	87.8	87.9
Total accounts (m)	3.7	4.3	3.7	3.7
New accounts (k)	296	217	474	395
Ratio of net corporate Senior Secured Debt to adjusted EBITDA[2,3]	n/a	n/a	0.0x	(0.3)x
Ratio of adjusted EBITDA to pro forma cash interest expense[2]	n/a	n/a	6.4x	6.9x

[1] 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 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, the Group changed its methodology for calculating free cash flow available for growth and debt service to facilitate a better understanding of the Group's performance. Specifically, working capital now excludes movements in (i) daily settlement volumes at the period end and (ii) effective interest rate adjustments (and similar) reported within loans and advances to customers but excluded from gross receivables. Accordingly, the 2023 comparatives throughout this report have been re-presented for consistency where necessary.

[2] See footnote 1 on page 2.

[3] In the normal course of business, the Group issues new funding which is used to replace maturing debt and, depending on timing, this can lead to funding overlaps which temporarily increase the Group's cash balance and the amount of debt it has undertaken which is not reflective of the Group's underlying position. Accordingly, the calculations of (i) net corporate Senior Secured Debt to adjusted EBITDA and (ii) advance rate, have both been adjusted to remove the impact of such funding overlaps where relevant.

Overview

The financial information on pages 2 to 12 reflects the performance of the Group for the half-year ended 30 June 2024.

The Group reported underlying profit before tax of £83m (HY 2023: £97m) with the HY 2023 profit benefiting from a net £20m impact from cost-of-living ECL allowance releases. Gross receivables finished at £4.3bn (30 June 2023: £4.2bn) and customer spend increased to £7.5bn (HY 2023: £7.4bn). The following table reconciles the statutory result to underlying profit before tax and adjusted EBITDA.

	Half-year ended June 2024 £m	Half-year ended June 2023 £m	Year ended June 2024 £m	Year ended December 2023 £m
Profit before tax	**51.2**	**47.0**	**101.9**	**97.7**
Senior Secured Debt interest and related costs	17.6	19.7	35.6	37.7
Platform development costs	5.7	5.2	10.9	10.4
Restructuring costs	-	-	10.9	10.9
Amortisation of intangible assets arising on the Acquisition	8.1	25.3	33.4	50.6
Underlying profit before tax	**82.6**	**97.2**	**192.7**	**207.3**
Underlying depreciation and amortisation	5.7	6.1	11.6	12.0
Adjusted EBITDA[1]	**88.3**	**103.3**	**204.3**	**219.3**

For the half-year ended 30 June 2024, the Group reported a statutory profit before tax of £51m (HY 2023: £47m). The statutory result before tax for the current and comparative periods includes several items, detailed below, that do not relate to the Group's underlying business performance.

- Senior Secured Debt interest and related costs include 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). As at 30 June 2024, the Senior Secured Debt and Revolving Credit Facility outstanding principal totalled £238m (30 June 2023: £269m). After the period end, the Group announced a partial redemption of this debt. The early redemption totalled £24m and will reduce the outstanding principal to £214m.
- Platform development costs are expenses incurred to enhance the capabilities of the Group's in-house operating platform. These costs relate to a one-off project and are excluded from underlying performance because they do not represent the Group's 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.
- 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 Group's acquisition of NewDay Group Holdings S.à r.l. together with its subsidiaries and structured entities (the 'Acquisition') on 26 January 2017.

[1] See footnote 1 on page 2.

The Group continues to generate positive operating cash flows. In the period, the Group generated £22m (HY 2023: £44m) of free cash flow available for growth and debt servicing which was lower primarily due to one-off restructuring costs and higher growth-related capital expenditure in H1 2024. The following table reconciles adjusted EBITDA to free cash flow available for growth and debt service.

	Half-year ended June 2024 £m	Half-year ended June 2023[1] £m	Year ended June 2024 £m	Year ended December 2023[1] £m
Adjusted EBITDA[2]	**88.3**	**103.3**	**204.3**	**219.3**
Change in ECL allowance	(29.0)	(52.1)	(48.2)	(71.3)
Adjusted EBITDA[2] excluding change in ECL allowance	**59.3**	**51.2**	**156.1**	**148.0**
Change in working capital	7.9	16.0	16.0	24.1
Capital expenditure	(20.6)	(12.9)	(37.7)	(30.0)
Platform development and other costs	(5.7)	(5.2)	(10.9)	(10.4)
Restructuring costs paid	(7.3)	-	(7.3)	-
PPI provision payments	-	(4.6)	(0.2)	(4.8)
Tax paid	(11.5)	(0.8)	(19.9)	(9.2)
Free cash flow available for growth and debt service	**22.1**	**43.7**	**96.1**	**117.7**

Business developments

The economic outlook is stabilising and there remains strong demand in the UK market with circa 20m[3] individuals financially under-served. Against this backdrop, the Group is deliberately increasing new customer acquisitions within risk appetite. This will drive long-term sustainable growth but naturally depresses short-term accounting profitability from the investment cost of acquiring such customers. The Group opened 296k (HY 2023: 217k) new customer accounts during the period, of which 198k (HY 2023: 120k) arose from direct-to-consumer channels targeting near-prime customers and 98k (HY 2023: 97k) through merchant partnerships. The average credit score of all customers (measured using Experian Delphi scores) was broadly consistent period-on-period at 1,186 (HY 2023: 1,203).

Spend increased to £7.5bn (HY 2023: £7.4bn), with average spend per active customer of £2.7k (HY 2023: £2.4k). Gross receivables finished at £4.3bn (30 June 2023: £4.2bn), and the amount that was interest-bearing increased by 2% to £2.8bn (HY 2023: £2.7bn). In the period ended 30 June 2024, the Group processed 158m (HY 2023: 157m) spend transactions.

The Group continues to make good progress in its technology and lending partnership with Lloyds Banking Group and in its technology partnership with Boohoo Group. Both will launch in the second half of the year.

Following a strategic review of the business model of Pay4Later Limited (a sister company of the Group and trading as Deko), certain of Deko's activities will be transferred to NewDay Technology Limited in the second half of 2024. The decision to transfer such activities is the result of an increased focus on the provision of platform services technology to third party lenders and a move away from Deko's direct-to-merchant credit broking business model.

The Group and its owners are exploring strategic options for the business to support its further development and growth. This may include, amongst other things, a full or partial exit event or recapitalisation, in each case subject to market conditions. However, no final decision has been made in this regard and therefore there is no certainty that the Group will carry out any such transaction.

[1] See footnote 1 on page 3.

[2] See footnote 1 on page 2.

[3] Sourced from PwC report 'Over-looked and financially under-served'.

Acquiring new customers that create long-lasting relationships

The Group is investing today to grow its balance sheet and deliver long-term profitability. The continuous investment in acquiring new customers aims to deliver sustainable year-on-year increases in gross receivables and returns when such customers transition into long-term relationships. The following table shows the performance of the Group segmented by new and existing customers[1].

	Underlying profit before tax[2]			
	Half-year ended June 2024 £m	**Half-year ended June 2023 £m**	**Year ended June 2024 £m**	**Year ended December 2023 £m**
New customers	(30.7)	(61.4)	(62.9)	(93.6)
Existing customers	121.9	160.2	266.0	304.3
Total	**91.2**	**98.8**	**203.1**	**210.7**

Since the beginning of 2024, the Group has increased its appetite for new customer acquisitions, with 36% more new customer accounts opened period-on-period. This would normally increase the loss incurred from new customers, however the prior period comparatives were impacted by higher costs following the John Lewis & Partners portfolio launch in Q3 2022. In 2024, most of these customers had been reclassified to existing customer relationships and, given the prime nature of this customer base, this has led to a reduction in existing customer profitability.

Environmental, social and governance (ESG) matters

NewDay exists to help people move forward with credit. The Group is a purpose-led business and believes in credit as a force for good. Acting responsibly and sustainably means NewDay can look after its customers, protect the environment, and help support its communities.

The Group's manifesto is embedded throughout the business and expresses its purpose of helping people move forward with credit. This helps drive positive customer outcomes with the Group achieving an average year-to-date Net Promoter Score of +78 (HY 2023: +67) and an average year-to-date Net Easy Score of +77 (HY 2023: +73).

The Group is committed to balancing the interests of different stakeholders to maximise its long-term success. ESG metrics are regularly monitored by the Board. The Group's strategy and outcomes regarding ESG matters are detailed in its Sustainability Report, which is on its website at newday.co.uk.

Operational restructure

Towards the end of 2023, the Group simplified its structure. Effective from 1 January 2024, the Group's credit risk-taking businesses (previously known as Direct to Consumer and Merchant Offering) were combined into one business unit, Credit, and the Group's platform capability remains separate in another business unit, Platform (previously known as Platform Services). The Credit business' vision is to become the leading provider of near-prime credit in the UK. The business will support working Britain, whether directly through its own brands or through partnerships. The Platform business provides core technology for the Credit business and its vision is ultimately to become a leading consumer credit platform provider for other companies.

[1] New customers are those that have been with the Group for less than 12 months. Existing customers are those that have been with the Group for more than 12 months.

[2] Excludes the result of the Platform segment due to the different dynamics of this business and its customer base compared to the Credit business.

Management discussion and analysis

Description of income statement components

A brief description of the components of the Group's income statement is provided below.

Interest income

Interest income primarily relates to income earned on the Group's gross receivables.

Cost of funds

Cost of funds primarily relates to the interest expense on interest-bearing liabilities, which mainly comprise debt used to fund the Group's gross receivables.

From 2024, interest income earned on the Group's cash deposits is netted off against cost of funds, in contrast to previous years when it was netted off against salaries, benefits and overheads. The 2023 comparatives have been re-presented for consistency.

Fee and commission income

Fee and commission income primarily relates to card fees based on customer transaction events and certain card servicing activities, interchange fees and other income, including merchant transaction fee commission amongst others. Also included in fee and commission income are fees earned from the Platform business for providing digital platform solutions to third parties.

Netting off against this income are fee and commission expenses principally consisting of scheme fees arising from using third party processing networks (such as the Mastercard network), certain partner payments relating to the passthrough of interchange fees to retail partners, cashback the Group pays to its customers on qualifying spend and customer goodwill gestures.

From 2024, certain partner payments related to interchange fees earned from portfolios that are subsequently passed through to a retail partner are presented within fee and commission income, in contrast to previous years when they were shown within operating costs (as part of marketing and partner payments). The 2023 comparatives have been re-presented for consistency.

Impairment losses on loans and advances to customers

Expected credit loss (ECL) allowances are recognised on origination of financial assets, based on their anticipated credit loss. The expected loss allowances are measured on either of the following bases:

- 12-month ECLs, which result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs, which result from all possible default events over the expected life of a financial asset.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition (or if it was purchased or originated credit-impaired) and 12-month ECL measurement applies if it has not.

Operating costs

Operating costs primarily include servicing costs, administrative costs, commissions to retailers, advertising and marketing costs, movements in provisions (other than ECL allowances on loans and advances to customers), IT costs, change costs, collection fees, lease liability interest expense, depreciation of property and equipment and amortisation of intangible assets. Certain costs that are not directly related to specific operating activities, such as premises costs and professional fees, amongst others, are presented as overheads within salaries, benefits and overheads.

Salaries, benefits and overheads

Salaries and benefits represent costs relating to employees including contributions payable to a defined contribution pension plan and redundancy-related expenses. Overheads include certain operating costs that are not directly related to specific operating activities, e.g. certain premises costs and professional fees, amongst others.

Consolidated management basis income statement and segmental analysis

The tables below detail the management basis income statement on a consolidated basis and by the Group's reportable operating segments. On 1 January 2024, the Group revised its operating structure and, subsequently, its reporting segments. Direct to Consumer and Merchant Offering were combined into one segment, Credit, and Platform Services was renamed Platform. The prior period comparatives have been re-presented for consistency.

Both segments offer different products and services and are managed in line with the Group's management and internal reporting structure. Segment performance is assessed based on contribution. The segments are summarised below.

- Credit: This business provides unsecured credit products (including credit cards, digital revolving credit and point-of-sale finance) direct to consumers or in partnership with retail and consumer brands. The segment typically serves customers new to credit or that have a limited or poor credit history. The business also has a prime portfolio primarily through its partnership with John Lewis & Partners and certain other merchant partners. The segment also has certain other capital-light activities and several closed portfolios.
- Platform: This business provides digital platform solutions for end-to-end servicing of unsecured credit products financed and owned by third parties.

These segments reflect how internal reporting is provided to management and how management allocate resources and assess performance.

The table below details the management basis income statement and operating segment performance for the half-year ended 30 June 2024.

	Half-year ended June 2024 £m			Half-year ended June 2023[1] £m		
	Credit	**Platform**	**Group**	**Credit**	**Platform**	**Group**
Interest income	533.8	-	533.8	498.0	-	498.0
Cost of funds	(132.7)	-	(132.7)	(110.8)	-	(110.8)
Net interest income	**401.1**	**-**	**401.1**	**387.2**	**-**	**387.2**
Fee and commission income	31.5	0.6	32.1	29.6	1.4	31.0
Net revenue	**432.6**	**0.6**	**433.2**	**416.8**	**1.4**	**418.2**
Impairment losses on loans and advances to customers	(216.8)	-	(216.8)	(191.0)	-	(191.0)
Underlying risk-adjusted income	**215.8**	**0.6**	**216.4**	**225.8**	**1.4**	**227.2**
Servicing costs	(62.0)	(2.1)	(64.1)	(63.8)	(0.7)	(64.5)
Change costs	(19.0)	(6.5)	(25.5)	(21.4)	(1.7)	(23.1)
Marketing and partner payments	(12.9)	(0.3)	(13.2)	(11.2)	(0.1)	(11.3)
Collection fees	11.6	-	11.6	13.4	-	13.4
Contribution	**133.5**	**(8.3)**	**125.2**	**142.8**	**(1.1)**	**141.7**
Salaries, benefits and overheads			(42.6)			(44.5)
Underlying profit before tax			**82.6**			**97.2**
Add back: depreciation and amortisation			5.7			6.1
Adjusted EBITDA[2]			**88.3**			**103.3**
Senior Secured Debt interest and related costs			(17.6)			(19.7)
Platform development costs			(5.7)			(5.2)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition			(13.8)			(31.4)
Profit before tax			**51.2**			**47.0**

[1] See footnote 1 on page 3.

[2] See footnote 1 on page 2.

The table below details the management basis income statement and operating segment performance for the year ended 30 June 2024.

	Year ended June 2024 £m			Year ended December 2023[1] £m		
	Credit	**Platform**	**Group**	**Credit**	**Platform**	**Group**
Interest income	1,067.9	-	1,067.9	1,032.1	-	1,032.1
Cost of funds	(263.3)	-	(263.3)	(241.4)	-	(241.4)
Net interest income	**804.6**	**-**	**804.6**	**790.7**	**-**	**790.7**
Fee and commission income	60.2	2.7	62.9	58.3	3.5	61.8
Net revenue	**864.8**	**2.7**	**867.5**	**849.0**	**3.5**	**852.5**
Impairment losses on loans and advances to customers	(429.4)	-	(429.4)	(403.6)	-	(403.6)
Underlying risk-adjusted income	**435.4**	**2.7**	**438.1**	**445.4**	**3.5**	**448.9**
Servicing costs	(116.0)	(3.0)	(119.0)	(117.8)	(1.6)	(119.4)
Change costs	(33.5)	(9.2)	(42.7)	(35.9)	(4.4)	(40.3)
Marketing and partner payments	(22.7)	(0.4)	(23.1)	(21.0)	(0.2)	(21.2)
Collection fees	23.5	-	23.5	25.3	-	25.3
Contribution	**286.7**	**(9.9)**	**276.8**	**296.0**	**(2.7)**	**293.3**
Salaries, benefits and overheads			(84.1)			(86.0)
Underlying profit before tax			**192.7**			**207.3**
Add back: depreciation and amortisation			11.6			12.0
Adjusted EBITDA[2]			**204.3**			**219.3**
Senior Secured Debt interest and related costs			(35.6)			(37.7)
Platform development costs			(10.9)			(10.4)
Restructuring costs			(10.9)			(10.9)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition			(45.0)			(62.6)
Profit before tax			**101.9**			**97.7**

[1] See footnote 1 on page 3.

[2] See footnote 1 on page 2.

Interest income

Interest income increased by £36m, or 7%, to £534m (HY 2023: £498m) and was primarily driven by a higher Bank of England base rate which the Group, in most instances, has a contractual right to pass on to customers.

Cost of funds

Funding costs increased by £22m to £133m (HY 2023: £111m), mainly driven by higher base rates.

Fee and commission income

Fee and commission income increased marginally to £32m (HY 2023: £31m), reflecting the broadly consistent spend activity and gross receivables balance period-on-period.

Impairment losses on loans and advances to customers

The Group's impairment charge increased by 14% to £217m (HY 2023: £191m). The higher charge was mainly driven by a net £20m benefit in HY 2023 arising from a cost-of-living ECL allowance release. As at 30 June 2024, the Group's ECL allowance was £486m (31 December 2023: £515m) and represented 11.3% (31 December 2023: 12.0%) coverage of gross receivables. The Group's impairment rate for the period increased to 10.2% (HY 2023: 9.1%).

The proportion of gross receivables in delinquency increased to 7.9%[1] (30 June 2023: 7.4%). The Group has supported customers using an established suite of interventions, including payment holidays, 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 2.6% (30 June 2023: 2.4%) as at 30 June 2024. This remains below pre-pandemic levels of 2.7% at the end of 2019.

Operating costs

Servicing costs reduced marginally to £64m (HY 2023: £65m), reflecting cost-saving initiatives partly offset by higher volumes of affordability-related claims. Total customer complaints are currently 1.6 (HY 2023: 1.3) per month per 1,000 active customers.

Change costs increased by 10% to £26m (HY 2023: £23m) as the Group continued to invest in its digital capabilities. The Platform segment reported a £5m increase in expense to £7m (HY 2023: £2m) as it continues to develop its product offering.

Marketing and partner payment costs increased by £2m to £13m (HY 2023: £11m) as the Group invested in growth through new account acquisitions.

Collection fees reduced by 13% to £12m (HY 2023: £13m) as a result of fewer fees arising from late payments.

Salaries, benefits and overheads

Salaries, benefits and overheads reduced by 4% to £43m (HY 2023: £45m), primarily reflecting the lower headcount following the operational restructure at the end of 2023.

Underlying cost-income ratio

Net revenue increased to £433m (HY 2023: £418m) and underlying costs remained well controlled. Consequently, the underlying cost-income ratio improved to 30.9% (HY 2023: 31.1%).

Adjusted EBITDA

Adjusted EBITDA reduced to £88m[2] (HY 2023: £103m), reflecting the movement in underlying profit before tax.

[1] Customers placed on a repayment plan, enabling them to repay less than their original contractual minimum monthly payment, and who are up to date with their revised payment schedule are not counted as in delinquency or arrears.

[2] See footnote 1 on page 2.

Cash flows

As at 30 June 2024, the Group's cash balance totalled £315m (30 June 2023: £341m). This included £75m (30 June 2023: £71m) of restricted cash and £70m (30 June 2023: £56m) of cash held outside the securitisation structures and not held for specific funding activities. The following table reconciles the movement in the Group's cash balance during the period.

	Half-year ended June 2024 £m	Half-year ended June 2023 £m	Year ended June 2024 £m	Year ended December 2023 £m
Net cash generated from operating activities	33.4	93.2	31.3	91.1
Net cash used in investing activities	(20.6)	(12.9)	(37.7)	(30.0)
Net cash (used in)/generated from financing activities	(286.8)	(121.3)	(19.5)	146.0
Net (decrease)/increase in cash and cash equivalents	**(274.0)**	**(41.0)**	**(25.9)**	**207.1**
Cash and cash equivalents at the start of the period	589.3	382.2	341.2	382.2
Cash and cash equivalents at the end of the period	**315.3**	**341.2**	**315.3**	**589.3**

Net cash generated from operating activities

Net cash generated from operating activities was £33m (HY 2023: £93m), primarily driven by the profits generated in the period. The HY 2023 comparative also included an impact from the paydown of gross receivables.

Net cash used in investing activities

Net cash used in investing activities of £21m (HY 2023: £13m) represents investment in intangible assets and property and equipment.

Net cash (used in)/generated from financing activities

Net cash used in financing activities of £287m (HY 2023: £121m) consisted of (i) a £682m repayment of maturing asset-backed term debt, (ii) a £324m issuance of new asset-backed term debt (excluding internally retained notes), and (iii) the drawdown and repayment of VFNs to provide liquidity to fund the Group's gross receivables. The Group also made a £3m payment to its immediate parent company.

Funding

The Group proactively monitors its funding requirements to ensure it remains appropriately positioned to finance its operations and has the right to extend the maturity date of all its asset-backed debt by one year (excluding the Senior Secured Debt and Revolving Credit Facility).

As at 30 June 2024, the Group reported a funding facility headroom of £1.4bn (30 June 2023: £1.5bn). After adjusting for deals that have already been refinanced in advance of their maturity (including the deal issued in July 2024 detailed below), 7% of the Group's borrowings were due for repayment in less than one year, 27% in one to two years and 66% in over two years.

In the period, the Group raised £350m of asset-backed securities (of which £26m was retained within the Group) from its Near Prime securitisation programme. Proceeds from this deal were used to repay a deal that matured in June.

In July 2024, and after the period end, a further £350m of asset-backed securities (of which £23m was retained by the Group) was raised from the Near Prime securitisation programme. This debt has been used to paydown VFNs, creating headroom to repay a deal maturing in November 2024. Following this, all term debt deals maturing in 2024 have been successfully refinanced.

In July 2024, the Group announced a partial redemption of its Senior Secured Debt that will complete in August 2024. The aggregate redemption will be £25m (inclusive of an early repayment premium and settlement of accrued interest), of which £24m is a partial redemption of the outstanding principal. The repayment will reduce the outstanding principal on this debt to £214m. The remaining debt matures in 2026.

Appendix

Consolidated interim financial information

NewDay Group (Jersey) Limited

Consolidated interim financial information

30 June 2024

Consolidated interim financial information

Consolidated income statement and consolidated statement of comprehensive income

	Note	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 re-presented[1] £m	Year ended 31 December 2023 £m
Continuing operations				
Interest and similar income	3	546.1	502.8	1,047.0
Interest and similar expense	3	(162.9)	(135.6)	(294.4)
Net interest income		**383.2**	**367.2**	**752.6**
Fee and commission income[1]		67.3	66.5	133.4
Fee and commission expense[1]		(12.1)	(12.3)	(24.8)
Net fee and commission income	3	**55.2**	**54.2**	**108.6**
Impairment losses on loans and advances to customers	3, 5	(217.2)	(191.3)	(404.5)
Risk-adjusted income	3	**221.2**	**230.1**	**456.7**
Personnel expense		(67.8)	(74.8)	(154.0)
Other operating expenses		(102.2)	(108.3)	(205.0)
Total operating expenses	3	**(170.0)**	**(183.1)**	**(359.0)**
Profit before tax	3	**51.2**	**47.0**	**97.7**
Tax expense		(16.8)	(9.0)	(15.3)
Profit after tax		**34.4**	**38.0**	**82.4**
Other comprehensive income/(expense)				
Items that may subsequently be reclassified to the income statement				
Effective portion of changes in fair value of cash flow hedges		3.5	(8.9)	(37.4)
Net income statement transfer from hedging reserve		(2.9)	16.1	20.5
Other comprehensive income/(expense)		**0.6**	**7.2**	**(16.9)**
Total comprehensive income		**35.0**	**45.2**	**65.5**

Notes 1 to 15 form an integral part of this consolidated interim financial information.

[1] In Q4 2023, the Group expanded its presentation of fee and commission income and expense so that they are shown on a gross basis as well as a net basis. Accordingly, the prior year comparatives have been re-presented for consistency.

Consolidated balance sheet

	Note	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Assets				
Loans and advances to banks	4	315.3	341.2	589.3
Loans and advances to customers	5	3,904.2	3,803.5	3,919.4
Other assets		189.0	94.2	169.2
Derivative financial assets	6	17.8	54.7	32.9
Current tax assets		20.0	2.2	16.1
Deferred tax assets		0.5	0.6	0.5
Property and equipment		6.8	10.4	8.6
Intangible assets	7	90.4	95.4	82.7
Goodwill		279.9	279.9	279.9
Total assets		**4,823.9**	**4,682.1**	**5,098.6**
Liabilities				
Debt issued and other borrowed funds	8	4,080.9	4,111.5	4,381.9
Other liabilities		207.4	106.0	221.1
Derivative financial liabilities	6	4.0	-	7.2
Current tax liabilities		19.0	-	9.7
Deferred tax liabilities		1.7	1.0	1.9
Provisions	9	7.0	9.2	5.4
Total liabilities		**4,320.0**	**4,227.7**	**4,627.2**
Net assets		**503.9**	**454.4**	**471.4**
Equity attributable to owners of the Company				
Share capital and share premium		-	-	-
Equity instruments		593.9	593.9	593.9
Hedging reserve		7.3	30.8	6.7
Retained losses		(97.3)	(170.3)	(129.2)
Total equity		**503.9**	**454.4**	**471.4**

Notes 1 to 15 form an integral part of this consolidated interim financial information.

Consolidated statement of changes in equity

	Share capital and share premium £m	Equity instruments £m	Hedging reserve £m	Retained losses £m	Total equity £m
As at 31 December 2023	-	593.9	6.7	(129.2)	471.4
Return paid on loan from immediate parent company[1]	-	-	-	(2.5)	(2.5)
Total comprehensive income for the period:					
Profit after tax	-	-	-	34.4	34.4
Other comprehensive income	-	-	0.6	-	0.6
As at 30 June 2024	**-**	**593.9**	**7.3**	**(97.3)**	**503.9**

	Share capital and share premium £m	Equity instruments £m	Hedging reserve £m	Retained losses £m	Total equity £m
As at 31 December 2022	-	593.9	23.6	(203.4)	414.1
Return paid on loan from immediate parent company[1]	-	-	-	(4.9)	(4.9)
Total comprehensive income for the period:					
Profit after tax	-	-	-	38.0	38.0
Other comprehensive income	-	-	7.2	-	7.2
As at 30 June 2023	**-**	**593.9**	**30.8**	**(170.3)**	**454.4**
Return paid on loan from immediate parent company[1]	-	-	-	(3.3)	(3.3)
Total comprehensive income for the period:					
Profit after tax	-	-	-	44.4	44.4
Other comprehensive expense	-	-	(24.1)	-	(24.1)
As at 31 December 2023	**-**	**593.9**	**6.7**	**(129.2)**	**471.4**

Notes 1 to 15 form an integral part of this consolidated interim financial information.

[1] The Group made a return of £2.5m (HY 2023: £4.9m, 2023: £8.2m) to Nemean Midco Limited, its immediate parent. The return was made in accordance with the £529.2m loan agreement between NewDay Group (Jersey) Limited and Nemean Midco Limited which, consistent with the requirements of IFRS, is reported as an equity instrument in the Group's financial statements.

Consolidated statement of cash flows

	Note	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 re-presented[1] £m	Year ended 31 December 2023 £m
Operating activities				
Profit after tax		34.4	38.0	82.4
Reconciliation of profit after tax to net cash generated from operating activities:				
Tax expense		16.8	9.0	15.3
Interest and similar income		(546.1)	(502.8)	(1,047.0)
Interest and similar expense		162.9	135.6	294.4
Depreciation of property and equipment		2.2	2.3	4.5
Amortisation of intangible assets	7	11.6	29.1	58.1
Impairment of intangible assets		0.9	-	0.4
Impairment losses on loans and advances to customers		217.2	191.3	404.5
Changes in operating assets and liabilities:				
Increase in loans and advances to customers		(150.1)	(141.9)	(408.2)
(Increase)/decrease in other assets		(20.2)	52.3	(21.4)
(Decrease)/increase in other liabilities		(12.5)	(45.8)	70.2
Increase in provisions		4.3	4.2	0.4
Interest and similar income received		494.6	457.8	937.9
Interest and similar expense paid		(171.1)	(135.1)	(291.2)
Tax paid		(11.5)	(0.8)	(9.2)
Net cash generated from operating activities		**33.4**	**93.2**	**91.1**
Cash flows from investing activities				
Purchases of property and equipment		(0.4)	(0.2)	(0.6)
Investment in intangible assets	7	(20.2)	(12.7)	(29.4)
Net cash used in investing activities		**(20.6)**	**(12.9)**	**(30.0)**
Cash flows from financing activities				
Proceeds from debt issued and other borrowed funds	8	1,093.2	313.5	1,648.9
Repayment of debt issued and other borrowed funds	8	(1,376.0)	(428.5)	(1,491.9)
Payment of principal element of lease liabilities		(1.5)	(1.4)	(2.8)
Return paid on loan from immediate parent company		(2.5)	(4.9)	(8.2)
Net cash (used in)/generated from financing activities		**(286.8)**	**(121.3)**	**146.0**
Net (decrease)/increase in cash and cash equivalents		(274.0)	(41.0)	207.1
Cash and cash equivalents at the start of the period		589.3	382.2	382.2
Cash and cash equivalents at the end of the period	4	**315.3**	**341.2**	**589.3**

Notes 1 to 15 form an integral part of this consolidated interim financial information.

[1] In Q4 2023, the Group changed how it presented its cash flow statement with respect to interest and similar income. Interest and similar income per the income statement and interest and similar income received are now both shown as separate items rather than as a component of the movement in loans and advances to customers. Accordingly, the prior year comparatives have been re-presented for consistency.

Notes to the consolidated interim financial information

1. Corporate information

NewDay Group (Jersey) Limited (the 'Company') was incorporated in Jersey as a private limited company on 26 September 2016. The address of its registered office is 27 Esplanade, St Helier, Jersey, JE1 1SG. Nemean Midco Limited has been the sole shareholder of the Company since incorporation. The ultimate parent undertaking is Nemean Topco Limited, a private limited company incorporated in Jersey.

2. Accounting policies

2.1 Basis of preparation

The consolidated interim financial information (the 'interim financial information') of the Company, its subsidiaries and certain consolidated structured entities (collectively the 'Group') does not constitute statutory financial statements within the meaning of section 105 of the Companies (Jersey) Law 1991. The Annual Report and Financial Statements of NewDay Group (Jersey) Limited (the statutory Financial Statements) for the year ended 31 December 2023 were approved by the Board of Directors of NewDay Group (Jersey) Limited on 27 March 2024. Those statutory Financial Statements contained an unqualified audit report and did not draw attention to any matters of emphasis. The statutory Financial Statements are available on the Group's website (newday.co.uk).

The interim financial information and prior period comparatives herein have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK. The Group's accounting policies have been consistently applied in the current period and prior period comparatives. The interim financial information for the six months ended 30 June 2024 was approved by the Board of Directors on 8 August 2024.

Going concern

As at 8 August 2024, the Group has £893.7m (including £150.7m through a cross-currency interest rate swap) of asset-backed term debt principal within the Near Prime securitisation programme maturing in the next 12 months. In order to deliver the growth plans, it is the Directors' intention to refinance the funding due to mature with new asset-backed term debt and/or variable funding notes (VFNs). If new funding cannot be obtained in line with the Group's growth plans, the Directors note that the Group can, if required, exercise an option at its own discretion to extend the maturity date on all its asset-backed term debt and VFNs by one year. As at 8 August 2024, the Group has undrawn VFNs of £983.2m within the Near Prime securitisation programme with a maturity in excess of 12 months which can be used to fund future growth and refinance maturing debt (subject to sufficient headroom).

In addition to regular forecasting of performance, the Group has undertaken various stress scenarios to assess the impact on profitability, cash flows, the balance sheet and compliance with funding covenants (such as a minimum excess spread, maximum delinquency rate and maximum charge-off rate) in stressed environments. The Group also assesses the impact of operational, legal or regulatory claims, actions or proceedings. This information is formally presented to the Board for review, and has been approved by the Board, along with consideration of the potential impact of contingent liabilities on the Group.

As part of the stress scenarios, the Directors also considered the impact of the UK economic outlook on the Group including the potential closure of capital markets and other restrictions on the Group's ability to raise new finance. In the event that there is limited headroom available within the Group's financing structures, the Directors also have the ability to alter the Group's growth plans to reduce funding requirements.

The most severe but plausible stress scenario considered by the Directors assumes an uplift in unemployment, inflation and base rates in line with the latest PRA stress forecast, as well as a limited ability to raise new financing. In this scenario, the Directors would be required to take mitigating action to reduce growth plans, tighten credit amongst the Group's customers as well as reducing costs and discretionary spend. However, the Group would continue to operate within the financing available under its existing facilities and funding covenants.

Considering the scenario analysis and stress testing on the Group's current funding position, the Directors are satisfied that the Group has the resources necessary to continue in business for a period of at least twelve months after the approval of the consolidated interim financial information and are of the opinion that the Group continues to be a going concern. Therefore, the consolidated interim financial information is prepared on the going concern basis.

Notes to the consolidated interim financial information (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

The interim financial information comprise the consolidated financial statements of the Group as at 30 June 2024. The subsidiaries and structured entities (SEs) consolidated into the interim financial information are disclosed in note 26 of the 2023 statutory Financial Statements. In 2024, the Group incorporated NewDay EU Financing S.à r.l., NewDay Funding EU Loan Note Issuer S.à r.l. and NewDay Partnership EU Loan Note Issuer S.à r.l. These entities, which are SEs, are consolidated into the Group's financial statements. The financial statements of the Group's subsidiaries (including SEs that the Group consolidates) are prepared using the same reporting period as the Group, except for the entities incorporated in 2024, using consistent accounting policies. In the year of incorporation, NewDay EU Financing S.à r.l. has an accounting period of 14 February 2024 to 31 December 2024, and NewDay Funding EU Loan Note Issuer S.à r.l. and NewDay Partnership EU Loan Note Issuer S.à r.l. have an accounting period of 15 February 2024 to 31 December 2024.

Subsidiaries are fully consolidated from the date that control is transferred to the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity, has the exposure or rights to the variable returns from the involvement with the entity, and is able to use its power to affect the amount of returns for the Group.

All intra-Group balances, transactions, income and expenses are eliminated in full.

2.2 Summary of material accounting policies

The accounting policies adopted in the interim financial information are consistent with those adopted and disclosed in the statutory Financial Statements for the year ended 31 December 2023 and are detailed in those statutory Financial Statements, except for corporation tax which in interim periods, excluding provisions for uncertain tax positions, is accrued using the expected effective tax rate for the full year.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expense during the reporting period. The significant accounting judgements, estimates and assumptions exercised by management in determining the amounts recognised in the interim financial information are consistent with those adopted in the statutory Financial Statements for the year ended 31 December 2023 except for those used in i) the expected credit loss (ECL) allowance on loans and advances to customers, and ii) provisions for uncertain tax positions. The changes to the ECL allowance are detailed below and the provision for uncertain tax positions is detailed in note 13.

A full assessment of the judgements, estimates and assumptions for the year ended 31 December 2023 are detailed on pages 89 to 93 of the 2023 Annual Report and Financial Statements.

(1) ECL allowance on loans and advances to customers

The changes to the significant accounting judgements and estimates used within the ECL allowance on loans and advances to customers are the use of i) forward-looking information; and ii) post model adjustments (PMAs). These are detailed further below. Additionally, the Group updated its loss given default assumptions to reflect the latest recoveries from debt sales, which resulted in a reduction in ECL allowance in the period.

Forward-looking information

The Group continues to monitor the UK economic outlook. The forward-looking information incorporated into the Group's ECL allowance is adjusted when the economic outlook changes. The following table details the key forward-looking information incorporated into the Group's ECL allowance over the five-year outlook period used in the Group's ECL provisioning model.

	UK unemployment rate forecast over five-year outlook period %			ECL allowance assuming 100% probability weighting	Probability weighting used in reported ECL allowance
	Peak	Minimum	Average	£m	%
30 June 2024					
Upside	4.3	4.0	4.0	459.2	15
Base	4.4	4.1	4.3	474.7	50
Downside 1	6.5	4.3	5.7	506.1	30
Downside 2	8.5	4.3	7.2	558.6	5

Notes to the consolidated interim financial information (continued)

2.3 Significant accounting judgements, estimates and assumptions (continued)

	UK unemployment rate forecast over five-year outlook period %			ECL allowance assuming 100% probability weighting	Probability weighting used in reported ECL allowance
	Peak	**Minimum**	**Average**	**£m**	**%**
30 June 2023					
Upside	4.1	3.3	3.8	497.6	10
Base	4.4	3.8	4.2	514.0	55
Downside 1	6.4	3.8	5.6	565.4	30
Downside 2	8.5	3.8	7.0	642.7	5
31 December 2023					
Upside	4.4	4.0	4.1	482.5	15
Base	4.7	4.2	4.4	502.9	50
Downside 1	6.5	4.2	5.8	534.9	30
Downside 2	8.5	4.2	7.1	611.2	5

A summary of the assumptions in each scenario as at 30 June 2024 is detailed below.

- The upside scenario assumes price rises and wage expectations ease faster than expected, reducing the need for the Bank of England to undertake substantial interest rate increases. The unemployment rate is expected to remain broadly flat over the outlook period and settle at a long-term rate of 4.0%.
- The base scenario assumes limited growth in the UK economy. The outlook assumes consumer price inflation continues to fall largely driven by energy price reductions. The Bank of England base rate reduces in a similar trend to inflation so as not to overstimulate the economy and drive inflation again. With a rebound in consumer confidence, the unemployment rate does not rise any further than its current levels before falling back to 4.1% by the end of the forecast period.
- The downside 1 scenario assumes a combination of strong domestic price growth, ongoing wage inflation and lower global economic growth. This sees businesses face higher costs, lower domestic consumer spending and reduced exports, which causes them to reduce hiring and investment. This in turn further affects household incomes through reduced employment and the economy experiences a slow recovery from recession. The unemployment rate gradually rises to its peak of 6.5% in 2026, before falling back to 5.5% at the end of the forecast period.
- The downside 2 scenario embodies a series of cost shocks along with high and persistent consumer price inflation across advanced economies. A fall in real household real income, lower confidence and tighter financial conditions result in a severe UK recession. Inflation rises sharply and predominantly reflects increases in energy and food prices as well as wider global supply chain pressures affecting import and domestic prices. The unemployment rate peaks at 8.5% in 2026 before recovering to 6.8% at the end of the forecast period.

The changes to the probability weighting applied to each scenario represents changes to management's view of the likelihood of each scenario occurring and reflect the uncertainty in the UK economic outlook at the prevailing date. The ECL allowance assuming a 100% probability weighting applied to each scenario also includes the impact of post model adjustments.

As at 30 June 2024, the impact of probability-weighting these scenarios uplifted the ECL allowance on loans and advances to customers by £11.3m (30 June 2023: £20.2m, 31 December 2023: £12.1m) compared to the base scenario ECL allowance.

PMAs

The Group uses PMAs to adjust modelled ECL outcomes when it is deemed that the underlying model methodology has not fully captured anticipated credit losses. The following table details the PMAs incorporated within the ECL allowance.

Notes to the consolidated interim financial information (continued)

2.3 Significant accounting judgements, estimates and assumptions (continued)

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Forward-looking information	(13.4)	(4.7)	(8.4)
Model performance	(8.0)	(14.4)	(12.3)
Total PMAs	**(21.4)**	**(19.1)**	**(20.7)**

The methodologies used to calculate PMAs are based on similar principles to those used in the underlying model methodology, with the inputs and calculations subject to regular oversight and review consistent with the underlying model output. A summary of each category of PMA is detailed below.

- The forward-looking information PMAs primarily represent a £13.4m PMA which reduces overall ECL (30 June 2023: £11.0m reduction in ECL, 31 December 2023: £10.5m reduction in ECL) for the use of proxies to model the impact on ECL of multiple economic scenarios. The Group uses its Near Prime model as a proxy for considering the impact of changes in forward-looking unemployment information on ECL for portfolios which do not have a bespoke forward-looking model. Additionally, in 2024, following a review of the modelled ECL output and the prevailing economic outlook, management consider the modelled ECL output to appropriately reflect the cost-of-living pressures for which the cost-of-living PMA was initially held to cover. Consequently, the PMA which increased ECL was released in the period (30 June 2023: £6.3m, 31 December 2023: £2.1m).
- Model performance PMAs represent adjustments to modelled outcomes including normalisation for recent experience and the outcome of periodic model validations. As at 30 June 2024, through its ongoing validation of model metrics, the Group assessed the probability of default (PD) it uses in its ECL model. This resulted in a PMA of £13.3m reducing overall ECL (30 June 2023: £19.1m reduction in ECL, 31 December 2023: £22.6m reduction in ECL) and reflects movements in the underlying performance of the receivables portfolio since the last calibration exercise. As at 30 June 2024, the calibration period used in the PMA was the 24-month period ended 30 June 2024 because this period best reflected the expected future performance of the receivables portfolio as at the period end. Model performance PMAs also include several other PMAs that collectively total an uplift of £5.3m (30 June 2023: £4.7m uplift in ECL, 31 December 2023: £10.3m uplift in ECL) in ECL as at 30 June 2024.

See note 11.2 for further details of the Group's ECL allowance.

2.4 Adoption of new and revised standards

The following new amendments to existing standards are mandatory for the first time for the period ended 30 June 2024.

- Amendments to IAS 1 'Presentation of Financial Statements'. The amendments provide more guidance on the definition of current and non-current liabilities, and guidance on disclosures for non-current liabilities subject to covenants.

The amendments noted above do not have a significant impact on the Group's financial statements.

2.5 Standards issued but not yet effective

The following accounting standards and amendments have been issued by the International Accounting Standards Board and are relevant to the Group and Company but have not been adopted early.

- Amendments to IFRS 9 'Financial Instruments'. The amendments provide more guidance on when to recognise or derecognise financial assets and financial liabilities, particularly when they are settled using electronic payment systems.
- IFRS 18 'Presentation and Disclosure in Financial Statements'. The new standard aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. Also, certain management performance measures (MPMs) will now form part of the audited financial statements.

Notes to the consolidated interim financial information (continued)

3. Segment information

On 1 January 2024, the Group revised its operating structure and subsequently its reporting segments. Direct to Consumer and Merchant Offering were combined into one segment, Credit, and Platform Services was renamed Platform. The prior period comparatives have been re-presented for consistency.

Both segments offer different products and services and are managed in line with the Group's management and internal reporting structure. Segment performance is assessed based on contribution. The segments are summarised below.

- Credit: This business provides unsecured credit products (including credit cards, digital revolving credit and point-of-sale finance) direct to consumers or in partnership with retail and consumer brands. The segment typically serves customers new to credit or that have a limited or poor credit history. The business also has a prime portfolio primarily through its partnership with John Lewis & Partners and certain other merchant partners. The segment also has several closed portfolios.
- Platform: This business provides digital platform solutions for end-to-end servicing of unsecured credit products financed and owned by third parties.

These segments reflect how internal reporting is provided to management and how management allocate resources and assess performance. Segment performance is assessed based on contribution. The accounting policies of the reportable segments are consistent with the Group's accounting policies. The Group's activities are managed across Jersey, Luxembourg and the UK. The Group currently only offers credit products to customers in the UK and digital platform solutions both in the UK and internationally. Capital expenditure is not allocated to individual segments as property and equipment is managed at Group level.

Notes to the consolidated interim financial information (continued)

3. Segment information (continued)

The table below presents the performance on a segmental basis, for the six months ended 30 June 2024, in line with reporting to the chief operating decision maker.

Six months ended 30 June 2024	Credit £m	Platform £m	Total £m
Interest income	533.8	-	533.8
Cost of funds	(132.7)	-	(132.7)
Net interest income	**401.1**	**-**	**401.1**
Fee and commission income	31.5	0.6	32.1
Net revenue	**432.6**	**0.6**	**433.2**
Impairment losses on loans and advances to customers	(216.8)	-	(216.8)
Underlying risk-adjusted income	**215.8**	**0.6**	**216.4**
Servicing costs	(62.0)	(2.1)	(64.1)
Change costs	(19.0)	(6.5)	(25.5)
Marketing and partner payments	(12.9)	(0.3)	(13.2)
Collection fees	11.6	-	11.6
Contribution	**133.5**	**(8.3)**	**125.2**
Salaries, benefits and overheads			(42.6)
Underlying profit before tax			**82.6**
Add back: depreciation and amortisation			5.7
Adjusted EBITDA[1]			**88.3**
Senior Secured Debt interest and related costs			(17.6)
Platform development costs			(5.7)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition			(13.8)
Profit before tax			**51.2**
Gross receivables	**4,303.1**	**-**	**4,303.1**

The table below presents a reconciliation of the reclassifications from the statutory performance to the results shown in the segmental analysis.

Six months ended 30 June 2024 reconciling items	Statutory £m	Fee income £m	Senior Secured Debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	546.1	-	-	(12.3)	533.8
Cost of funds	(162.9)	-	17.6	12.6	(132.7)
Fee and commission income	55.2	(23.1)	-	-	32.1
Impairment losses on loans and advances to customers	(217.2)	-	-	0.4	(216.8)
Underlying risk-adjusted income	**221.2**	**(23.1)**	**17.6**	**0.7**	**216.4**
Total operating expenses	(170.0)	23.1	(17.6)	(0.7)	(165.2)[2]
Profit before tax	**51.2**	**-**	**-**	**-**	**51.2**

Fee income includes i) cost recovery fees which are presented as a component of collection fees on a segmental basis rather than fee and commission income, and ii) certain partner payments relating to the passthrough of interchange fees to a retail partner which is presented as fee and commission income on a segmental basis rather than within operating expenses. Senior Secured Debt interest and related costs represents interest and related costs on the Senior Secured Debt and Revolving Credit Facility, which are excluded from underlying profit on a segmental basis. Other primarily represents interest income from loans and advances to banks which is presented in cost of funds on a segmental basis rather than interest income.

[1] See footnote 1 on page 2.

[2] Includes all items below risk-adjusted income on the segmental basis income statement above.

Notes to the consolidated interim financial information (continued)

3. Segment information (continued)

The table below presents the performance on a segmental basis, for the six months ended 30 June 2023, in line with reporting to the chief operating decision maker.

Six months ended 30 June 2023 re-presented[1]	**Credit £m**	**Platform £m**	**Total £m**
Interest income	498.0	-	498.0
Cost of funds	(110.8)	-	(110.8)
Net interest income	**387.2**	**-**	**387.2**
Fee and commission income	29.6	1.4	31.0
Net revenue	**416.8**	**1.4**	**418.2**
Impairment losses on loans and advances to customers	(191.0)	-	(191.0)
Underlying risk-adjusted income	**225.8**	**1.4**	**227.2**
Servicing costs	(63.8)	(0.7)	(64.5)
Change costs	(21.4)	(1.7)	(23.1)
Marketing and partner payments	(11.2)	(0.1)	(11.3)
Collection fees	13.4	-	13.4
Contribution	**142.8**	**(1.1)**	**141.7**
Salaries, benefits and overheads			(44.5)
Underlying profit before tax			**97.2**
Add back: depreciation and amortisation			6.1
Adjusted EBITDA[2]			**103.3**
Senior Secured Debt interest and related costs			(19.7)
Platform development costs			(5.2)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition			(31.4)
Profit before tax			**47.0**
Gross receivables	**4,208.6**	**-**	**4,208.6**

The table below presents a reconciliation of the reclassifications from the statutory performance to the results shown in the segmental analysis.

Six months ended 30 June 2023 reconciling items re-presented[1]	**Statutory £m**	**Fee income £m**	**Senior Secured Debt interest and related costs £m**	**Other £m**	**Segmental basis £m**
Interest income	502.8	-	-	(4.8)	498.0
Cost of funds	(135.6)	-	19.7	5.1	(110.8)
Fee and commission income	54.2	(22.9)	-	(0.3)	31.0
Impairment losses on loans and advances to customers	(191.3)	-	-	0.3	(191.0)
Underlying risk-adjusted income	**230.1**	**(22.9)**	**19.7**	**0.3**	**227.2**
Total operating expenses	(183.1)	22.9	(19.7)	(0.3)	(180.2)[3]
Profit before tax	**47.0**	**-**	**-**	**-**	**47.0**

[1] See footnote 1 on page 3.

[2] See footnote 1 on page 2.

[3] See footnote 2 on page 24.

Notes to the consolidated interim financial information (continued)

3. Segment information (continued)

The table below presents the performance on a segmental basis, for the year ended 31 December 2023, in line with reporting to the chief operating decision maker.

Year ended 31 December 2023 re-presented[1]	Credit £m	Platform £m	Total £m
Interest income	1,032.1	-	1,032.1
Cost of funds	(241.4)	-	(241.4)
Net interest income	**790.7**	**-**	**790.7**
Fee and commission income	58.3	3.5	61.8
Net revenue	**849.0**	**3.5**	**852.5**
Impairment losses on loans and advances to customers	(403.6)	-	(403.6)
Underlying risk-adjusted income	**445.4**	**3.5**	**448.9**
Servicing costs	(117.8)	(1.6)	(119.4)
Change costs	(35.9)	(4.4)	(40.3)
Marketing and partner payments	(21.0)	(0.2)	(21.2)
Collection fees	25.3	-	25.3
Contribution	**296.0**	**(2.7)**	**293.3**
Salaries, benefits and overheads			(86.0)
Underlying profit before tax			**207.3**
Add back: depreciation and amortisation			12.0
Adjusted EBITDA[2]			**219.3**
Senior Secured Debt interest and related costs			(37.7)
Platform development costs			(10.4)
Restructuring costs			(10.9)
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition			(62.6)
Profit before tax			**97.7**
Gross receivables	**4,308.8**	**-**	**4,308.8**

The table below presents a reconciliation of the reclassifications from the statutory performance to the results shown in the segmental analysis.

Year ended 31 December 2023 reconciling items re-presented[1]	Statutory £m	Fee income £m	Senior Secured Debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	1,047.0	-	-	(14.9)	1,032.1
Cost of funds	(294.4)	-	37.7	15.3	(241.4)
Fee and commission income	108.6	(46.5)	-	(0.3)	61.8
Impairment losses on loans and advances to customers	(404.5)	-	-	0.9	(403.6)
Underlying risk-adjusted income	**456.7**	**(46.5)**	**37.7**	**1.0**	**448.9**
Total operating expenses	(359.0)	46.5	(37.7)	(1.0)	(351.2)[3]
Profit before tax	**97.7**	**-**	**-**	**-**	**97.7**

[1] See footnote 1 on page 25.

[2] See footnote 1 on page 2.

[3] See footnote 2 on page 24.

Notes to the consolidated interim financial information (continued)

3. Segment information (continued)

The table below presents a reconciliation from gross receivables to gross loans and advances to customers.

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Gross receivables	**4,303.1**	**4,208.6**	**4,308.8**
Deferred origination costs	55.8	62.1	56.8
EIR method adjustment for interest-free promotional periods	28.5	31.7	29.9
Other[1]	2.8	35.3	38.9
Gross loans and advances to customers	**4,390.2**	**4,337.7**	**4,434.4**

Seasonality
Seasonal Christmas spending and peak promotional periods throughout the year drive an increase in interest income earned in the months following this activity. Additionally, when the Group invests in gross receivables growth it incurs upfront ECL and origination costs which impact on reported profits.

4. Loans and advances to banks

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Loans and advances to banks excluding restricted cash	240.0	270.3	515.5
Restricted cash	75.3	70.9	73.8
Loans and advances to banks	**315.3**	**341.2**	**589.3**

Loans and advances to banks are held with large commercial banks and represent cash and cash equivalents in the cash flow statement. Restricted cash of £75.3m (30 June 2023: £70.9m, 31 December 2023: £73.8m) are on demand deposits that is ring-fenced cash for credit balances on loans and advances to customers and cash restricted due to covenants in place in accordance with the Group's funding structure.

As at 30 June 2024, the Group's cash balance included £nil (30 June 2023: £nil, 31 December 2023: £208.3m) balances arising from funding overlaps where funds are raised in advance of the maturity of the debt it is replacing. Additionally, as at 30 June 2024, the Group's unrestricted cash balance included £70.3m (30 June 2023: £55.7m, 31 December 2023: £62.0m) of cash held by entities outside of the securitisation structure and not held for specific funding activities.

[1] This relates to other adjustments required by IFRS and principally includes: interest income accruals to ensure appropriate cut-off to the period end; fee income deferred and amortised through the EIR method over the life of the underlying asset; the reclassification of accounts that are in a credit position; and, from 2024, customer repayments that are yet to be processed to their account. The reduction in the balance in the period represents the allocation to loans and advances to customers (rather than other liabilities as in previous periods) of customer repayments that are yet to be processed to their account.

Notes to the consolidated interim financial information (continued)

5. Loans and advances to customers

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Gross loans and advances to customers	4,390.2	4,337.7	4,434.4
ECL allowance	(486.0)	(534.2)	(515.0)
Loans and advances to customers	**3,904.2**	**3,803.5**	**3,919.4**

There is no fixed term for repayment of credit card loans other than a contractual requirement for customers to make a minimum monthly repayment towards their outstanding balance. For details of the ECL assessment performed on loans and advances to customers see note 11.2. See note 3 for a reconciliation between gross receivables and gross loans and advances to customers.

6. Derivative financial instruments

The Group uses derivative financial instruments, namely interest rate swaps and cross-currency interest rate swaps, to manage the interest rate and foreign exchange rate risks arising from the Group's debt. The principal terms of the instruments match (except for spreads) and this results in an economic hedge but gives rise to an accounting mismatch as derivatives are measured at fair value and asset-backed term debt is measured at amortised cost.

The Group has designated its derivative financial instruments as hedging instruments in qualifying cash flow hedges. Their fair value has been calculated by discounting contractual future cash flows using relevant market interest rate yield curves and forward foreign exchange rates (where relevant) prevailing at the balance sheet date. Management regularly assesses the effectiveness of the hedge relationships and to date the hedge relationships have been 100% effective. The key consideration that could give rise to any ineffectiveness is whether there is a need for a debit valuation adjustment (DVA) or credit valuation adjustment (CVA). Any DVA/CVA has been assessed as being immaterial.

The notional amounts and fair values of derivative financial instruments at the period end are detailed in the following table. The movements in the fair values are driven by market movements in the interest rate yield curves and forward exchange rates.

	As at 30 June 2024			As at 30 June 2023		
	Notional amount £m	Assets £m	Liabilities £m	Notional amount £m	Assets £m	Liabilities £m
Cross-currency interest rate swaps	217.5	9.3	(1.7)	348.3	25.4	-
Interest rate swaps	635.0	8.5	(2.3)	580.0	29.3	-
Derivative financial instruments	**852.5**	**17.8**	**(4.0)**	**928.3**	**54.7**	**-**

	As at 31 December 2023		
	Notional amount £m	Assets £m	Liabilities £m
Cross-currency interest rate swaps	403.9	22.0	(2.3)
Interest rate swaps	735.0	10.9	(4.9)
Derivative financial instruments	**1,138.9**	**32.9**	**(7.2)**

Notes to the consolidated interim financial information (continued)

6. Derivative financial instruments (continued)

The following table shows a reconciliation of the movements in the notional amounts of the derivative financial instruments.

	Cross-currency interest rate swaps £m	Interest rate swaps £m
As at 31 December 2022	364.4	680.0
Settled	-	(100.0)
Foreign exchange movements	(16.1)	-
As at 30 June 2023	**348.3**	**580.0**
Issued	60.8	155.0
Foreign exchange movements	(5.2)	-
As at 31 December 2023	**403.9**	**735.0**
Settled	(189.3)	(100.0)
Foreign exchange movements	2.9	-
As at 30 June 2024	**217.5**	**635.0**

All cash flow hedges are deemed to be effective and the fair value thereof has been deferred in equity within the hedging reserve. There was no impact on the income statement in the period in respect of the movement in the fair value of ineffective cash flow hedges (HY 2023: £nil, 2023: £nil). Foreign currency basis spreads of the financial instruments are excluded from the designated hedging instrument and are recognised in the income statement as a cost of hedging.

7. Intangible assets

	Acquired customer and retail partner relationships £m	Acquired brand and trade names £m	Acquired intellectual property £m	Internally generated intangibles £m	Total £m
Cost as at 1 January 2024	313.4	27.8	51.9	73.0	466.1
Additions	-	-	-	20.2	20.2
Cost as at 30 June 2024	**313.4**	**27.8**	**51.9**	**93.2**	**486.3**
Amortisation as at 1 January 2024	(303.1)	(9.5)	(51.6)	(19.2)	(383.4)
Charge to the income statement	(7.2)	(0.7)	(0.2)	(3.5)	(11.6)
Impairment	-	-	-	(0.9)	(0.9)
Amortisation as at 30 June 2024	**(310.3)**	**(10.2)**	**(51.8)**	**(23.6)**	**(395.9)**
Net book value as at 30 June 2024	**3.1**	**17.6**	**0.1**	**69.6**	**90.4**
Net book value as at 31 December 2023	10.3	18.3	0.3	53.8	82.7
Net book value as at 30 June 2023	32.4	19.0	2.8	41.2	95.4

Notes to the consolidated interim financial information (continued)

8. Debt issued and other borrowed funds

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Senior Secured Debt and associated facilities	235.7	265.4	234.6
Asset-backed term debt	2,140.1	2,203.1	2,513.5
Variable funding notes	1,720.9	1,656.0	1,647.3
Gross debt issued and other borrowed funds	**4,096.7**	**4,124.5**	**4,395.4**
Capitalised debt funding fees	(15.8)	(13.0)	(13.5)
Debt issued and other borrowed funds	**4,080.9**	**4,111.5**	**4,381.9**

In connection with the Acquisition in 2017, NewDay BondCo plc issued £425.0m Senior Secured Debt comprising £275.0m Fixed Rate Senior Secured Notes due in 2024 and £150.0m Floating Rate Senior Secured Notes due in 2023 before being repaid. In 2021, the Group completed a financing transaction which repaid in full the £150.0m Floating Rate Senior Secured Notes. These notes were repaid using £100.0m of cash and £50.0m raised from an issuance of additional Fixed Rate Senior Secured Notes, leaving £325.0m of notes outstanding. In 2022, the Group completed an Exchange Offer whereby it exchanged £237.7m of the remaining notes for new notes with a December 2026 maturity and settled £26.4m of notes in cash, leaving £298.6m of notes outstanding at that point in time. In accordance with IFRS, the new notes were treated as being issued at an £8.3m discount to their nominal value, which is being accounted for as an adjustment to the EIR of the financial instrument. In 2023, the Group repaid the remaining £60.9m of notes due to mature in 2024. As at 30 June 2024, the nominal value of the outstanding notes was £237.7m (30 June 2023: £268.6m, 31 December 2023: £237.7m).

In addition, certain subsidiaries of the Group entered into a £30.0m Super Senior Revolving Credit Facility which was undrawn as at 30 June 2024 (30 June 2023: undrawn, 31 December 2023: undrawn).

Debt issued and other borrowed funds includes publicly listed asset-backed securities and variable funding notes provided by a number of different investors. The debt is provided at SOFR or SONIA plus margin and is backed by securitised outstanding loans and advances to customers. As at 30 June 2024, £3,861.0m (30 June 2023: £3,859.1m, 31 December 2023: £4,160.8m) was used to fund the Credit portfolio.

A reconciliation of debt issued and other borrowed funds during the six months ended 30 June 2024 is shown in the following table.

		Cash flows		Non-cash movements	
	As at 1 January 2024 £m	Proceeds from debt issued £m	Repayment of debt issued £m	Other £m	As at 30 June 2024 £m
Senior Secured Debt and associated facilities	234.6	-	-	1.1	235.7
Asset-backed term debt	2,513.5	324.5	(682.0)	(15.9)	2,140.1
Variable funding notes	1,647.3	768.7	(694.0)	(1.1)	1,720.9
Gross debt issued and other borrowed funds	**4,395.4**	**1,093.2**	**(1,376.0)**	**(15.9)**	**4,096.7**

Other non-cash movements include movements in accrued interest and foreign exchange movements on US Dollar denominated debt.

8. Debt issued and other borrowed funds (continued)

A reconciliation of debt issued and other borrowed funds during the six months ended 30 June 2023 is shown in the following table.

		Cash flows		Non-cash movements	
	As at 1 January 2023 £m	Proceeds from debt issued £m	Repayment of debt issued £m	Other £m	As at 30 June 2023 £m
Senior Secured Debt and associated facilities	294.4	-	(30.0)	1.0	265.4
Asset-backed term debt	2,218.4	-	-	(15.3)	2,203.1
Variable funding notes	1,741.9	313.5	(398.5)	(0.9)	1,656.0
Gross debt issued and other borrowed funds	**4,254.7**	**313.5**	**(428.5)**	**(15.2)**	**4,124.5**

A reconciliation of debt issued and other borrowed funds during the year ended 31 December 2023 is shown in the following table.

		Cash flows		Non-cash movements	
	As at 1 January 2023 £m	Proceeds from debt issued £m	Repayment of debt issued £m	Other £m	As at 31 December 2023 £m
Senior Secured Debt and associated facilities	294.4	-	(60.9)	1.1	234.6
Asset-backed term debt	2,218.4	642.6	(331.5)	(16.0)	2,513.5
Variable funding notes	1,741.9	1,006.3	(1,099.5)	(1.4)	1,647.3
Gross debt issued and other borrowed funds	**4,254.7**	**1,648.9**	**(1,491.9)**	**(16.3)**	**4,395.4**

The scheduled maturities of debt issued and other borrowed funds are shown in the following table.

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Debt issued and other borrowed funds repayable in:			
Less than one year	602.2	1,069.8	1,100.2
Between one and two years	1,098.3	1,246.0	1,304.7
Between two and five years	2,396.2	1,808.7	1,990.5
	4,096.7	**4,124.5**	**4,395.4**

The Group aims to refinance maturing debt through new deals and/or existing VFN facilities in advance of their maturity. If new funding cannot be obtained the Group can, if required, exercise an option at its own discretion to extend the maturity date on all its asset-backed term debt and VFNs by one year (where not already exercised). The table above assumes the one-year rollover will not be exercised.

See note 15 for further details of the financing transactions completed after the balance sheet date.

Notes to the consolidated interim financial information (continued)

9. Provisions

The movement in provisions during the period was as follows:

	Provisions £m
As 1 January 2023	5.0
Arising during the period	5.9
Utilised during the period	(1.7)
As at 30 June 2023	9.2
Arising during the period	0.2
Utilised during the period	(4.0)
As at 31 December 2023	**5.4**
Arising during the period	10.8
Utilised during the period	(9.2)
As at 30 June 2024	**7.0**

The Group is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise, the Group records a provision for its best estimate of cost where an outflow of economic resources is considered probable. As at 30 June 2024, the Group's provisions constituted several individually immaterial items of this nature. In 2024, the additions to provisions was driven primarily by affordability-related claims made by customers, and the utilisation of provisions was driven primarily by the remediation of these claims.

10. Fair value of financial instruments

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: other techniques for which all inputs, other than observable unadjusted quoted prices included within level 1, having a significant effect on the recorded fair value are observable, either directly or indirectly; and
- level 3: techniques which use inputs having a significant effect on the recorded fair value not based on observable market data.

Derivative financial instruments are recognised at fair value and are classified as level 2 (30 June 2023: level 2, 31 December 2023: level 2) as they are not traded in an active market and their fair value is determined by discounting expected future cash flows using interest rate yield curves and forward foreign exchange rates prevailing at the period end. See note 6 for further details.

Notes to the consolidated interim financial information (continued)

10. Fair value of financial instruments (continued)

Financial instruments carried at amortised cost
The 2023 Annual Report and Financial Statements details the key principles and valuation methodologies used to estimate the fair value of financial instruments. These have been consistently applied in this interim financial information.

Set out below is a comparison, by class, of the carrying value and fair value of the Group's financial instruments. During the period there have been no transfers between levels (HY 2023: none, 31 December 2023: none).

As at 30 June 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total carrying value £m	Fair value £m
Financial assets					
Loans and advances to banks	-	315.3	-	315.3	315.3
Loans and advances to customers	-	-	3,904.2	3,904.2	4,036.3
Other assets	-	167.9	-	167.9	167.9
Total financial assets	**-**	**483.2**	**3,904.2**	**4,387.4**	**4,519.5**
Financial liabilities					
Debt issued and other borrowed funds	-	(4,080.9)	-	(4,080.9)	(4,148.4)
Other liabilities	-	(207.4)	-	(207.4)	(207.4)
Total financial liabilities	**-**	**(4,288.3)**	**-**	**(4,288.3)**	**(4,355.8)**

As at 30 June 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total carrying value £m	Fair value £m
Financial assets					
Loans and advances to banks	-	341.2	-	341.2	341.2
Loans and advances to customers	-	-	3,803.5	3,803.5	3,947.8
Other assets	-	68.6	-	68.6	68.6
Total financial assets	**-**	**409.8**	**3,803.5**	**4,213.3**	**4,357.6**
Financial liabilities					
Debt issued and other borrowed funds	-	(4,111.5)	-	(4,111.5)	(4,115.5)
Other liabilities	-	(106.0)	-	(106.0)	(106.0)
Total financial liabilities	**-**	**(4,217.5)**	**-**	**(4,217.5)**	**(4,221.5)**

As at 31 December 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total carrying value £m	Fair value £m
Financial assets					
Loans and advances to banks	-	589.3	-	589.3	589.3
Loans and advances to customers	-	-	3,919.4	3,919.4	4,056.7
Other assets	-	147.6	-	147.6	147.6
Total financial assets	**-**	**736.9**	**3,919.4**	**4,656.3**	**4,793.6**
Financial liabilities					
Debt issued and other borrowed funds	-	(4,381.9)	-	(4,381.9)	(4,408.1)
Other liabilities	-	(221.1)	-	(221.1)	(221.1)
Total financial liabilities	**-**	**(4,603.0)**	**-**	**(4,603.0)**	**(4,629.2)**

Notes to the consolidated interim financial information (continued)

10. Fair value of financial instruments (continued)

Loans and advances to banks
These items have a short-term maturity (usually less than three months) and it is assumed that their carrying value approximates to their fair value as a result of their short time horizon to maturity. These items have been classified as level 2 because they can be repriced using market observable inputs.

Loans and advances to customers
This contains the receivables related to unsecured credit products that have been issued by the Group. The fair value of these instruments is based on valuation inputs that have been derived from historical performance of the Group's portfolios which would not be observable to a market participant and as such these financial instruments have been classified as level 3.

Other assets
Other assets consist of other receivables. The fair value of these receivable balances approximates to their carrying value as there have been no significant changes to market conditions that would have caused a difference between the two values, and their short time horizon to maturity. These items have been classified as level 2 because they can be repriced using market observable inputs.

Debt issued and other borrowed funds
The debt issued contains Senior Secured Debt and associated facilities, asset-backed term securities and variable funding notes. For the Senior Secured Debt, excluding the Revolving Credit Facility, and asset-backed term debt an observable market price is available; however, such debt is not actively traded, therefore the fair value has been estimated using prices quoted by banks and they have been classified as level 2. The senior variable funding notes and Revolving Credit Facility's values approximate to their carrying values. The variable funding notes and Revolving Credit Facility are private bilateral agreements that can be drawn upon and repaid by the borrower at short notice. These issuances have been classified as level 2. The driver of the level 2 categorisation is the interest rate charged on the variable funding notes. A significant component of the interest rate is calculated with reference to an observable market rate.

Other liabilities
Other liabilities largely consist of accounts payable. The fair value of other liabilities approximates to their carrying value because there have been no significant changes to market conditions that would have caused a difference between these two values, and their short time horizon to maturity. These have been classified as level 2 because these items can be repriced using market observable inputs.

Notes to the consolidated interim financial information (continued)

11. Risk management

11.1 Introduction

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement and monitoring, with respect to pre-determined risk appetite settings and other controls performed by the Board. The Group controls risk via the operation of a Risk Management Framework.

Save to the extent described in the Group's quarterly reports published during the year, the principal risks and uncertainties affecting the Group remain largely unchanged from those disclosed in the 2023 Annual Report and Financial Statements. An assessment of the principal risks and uncertainties, together with the controls and processes which are in place to monitor and mitigate the risks where possible, is detailed on pages 46 to 54 of the 2023 Annual Report and Financial Statements and is summarised below.

- Strategic risk: the risks arising from a sub-optimal business strategy or business model that may lead to financial loss, reputational damage or failure to meet internal and/or public policy objectives.
- Macroeconomic risk: the risk that adverse movements in economic trends in the UK have a detrimental effect on the anticipated returns and business strategy of the Group.
- Credit risk: the risk that unexpected losses may arise as a result of customers failing to meet their obligations to repay.
- Regulatory risk: the risk that a change in laws or regulations governing the Group may affect the business model, which may have a material impact on the performance and profitability of the business. Additionally, the risk that the Group fails to comply with legal or regulatory requirements which could lead to reputational damage, enforcement action and/or financial loss.
- Operational risk: the risk of reputational damage, regulatory censure and/or financial loss resulting from inadequate or failed internal processes and systems, people and systems or from external events including internal and external fraud. Based on the Group's operating model, this extends to all of the services and processes provided by third parties.
- Conduct risk: the risk of customer detriment arising from inappropriate culture, products, business model, governance and processes which may result in reputational damage, regulatory censure and/or financial loss.
- Financial risk: the risk of inaccuracies in financial and management reporting, non-compliance with tax regulations, and/or inadequate management of liquidity, funding and cash which could impact the Group's reputation or result in financial losses and/or withdrawal of funding.
- Market risk: the risk of direct or indirect losses that arise from fluctuations in values of, or income from, assets or in movements in interest or exchange rates, base rates or credit spreads. This risk also incorporates the risk of funding markets that the Group is dependent on no longer being open or available in adverse macroeconomic environments.

11.2 Credit risk

The Group is exposed to credit risk on loans and advances to customers and other financial assets. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and monitoring exposures in relation to such limits, as detailed on page 107 of the 2023 Annual Report and Financial Statements.

Credit quality analysis

In accordance with IFRS 9, the Group uses a forward-looking ECL model. An ECL allowance is to be recognised on origination of a credit agreement, based on its anticipated credit loss. Allowances are assessed collectively for ECL on loans and advances to customers because balances are not individually significant. Further details of the Group's ECL impairment assessment methodology are detailed on page 110 of the 2023 Annual Report and Financial Statements.

Notes to the consolidated interim financial information (continued)

11. Risk management (continued)

11.2 Credit risk (continued)

The following table details the internal measures used to determine the credit quality of loans and advances to customers.

Credit quality	12-month probability of default	Credit quality description
Risk grade 1	0% – 5.89%	Up-to-date accounts which have a very high likelihood of being fully recovered
Risk grade 2	5.90% – 19.99%	Up-to-date accounts which have a high likelihood of being fully recovered
Risk grade 3	20.00% – 99.99%	Up-to-date accounts which may be fully recovered but where the likelihood of default is higher
Delinquent		Accounts that are up to two monthly payments in arrears and have not defaulted
Defaulted		Accounts that are at least three monthly payments in arrears, forborne, insolvent or bankrupt

Loans and advances to customers in risk grades 1, 2 and 3 are currently continuing to make payments when due.

The Group extends certain short-term arrangements, being payment holidays, to customers which temporarily suspend the requirement for them to make their contractual monthly payment. As at 30 June 2024, the total loans and advances to customers that were on a payment holiday was £60.8m (30 June 2023: £107.1m, 31 December 2023: £113.9m), with a maximum balance at any one point in time during the period of £121.7m (HY 2023: £107.1m, 2023: £115.9m).

The following table contains an analysis of the credit risk exposure of the Group's loans and advances to customers for which an ECL allowance is recognised.

As at 30 June 2024	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI[1] £m	Total £m
Risk grade 1	1,926.5	12.2	-	0.4	1,939.1
Risk grade 2	1,413.6	99.6	-	0.8	1,514.0
Risk grade 3	200.7	167.7	-	0.1	368.5
Delinquent	-	154.9	-	0.1	155.0
Defaulted	-	-	413.3	0.3	413.6
Gross loans and advances to customers	**3,540.8**	**434.4**	**413.3**	**1.7**	**4,390.2**
ECL allowance	(132.1)	(125.4)	(228.1)	(0.4)	(486.0)
Loans and advances to customers	**3,408.7**	**309.0**	**185.2**	**1.3**	**3,904.2**

[1] Purchased or originated credit-impaired.

Notes to the consolidated interim financial information (continued)

11. Risk management (continued)

11.2 Credit risk (continued)

As at 30 June 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,920.3	17.0	-	0.5	1,937.8
Risk grade 2	1,322.4	145.6	-	0.9	1,468.9
Risk grade 3	193.8	192.2	-	0.2	386.2
Delinquent	-	146.8	-	0.1	146.9
Defaulted	-	-	397.3	0.6	397.9
Gross loans and advances to customers	**3,436.5**	**501.6**	**397.3**	**2.3**	**4,337.7**
ECL allowance	(144.3)	(157.8)	(231.5)	(0.6)	(534.2)
Loans and advances to customers	**3,292.2**	**343.8**	**165.8**	**1.7**	**3,803.5**

As at 31 December 2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,944.6	15.1	-	0.5	1,960.2
Risk grade 2	1,379.0	122.0	-	0.8	1,501.8
Risk grade 3	207.2	185.5	-	0.2	392.9
Delinquent	-	176.7	-	0.1	176.8
Defaulted	-	-	402.2	0.5	402.7
Gross loans and advances to customers	**3,530.8**	**499.3**	**402.2**	**2.1**	**4,434.4**
ECL allowance	(137.3)	(146.0)	(231.2)	(0.5)	(515.0)
Loans and advances to customers	**3,393.5**	**353.3**	**171.0**	**1.6**	**3,919.4**

Loans and advances to banks and other financial assets are all classified as stage 1 as at 30 June 2024 (30 June 2023: stage 1, 31 December 2023: stage 1). The probabilities of default associated with these balances have been assessed to be low and accordingly any ECL allowance would be immaterial.

Notes to the consolidated interim financial information (continued)

11. Risk management (continued)

11.2 Credit risk (continued)

The following table reconciles the movement in the Group ECL allowance during the period.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
ECL allowance as at 31 December 2023	(137.3)	(146.0)	(231.2)	(0.5)	(515.0)
Transfers between stages	(14.8)	49.6	(34.8)	-	-
Remeasurement of ECL[1]	25.9	(28.3)	36.2	0.1	33.9
Release of ECL on loans and advances to customers settled in the period	3.4	2.7	3.0	-	9.1
ECL on new loans and advances to customers originated in the period	(9.3)	(3.4)	(1.3)	-	(14.0)
ECL allowance as at 30 June 2024	**(132.1)**	**(125.4)**	**(228.1)**	**(0.4)**	**(486.0)**

	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
ECL allowance as at 31 December 2022	(161.2)	(194.1)	(230.3)	(0.7)	(586.3)
Transfers between stages	(8.3)	43.9	(35.6)	-	-
Remeasurement of ECL[1]	25.6	(9.3)	31.8	0.1	48.2
Release of ECL on loans and advances to customers settled in the period	6.0	3.5	3.4	-	12.9
ECL on new loans and advances to customers originated in the period	(6.4)	(1.8)	(0.8)	-	(9.0)
ECL allowance as at 30 June 2023	**(144.3)**	**(157.8)**	**(231.5)**	**(0.6)**	**(534.2)**
Transfers between stages	(1.2)	(2.1)	3.3	-	-
Remeasurement of ECL[1]	7.5	16.3	(1.2)	0.1	22.7
Release of ECL on loans and advances to customers settled in the period	5.7	2.8	2.8	-	11.3
ECL on new loans and advances to customers originated in the period	(5.0)	(5.2)	(4.6)	-	(14.8)
ECL allowance as at 31 December 2023	**(137.3)**	**(146.0)**	**(231.2)**	**(0.5)**	**(515.0)**

[1] Includes changes in the ECL driven by changes in credit risk (both within and between stages) and write-offs.

Notes to the consolidated interim financial information (continued)

12. Maturity analysis of assets and liabilities

The tables below show an analysis of assets and liabilities analysed according to their contractual terms or when they are expected to be recovered or settled.

Contractually, most loans and advances to customers are repayable on demand but have been presented based on their expected cash flows as a more meaningful presentation. The debt issued and other borrowed funds with a maturity of less than 12 months (as detailed in the tables below) consists of separate instruments that carry an option, exercisable at the Group’s discretion, to extend their maturity date by one year if exercised. Management do not currently intend to exercise these options.

	As at 30 June 2024			As at 30 June 2023		
	< 12 months £m	> 12 months £m	Total £m	< 12 months £m	> 12 months £m	Total £m
Assets						
Loans and advances to banks	240.0	75.3	315.3	270.3	70.9	341.2
Loans and advances to customers	3,392.6	511.6	3,904.2	3,358.8	444.7	3,803.5
Other assets	184.1	4.9	189.0	86.3	7.9	94.2
Derivative financial assets	13.5	4.3	17.8	14.3	40.4	54.7
Current tax assets	20.0	-	20.0	2.2	-	2.2
Deferred tax assets	-	0.5	0.5	-	0.6	0.6
Property and equipment	-	6.8	6.8	-	10.4	10.4
Intangible assets	-	90.4	90.4	-	95.4	95.4
Goodwill	-	279.9	279.9	-	279.9	279.9
Total assets	**3,850.2**	**973.7**	**4,823.9**	**3,731.9**	**950.2**	**4,682.1**
Liabilities						
Debt issued and other borrowed funds	(599.8)	(3,481.1)	(4,080.9)	(1,068.8)	(3,042.7)	(4,111.5)
Other liabilities	(185.8)	(21.6)	(207.4)	(101.1)	(4.9)	(106.0)
Derivative financial liabilities	-	(4.0)	(4.0)	-	-	-
Current tax liabilities	-	(19.0)	(19.0)	-	-	-
Deferred tax liabilities	-	(1.7)	(1.7)	-	(1.0)	(1.0)
Provisions	(6.2)	(0.8)	(7.0)	(7.4)	(1.8)	(9.2)
Total liabilities	**(791.8)**	**(3,528.2)**	**(4,320.0)**	**(1,177.3)**	**(3,050.4)**	**(4,227.7)**

Notes to the consolidated interim financial information (continued)

12. Maturity analysis of assets and liabilities (continued)

	As at 31 December 2023		
	< 12 months £m	> 12 months £m	Total £m
Assets			
Loans and advances to banks	515.5	73.8	589.3
Loans and advances to customers	3,421.6	497.8	3,919.4
Other assets	162.1	7.1	169.2
Derivative financial assets	18.3	14.6	32.9
Current tax assets	16.1	-	16.1
Deferred tax assets	-	0.5	0.5
Property and equipment	-	8.6	8.6
Intangible assets	-	82.7	82.7
Goodwill	-	279.9	279.9
Total assets	**4,133.6**	**965.0**	**5,098.6**
Liabilities			
Debt issued and other borrowed funds	(1,098.4)	(3,283.5)	(4,381.9)
Other liabilities	(200.6)	(20.5)	(221.1)
Derivative financial liabilities	-	(7.2)	(7.2)
Current tax liabilities	(9.7)	-	(9.7)
Deferred tax liabilities	-	(1.9)	(1.9)
Provisions	(4.6)	(0.8)	(5.4)
Total liabilities	**(1,313.3)**	**(3,313.9)**	**(4,627.2)**

13. Contingent liabilities and commitments

As a financial services company, the Group is subject to extensive and comprehensive regulation. The Group must comply with numerous laws and regulations, including the Consumer Credit Act, which significantly affects the way it conducts business. Whilst the Group believes there are no unidentified areas of failure to comply with these laws and regulations which would have a material impact on this interim financial information, there can be no guarantee that all issues have been identified.

Legal and regulatory matters

In the ordinary course of business, the Group is subject to complaints and legal proceedings brought by or on behalf of external parties including its customers. These can relate to legal, compliance, conduct or other regulatory matters (amongst others) of which some are beyond the Group's control. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established based on management's best estimate of the amount required at the relevant balance sheet date. In some cases, it will not be possible to form a view, for example because the facts are unclear or because further time is needed to assess properly the merits of the case, and no provisions are held in relation to such matters.

Notes to the consolidated interim financial information (continued)

13. Contingent liabilities and commitments (continued)

Tax authorities
The scale of NewDay's business means it is periodically subject to reviews and enquiries from His Majesty's Revenue and Customs (HMRC). The Group deems an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in its income tax returns. A tax provision for uncertain tax positions is recognised when it is considered probable that, upon examination of the uncertainty by HMRC, it is more likely than not that an economic outflow will occur. Provisions reflect the Group's best estimate of the ultimate liability based on its interpretation of tax law, precedent and guidance, informed by external tax advice where necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are remeasured, as required, to reflect current information.

The Group's provision is its best estimate of the probability-weighted exposure based on the circumstances prevailing at the period end.

The key judgements involved in the calculation of the provision are:

- the number and nature of the scenarios within the calculation;
- the probability weightings associated with each of these scenarios; and
- the economic outflow associated with each scenario.

In 2024, the Group updated its provision to reflect the progression of ongoing enquiries from HMRC.

Following further dialogue with HMRC in the period and discussions with external advisors, the Group has reassessed the scenarios and probability-weightings in its tax provision, adding a further two potential scenarios into its assessment, with a wider range of potential outflows.

Whilst the Group currently deems the probability of the additional scenarios to be remote, they could result in a material outflow in excess of the provision held as at 30 June 2024. Conversely, the provision held is in excess of the potential outflow in five out of the eight scenarios in the assessment which could lead to a material reduction in the potential outflow (or no outflow at all) if certain scenarios prevail. The probability-weighted assessment includes consideration that the range of potential scenarios are interlinked and some of the potential scenarios are mutually exclusive.

A 5% change in the probability weighting associated with the scenario for which no outflows are required, re-weighted equally across all other scenarios, could result in a provision impact of approximately £1.9m.

Therefore, considering the high degree of estimation uncertainty involved, there is a risk of an adjustment to the provision within the next twelve months, where the range of possible outcomes is material. The Group will continue to update its probability-weighted assessment based upon information available at each balance sheet date.

14. Related parties

Consolidated subsidiaries and structured entities
Except for the changes detailed below, the subsidiaries and structured entities of the Group that are consolidated within the interim financial information are detailed in note 26 of the 2023 Annual Report and Financial Statements.

In 2024, NewDay EU Financing S.à r.l., NewDay Funding EU Loan Note Issuer S.à r.l. and NewDay Partnership EU Loan Note Issuer S.à r.l. were incorporated in Luxembourg. These entities are special purpose vehicles with the aim of providing the Group with access to more cost-effective funding from banks in the European Union.

In April 2024, the Group appointed a liquidator to proceed with the liquidation of the following structured entities which are no longer trading due to the repayment of the issued term debt originally held within these entities:

- NewDay Partnership Funding 2015-1 Plc;
- NewDay Partnership Funding 2017-1 Plc;
- NewDay Funding 2017-1 Plc;
- NewDay Funding 2018-1 Plc;
- NewDay Funding 2018-2 Plc;
- NewDay Funding 2019-1 Plc; and
- NewDay Funding 2019-2 Plc.

In June 2024, Progressive Credit Limited and SAV Credit Limited were dissolved. These entities were dormant entities and had not traded in the current period and prior period.

Notes to the consolidated interim financial information (continued)

14. Related parties (continued)

Consolidated subsidiaries and structured entities (continued)
The Group's ultimate parent undertaking is Nemean Topco Limited, a private limited company incorporated in Jersey. The Company's immediate parent company is Nemean Midco Limited, a private limited company incorporated in Jersey.

Related party transactions
On 11 January 2018, the Group issued a term loan facility agreement to Nemean Topco Limited of £7.5m. The facility can be drawn upon at any time and interest accrues at 9% per annum. As at 30 June 2024, there was an outstanding balance of £0.6m (30 June 2023: £0.6m, 31 December 2023: £0.6m) on the facility.

In the period ended 30 June 2024, the Group made a return of £2.5m (HY 2023: £4.9m, 2023: £8.2m) to Nemean Midco Limited. The return was made in accordance with the £529.2m loan agreement between NewDay Group (Jersey) Limited and Nemean Midco Limited.

The Group reported a £0.7m (30 June 2023: £nil, 31 December 2023: £0.3m) other assets balance for costs recharged to Nemean Topco Limited. Amounts recharged to Nemean Topco Limited over the period totalled £0.4m (HY 2023: £nil, 2023: £0.3m).

The Group reported a £0.8m (30 June 2023: £0.7m, 31 December 2023: £0.7m) other assets balance for costs recharged to Nemean Midco Limited. Amounts recharged to Nemean Midco Limited over the period totalled £0.1m (HY 2023: £0.1m, 2023: £0.2m). Additionally, as at 30 June 2024, the Group reported a £0.7m (30 June 2023: £0.7m, 31 December 2023: £0.7m) liability with Nemean Midco Limited.

The Group has a trading agreement with Pay4Later Limited, a sister company of the Group. As at 30 June 2024, the Group reported a £0.4m (30 June 2023: £0.1m, 31 December 2023: £0.4m) other assets balance with this entity for recharged staff services. Amounts recharged to Pay4Later Limited over the period totalled £0.2m (HY 2023: £0.3m, 2023: £4.4m). Additionally, as at 30 June 2024 the Group reported an other liabilities balance of £0.6m (30 June 2023: £nil, 31 December 2023: £0.1m) for other operating expenses incurred with Pay4Later Limited. Other operating expenses incurred over the period with Pay4Later Limited totalled £2.7m (HY 2023: £0.8m, 2023: £1.3m).

In 2024, the Group entered an agreement with Pay4Later Limited for the transfer of intangible assets from Pay4Later Limited to NewDay Technology Ltd. The consideration paid to Pay4Later Limited totalled £3.5m.

Certain members of key management personnel are also directors of NewDay Group plc. As at 30 June 2024, the Group reported a £0.1m (HY 2023: £nil, 31 December 2023: £0.1m) other assets balance for costs recharged to NewDay Group plc. Amounts recharged to NewDay Group plc during the period totalled £nil (HY 2023: £nil, 2023: £0.1m).

Key management personnel
The nature of transactions with key management personnel are detailed in note 26 of the 2023 Annual Report and Financial Statements. In addition to emoluments in the normal course of business, no (HY 2023: £0.7m acquisition, 2023: £0.7m acquisition) transactions of Senior Secured Notes issued by NewDay BondCo plc were performed by certain members of key management personnel in the period ended 30 June 2024.

15. Post balance sheet events

In July 2024, the Group raised £350.0m of asset-backed securities (of which £23.4m was retained by the Group) from its Near Prime securitisation programme. This debt has been used to paydown VFNs creating headroom to refinance a deal maturing in November 2024.

In July 2024, the Group announced a partial redemption of its Senior Secured Debt that will complete in August 2024. The aggregate redemption will be £25.1m which consists of a £23.8m partial redemption of the outstanding principal, a £0.7m early repayment premium and £0.6m of accrued interest. The repayment will reduce the outstanding principal on this debt to £213.9m. The remaining debt matures in 2026.