

11 November 2024



NewDay BondCo plc

Group results for the nine months ended 30 September 2024

The information in this announcement concerns the consolidated financial results of NewDay Group (Jersey) Limited ("NewDay", together with its subsidiaries and subsidiary undertakings, the "Group") – a wholly owned subsidiary of Nemean TopCo Limited and indirect parent company of NewDay BondCo plc.

Strong progress as the Group increases new customer acquisition

- Underlying profit before tax for the nine months to 30 September 2024 of £145m (Q3 YTD 2023: £150m).
- LTM underlying profit before tax of £202m, as the Group delivers stable returns (Q3 LTM 2023: £202m). Q3 2024 profit of £62m, is up 17% on Q3 2023.
- Acquisition of a portfolio of c.£800m of gross receivables and c.2 million customers from Argos Financial Services along with a long-term partnership to provide an embedded finance solution.
- Welcomed 439k new customers in the nine months to September 2024 (Q3 YTD 2023: 308k), up 43%. 289k Near Prime new customers welcomed (Q3 YTD 2023: 164k), 76% higher period-on-period.
- £4.3bn of gross receivables (30 September 2023: £4.2bn), up 2%. Total interest-bearing balances of £2.9bn (30 September 2023: £2.7bn), up 5%.
- 30.5% underlying cost-income ratio (Q3 YTD 2023: 30.4%). Cost discipline has been maintained, despite inflationary pressures.
- £1.6bn (30 September 2023: £1.8bn) of headroom in committed facilities, providing the Group with a strong funding and liquidity position.
- £79m cash balances held outside the securitisation structures (30 September 2023: £70m).
- Launched our pilot with select merchants in our technology and lending partnership with Lloyds Banking Group; alongside the pilot launch of our technology partnership with Boohoo Group in October 2024.

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

"The business continued to make progress against its strategic objectives in 2024. We continue to attract good volumes of new customers, with 439k new customers welcomed, up 43% year-to-date, including a 76% rise in Near Prime acquisition. New customer acquisition is a key driver of future receivables growth, and it is pleasing to see interest-bearing balances are up 5%, when compared to the same period last year."

“Credit performance remains stable, with arrears at pre-COVID levels. Costs remain well-controlled with an underlying cost-income ratio of 30.5%.”

“In October, we launched our pilot with select merchants in our lending & technology partnership with Lloyds Banking Group, alongside the pilot launch of our technology partnership with Boohoo Group as planned, further expanding our product offering.”

“We are delighted to announce the acquisition of the Argos store card portfolio and a new long-term relationship with Argos. This is a great opportunity to forge a partnership with one of the UK’s leading retailers as well as accelerate the growth of our Credit business, in line with our strategic objectives. Our multi-year investment in developing a highly scalable, in-house technology platform has enabled this expansion of our footprint.”

“We will continue to invest to further increase customer acquisition, grow the balance sheet, and make progress on our important partnerships.”

Summary of financial performance⁽¹⁾

Nine months ended 30 September			
£m	2024	2023 ⁽²⁾	Variance (%)
Interest income	809.1	757.6	7%
Cost of funds	(199.5)	(176.1)	(13%)
Net interest income	609.6	581.5	5%
Fee and commission income	50.8	46.6	9%
Net revenue	660.4	628.1	5%
Impairment losses on loans and advances to customers	(314.6)	(286.9)	(10%)
Underlying risk-adjusted income	345.8	341.2	1%
Servicing costs	(97.1)	(92.9)	(5%)
Change costs	(36.0)	(32.5)	(11%)
Marketing and partner payments	(20.8)	(17.2)	(21%)
Collection fees	17.5	19.4	(10%)
Contribution	209.4	218.0	(4%)
Salaries, benefits, and overheads	(64.8)	(67.8)	4%
Underlying profit before tax	144.6	150.2	(4%)
Add back: depreciation and amortisation	8.3	8.7	(5%)
Adjusted EBITDA	152.9	158.9	(4%)
Senior secured debt interest and related costs	(25.8)	(29.1)	11%
Platform development costs	(9.9)	(8.1)	(22%)
Other	(4.3)	-	-
Depreciation and amortisation including amortisation of intangible assets arising on the Acquisition	(18.7)	(46.6)	60%
Statutory profit before tax	94.2	75.1	25%

Selected alternative performance measures and operational metrics

Nine months ended 30 September			
£m	2024	2023 ⁽²⁾	Variance (%)
Gross receivables (£m)	4,280	4,197	2%
Average gross receivables (£m)	4,269	4,207	1%
Net revenue margin (%)	20.6%	19.9%	
Impairment rate (%)	9.8%	9.1%	
Charge-off rate (%)	9.7%	9.8%	
Underlying risk-adjusted margin (%)	10.8%	10.8%	
Underlying cost-income ratio (%)	30.5%	30.4%	
Servicing costs margin (%)	3.0%	2.9%	
Total customer accounts (m) ⁽³⁾	3.7	3.9	(5%)
New accounts (000s)	439	308	43%
Advance rate (%) ⁽⁴⁾	90.8%	90.2%	

Notes:

- (1) This announcement excludes the financial results of Pay4Later Limited (in liquidation) ("P4L") and its subsidiaries. Following a strategic review of the business model of P4L (formerly trading as Deko), certain of P4L's activities were transferred to NewDay Technology Limited in the course of 2024 with P4L and its subsidiaries being placed into liquidation in October 2024.
- (2) In 2024, to aid understanding of performance, the Group revised its policy regarding the presentation of certain items in its management basis income statement. Interest income earned on the Group's cash deposits is now netted off against cost of funds in contrast to previous years when it was netted off against salaries, benefits and overheads. Additionally, certain partner payments related to interchange fees earned from portfolios 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. Therefore, the 2023 comparatives have been re-presented for consistency.
- (3) Total customer accounts decreased due to an exercise to close inactive accounts in 2023.
- (4) Reflects FX hedged view, which has also adjusted the prior year comparator.

Enquiries

Investor Relations

Email: investor.relations@newday.co.uk

Media

Sodali & Co

Email: newday@sodali.com

Results presentation

A webcast for analysts and investors will be held at 10:30am (UK Time) on 11 November 2024. For video / listen-only, and to ask written questions, please access via:

[NewDay Q3 2024 Results | SparkLive | LSEG](#)

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

[Registration | NewDay Q3 results \(open-exchange.net\)](#)

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

About NewDay

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

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

NewDay also offers white-labelled credit cards in partnership with well-known brands such as John Lewis & Partners. The Group's underwriting capability and over 20 years of experience enable it to say yes responsibly to more customers in the UK, making NewDay a merchant partner of choice for leading brands.

NewDay has a clear purpose: to help people move forward with credit. The business provides close to four million customers with responsible access to credit. NewDay's leading, highly scalable digital platform alongside its proprietary credit-decisioning capability, enables it to innovate continually within the UK consumer finance sector, to unlock competitive advantages and to develop products that meet customer and merchants' changing needs.