

# NewDay BondCo Plc

Investor quarterly reporting package

31 March 2025

# 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 quarter ended 31 March 2025 (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 "corporate 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 31 March 2025. 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 2024 Annual Report and Financial Statements (as updated by the quarterly reports produced throughout the year); these documents are available at [newday.co.uk](http://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.

The information contained in this Document should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect material developments that may occur after the date of this Document. The information and opinions in this Document are provided as at the date of this Document and are subject to change without notice. None of the Company, any member of the Group, any of their respective affiliates, advisers or representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Document or its contents or otherwise arising in connection with this Document, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information in this Document.

## Highlights

- Underlying profit before tax of £45m, up 31% (Q1 2024: £34m).
- Statutory loss before tax of £(24)m (Q1 2024: £17m profit) includes an ECL accounting charge of £50m required by IFRS on initial recognition of the £834m Argos store card portfolio.
- Acquired economic ownership of the Argos store card portfolio in February 2025, comprising of £834m of gross receivables and 2.2m customers. The portfolio purchase price was £754m, being a 10% discount to the face value of the gross receivables.
- Underlying risk-adjusted margin increased to 10.0% (Q1 2024: 9.3%) with underlying risk-adjusted income up 14% at £113m (Q1 2024: £99m).
- Improved underlying cost-income ratio of 27.7% (Q1 2024: 30.5%).
- Gross receivables of £5.1bn, up 21% (Q1 2024: £4.2bn). Interest-bearing balances increased 19% to £3.3bn (Q1 2024: £2.8bn).
- Free cashflow available for growth and debt service of £71m (Q1 2024: £25m).
- Cash balances held outside the securitisation structures of £110m, up 50% (Q1 2024: £74m).
- Extended our partnerships with John Lewis & Partners and AO until 2030 and 2033 respectively.
- £2.1bn (Q1 2024: £1.5bn) of headroom from committed facilities, providing the Group with a stronger funding and liquidity position.

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

*"NewDay delivered a strong first quarter, with underlying profit before tax up 31% when compared to the first quarter of 2024.*

*In February 2025, we completed the first closing of the acquisition of the Argos store card portfolio. As a result, the Group has economic ownership of just over £5bn receivables and 5.8m customer accounts. The Argos acquisition helps deliver strong momentum into our merchant activity and drives greater balance in the mix between our Direct to Consumer and Merchant Offering segments.*

*In addition to making progress on the Argos transaction, we were delighted to extend our partnerships with John Lewis & Partners and AO until 2030 and 2033, respectively.*

*Our credit performance remains stable, with delinquency and charge-off rates in line with expectations. While we remain vigilant given the macroeconomic backdrop, we are confident and optimistic for the rest of 2025. We have a resilient model, a clear strategy, and strong momentum heading into the rest of the year."*

## Key performance indicators and other unaudited financial data

	Quarter ended March 2025	Quarter ended March 2024	Year ended March 2025	Year ended December 2024
Gross receivables (£m)	5,117.2	4,241.5	5,117.2	4,378.3
<i>Direct to Consumer (£m)</i>	2,594.0	2,457.2	2,594.0	2,578.9
<i>Merchant Offering (£m)</i>	2,523.2	1,784.3	2,523.2	1,799.4
Customer spend (£m)	3,845.2	3,656.9	15,709.1	15,520.8
Underlying risk-adjusted income (£m)	112.7	99.2	494.7	481.2
Underlying profit before tax (£m)	44.5	34.0	223.2	212.7
Adjusted EBITDA <sup>1</sup> (£m)	48.6	37.0	235.9	224.3
Free cash flow available for growth and debt service (£m) <sup>2</sup>	71.4	24.6	164.6	117.8
Net revenue margin (%)	21.8	20.1	21.7	20.8
Impairment rate (%)	11.8	10.8	10.1	9.6
<i>Direct to Consumer (%)</i>	15.8	14.4	13.7	13.7
<i>Merchant Offering (%)</i>	6.4	5.7	3.4	3.8
Charge-off rate (%)	9.1	9.2	9.8	9.7
<i>Direct to Consumer (%)</i>	12.3	12.6	12.9	13.3
<i>Merchant Offering (%)</i>	4.7	4.6	3.9	4.6
Underlying risk-adjusted margin (%)	10.0	9.3	11.6	11.2
Underlying cost-income ratio (%)	27.7	30.5	29.4	30.1
Servicing costs margin (%)	2.8	3.0	3.0	3.0
Advance rate <sup>3</sup> (%)	88.2	89.7	88.2	90.7
<i>Direct to Consumer (%)</i>	87.1	87.8	87.1	87.9
<i>Merchant Offering (%)</i>	89.4	92.2	89.4	94.7
Advance rate at hedged exchange rates <sup>3</sup> (%)	88.3	89.4	88.3	90.6
<i>Direct to Consumer (%)</i>	87.2	87.3	87.2	87.8
Total accounts (m)	5.8	3.7	5.8	3.6
New accounts (k)	2,294	151	2,680	537
Ratio of net corporate debt to adjusted EBITDA <sup>1,3</sup>	n/a	n/a	0.0x	(0.3)x
Ratio of adjusted EBITDA to pro forma cash interest expense <sup>1</sup>	n/a	n/a	6.4x	7.1x

<sup>1</sup> The calculations of (i) adjusted EBITDA, (ii) net corporate 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 31 March 2025 (or, in respect of periods ending prior to 31 March 2025, IFRS at the relevant time). 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").

<sup>2</sup> In Q4 2024, the Group changed its methodology for calculating free cash flow available for growth and debt service to align it closer to the statutory cash flow statement and facilitate a better understanding of the Group's performance. Accordingly, the prior year comparatives have been restated where necessary.

<sup>3</sup> 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 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 quarter ended 31 March 2025.

The Group reported underlying profit before tax of £45m (Q1 2024: £34m). Gross receivables grew by 21% to £5.1bn (31 March 2024: £4.2bn) due to the acquisition of economic ownership of the Argos Financial Services (AFS) store card portfolio (the AFS portfolio). Customer spend increased by 5% to £3.8bn (Q1 2024: £3.7bn).

The following table reconciles the statutory result to underlying profit before tax and adjusted EBITDA.

	Quarter ended March 2025 £m	Quarter ended March 2024 £m	Year ended March 2025 £m	Year ended December 2024 £m
<b>(Loss)/profit before tax</b>	<b>(24.0)</b>	<b>17.1</b>	<b>103.2</b>	<b>144.3</b>
Corporate debt interest and related costs	9.1	8.8	28.6	28.3
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio	49.7	-	49.7	-
AFS partnership costs	-	-	3.9	3.9
Platform development costs	10.6	2.3	26.4	18.1
Other	(1.2)	-	4.8	6.0
Amortisation of intangible assets arising on the Acquisition	0.3	5.8	6.6	12.1
<b>Underlying profit before tax</b>	<b>44.5</b>	<b>34.0</b>	<b>223.2</b>	<b>212.7</b>
Underlying depreciation and amortisation	4.1	3.0	12.7	11.6
<b>Adjusted EBITDA<sup>1</sup></b>	<b>48.6</b>	<b>37.0</b>	<b>235.9</b>	<b>224.3</b>

For the quarter ended 31 March 2025, the Group reported a statutory loss before tax of £24m (Q1 2024 profit: £17m). The statutory result before tax for the current and comparative periods include a number of items, detailed below, which do not relate to the Group's underlying business performance.

- Corporate debt interest and related costs include the interest charge and other costs associated with (i) the issuance and servicing of the Senior Secured Notes by NewDay BondCo plc (the Senior Secured Debt), (ii) the Super Senior Revolving Credit Facility (the Revolving Credit Facility), (iii) the £30m shares held in NewDay JVCo Ltd by Lloyds Banking Group which, per IFRS, are classified as a debt instrument, and (iv) a £50m vendor loan note (VLN) originally issued to Sainsbury's Bank plc. As at 31 March 2025, the Senior Secured Debt and Revolving Credit Facility outstanding principal totalled £214m (31 March 2024: £238m).
- Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio reflect the initial impairment charge required by IFRS on acquisition of the AFS portfolio receivables. On 28 February 2025, the Group acquired the beneficial interest in £834m of gross receivables arising from the AFS portfolio for consideration of £754m. The discount to face value represented, amongst other things, the expected lifetime losses on the portfolio. Although lifetime losses were reflected in the purchase price, IFRS requires a separate ECL allowance to be recorded on the acquired receivables. This is effectively a double count of expected credit losses which is not reflective of underlying performance. As such, the impairment charge has been excluded from underlying performance.
- AFS partnership costs relate to expenses incurred to acquire the AFS portfolio.
- Platform development costs are expenses incurred to enhance the capabilities of the Group's in-house operating platform. These costs relate to a technology project and are excluded from underlying performance because they do not represent underlying operational costs.
- Other relates to non-recurring items that are not representative of underlying performance. The balance in 2025 primarily represents a gain on purchase of the AFS portfolio reflecting the difference between the consideration price and the fair value of the portfolio as at the acquisition date.
- 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.

<sup>1</sup> See footnote 1 on page 3.

## Business developments

The Group welcomed 2.3m (Q1 2024: 0.2m) new customer accounts during the quarter largely due to the acquisition of the economic ownership in 2.2m Argos-branded store card customers. Gross receivables increased by 21% to a closing balance of £5.1bn (31 March 2024: £4.2bn) similarly due to the inclusion of £834m gross receivables from the AFS portfolio. Spend increased by 5% to £3.8bn (Q1 2024: £3.7bn).

In February 2025, the Group acquired economic ownership in the existing Argos-branded store card portfolio. The Group will acquire legal title to the portfolio at migration, which is expected to occur in H1 2026. Ahead of migration, the Group intends to launch a new Argos-branded digital credit proposition by the end of Q1 2026 to better serve Argos customers.

The AFS portfolio was acquired for £754m and represented a 90p/£ price of the face value of gross receivables (net of certain exclusions). This was financed primarily by new VFNs and a £50m vendor loan note, with £8m of residual funding from the Group's cash reserves.

The Direct to Consumer segment welcomed 0.1m (Q1 2024: 0.1m) new customer accounts during the quarter.

In April 2025, the Group signed two contract extensions with retail partners.

- The John Lewis & Partners relationship was extended to 2030. This programme is very popular with customers and the extension delivers revised commercial terms that aim to put the programme back into a mutually beneficial and sustainable position.
- The AO partnership was extended to 2033. The long-term commitment from the Group's first embedded finance partner evidences the mutually beneficial performance of the relationship since the partnership was launched in 2019. The Group aims to continue developing its digital capabilities to provide ongoing product innovation for AO to engage and serve their customers.

The Group continues to make progress on its lending and technology partnership with Lloyds Banking Group and its technology partnership with Debenhams Group following successful launches in Q4 2024. Both partnerships leverage the Group's innovative, scalable technology platform and further expand the Group's reach into the platform-as-a-service market.

The Group remains active in funding markets securing a bespoke £900m VFN facility for the AFS portfolio and completing a £350m D2C asset-backed securitisation deal in April 2025, effectively refinancing a deal that matures in July 2025.

The Group and its owners are exploring strategic options for the business to support its further development and growth. This includes, amongst other things, a full or partial exit event, an IPO 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.

## Sustainability and social responsibility

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 support its customers, protect the environment, and positively impact 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 +79 (Q1 2024: +77) and an average year-to-date Net Easy Score of +78 (Q1 2024: +77).

The Group is committed to balancing the interests of different stakeholders to maximise its long-term success. Sustainability metrics are regularly monitored by the Board. The Group's strategy and outcomes regarding sustainability and social responsibility matters are detailed in its Sustainability Report, which is available on its website at [newday.co.uk](https://newday.co.uk).

# Management discussion and analysis

## Description of income statement components

A brief description of the component parts of the Group's income statement are detailed below.

### ***Interest income***

Interest income primarily relates to income earned on all interest-earning assets, which mainly comprise loans and advances to customers, and the unwind of a discount recognised on the AFS portfolio acquisition.

### ***Cost of funds***

Cost of funds primarily relates to the interest expense on interest-bearing liabilities, which mainly comprise debt funding.

### ***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.

### ***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. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that 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 Group's lowest reportable operating segments comprise Direct to Consumer, Merchant Offering and Platform. Each segment offers different products and services and are managed in line with the Group's management and internal reporting structure. For Direct to Consumer and Merchant Offering, segment performance is assessed based on risk-adjusted income due to this being the lowest level that certain items can be allocated with sufficient accuracy. Below risk-adjusted income, Direct to Consumer and Merchant Offering are reported combined as Credit. Credit and Platform segment performance is assessed based on contribution. The segments are summarised below.

- Direct to Consumer: This segment serves customers who are typically new to credit or have a limited or poor credit history. The segment issues credit cards under the *Aqua*, *Marbles* and *Fluid* brands and digital credit under the *Bip* brand. The segment also includes certain other capital-light activities and closed portfolios.
- Merchant Offering: This segment provides co-branded credit products in partnership with established retail and consumer brands, and an own-branded *Pulse* card to customers from previous partnerships that have since ended. The segment also offers finance products to customers through its digital revolving credit product, *Newpay*. In addition, the segment has a portfolio of other closed credit cards and point-of-sale finance products.
- 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 including the chief operating decision maker, and how management allocate resources and assess performance. The chief operating decision maker is deemed to be the Executive Committee.

The tables below detail the management basis income statement and segmental analysis for various periods.



The table below details the management basis income statement and operating segment performance for the quarter ended 31 March 2025.

	Quarter ended March 2025 £m					Quarter ended March 2024 £m				
	Direct to Consumer	Merchant Offering	Credit	Platform	Group	Direct to Consumer	Merchant Offering	Credit	Platform	Group
Interest income	202.1	90.8	292.9	-	292.9	190.7	75.4	266.1	-	266.1
Cost of funds	(39.9)	(24.4)	(64.3)	-	(64.3)	(43.4)	(24.5)	(67.9)	-	(67.9)
<b>Net interest income</b>	<b>162.2</b>	<b>66.4</b>	<b>228.6</b>	-	<b>228.6</b>	<b>147.3</b>	<b>50.9</b>	<b>198.2</b>	-	<b>198.2</b>
Fee and commission income	10.3	5.3	15.6	1.8	17.4	11.0	4.0	15.0	0.3	15.3
<b>Net revenue</b>	<b>172.5</b>	<b>71.7</b>	<b>244.2</b>	<b>1.8</b>	<b>246.0</b>	<b>158.3</b>	<b>54.9</b>	<b>213.2</b>	<b>0.3</b>	<b>213.5</b>
Impairment losses on loans and advances to customers	(102.3)	(31.0)	(133.3)	-	(133.3)	(88.8)	(25.5)	(114.3)	-	(114.3)
<b>Underlying risk-adjusted income</b>	<b>70.2</b>	<b>40.7</b>	<b>110.9</b>	<b>1.8</b>	<b>112.7</b>	<b>69.5</b>	<b>29.4</b>	<b>98.9</b>	<b>0.3</b>	<b>99.2</b>
Servicing costs			(29.6)	(2.2)	(31.8)			(31.1)	(1.1)	(32.2)
Change costs			(8.7)	(2.3)	(11.0)			(10.5)	(2.3)	(12.8)
Marketing and partner payments			(7.9)	(0.2)	(8.1)			(6.0)	(0.1)	(6.1)
Collection fees			6.8	-	6.8			5.8	-	5.8
<b>Contribution</b>			<b>71.5</b>	<b>(2.9)</b>	<b>68.6</b>			<b>57.1</b>	<b>(3.2)</b>	<b>53.9</b>
Salaries, benefits and overheads					(24.1)					(19.9)
<b>Underlying profit before tax</b>					<b>44.5</b>					<b>34.0</b>
Add back: underlying depreciation and amortisation					4.1					3.0
<b>Adjusted EBITDA</b>					<b>48.6</b>					<b>37.0</b>
Corporate debt interest and related costs					(9.1)					(8.8)
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio					(49.7)					-
Platform development costs					(10.6)					(2.3)
Other					1.2					-
Depreciation and amortisation					(4.4)					(8.8)
<b>(Loss)/profit before tax</b>					<b>(24.0)</b>					<b>17.1</b>

The table below details the management basis income statement and operating segment performance for the year ended 31 March 2025.

	Year ended March 2025 £m					Year ended December 2024 £m				
	Direct to Consumer	Merchant Offering	Credit	Platform	Group	Direct to Consumer	Merchant Offering	Credit	Platform	Group
Interest income	795.7	317.5	1,113.2	-	1,113.2	784.3	302.1	1,086.4	-	1,086.4
Cost of funds	(161.0)	(100.4)	(261.4)	-	(261.4)	(164.5)	(100.5)	(265.0)	-	(265.0)
<b>Net interest income</b>	<b>634.7</b>	<b>217.1</b>	<b>851.8</b>	<b>-</b>	<b>851.8</b>	<b>619.8</b>	<b>201.6</b>	<b>821.4</b>	<b>-</b>	<b>821.4</b>
Fee and commission income	45.0	23.4	68.4	3.8	72.2	45.7	22.1	67.8	2.3	70.1
<b>Net revenue</b>	<b>679.7</b>	<b>240.5</b>	<b>920.2</b>	<b>3.8</b>	<b>924.0</b>	<b>665.5</b>	<b>223.7</b>	<b>889.2</b>	<b>2.3</b>	<b>891.5</b>
Impairment losses on loans and advances to customers	(355.4)	(73.9)	(429.3)	-	(429.3)	(341.9)	(68.4)	(410.3)	-	(410.3)
<b>Underlying risk-adjusted income</b>	<b>324.3</b>	<b>166.6</b>	<b>490.9</b>	<b>3.8</b>	<b>494.7</b>	<b>323.6</b>	<b>155.3</b>	<b>478.9</b>	<b>2.3</b>	<b>481.2</b>
Servicing costs			(121.0)	(6.2)	(127.2)			(122.5)	(5.1)	(127.6)
Change costs			(36.4)	(10.7)	(47.1)			(38.2)	(10.7)	(48.9)
Marketing and partner payments			(28.1)	(0.8)	(28.9)			(26.2)	(0.7)	(26.9)
Collection fees			24.2	-	24.2			23.2	-	23.2
<b>Contribution</b>			<b>329.6</b>	<b>(13.9)</b>	<b>315.7</b>			<b>315.2</b>	<b>(14.2)</b>	<b>301.0</b>
Salaries, benefits and overheads					(92.5)					(88.3)
<b>Underlying profit before tax</b>					<b>223.2</b>					<b>212.7</b>
Add back: underlying depreciation and amortisation					12.7					11.6
<b>Adjusted EBITDA</b>					<b>235.9</b>					<b>224.3</b>
Corporate debt interest and related costs					(28.6)					(28.3)
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio					(49.7)					-
AFS partnership costs					(3.9)					(3.9)
Platform development costs					(26.4)					(18.1)
Other					(4.8)					(6.0)
Depreciation and amortisation					(19.3)					(23.7)
<b>Profit before tax</b>					<b>103.2</b>					<b>144.3</b>

## **Group performance**

### ***Interest income***

Group interest income increased by £27m, or 10%, to £293m (Q1 2024: £266m) and was driven by gross receivables growth and strategies to increase interest-bearing balances. The Group results also include one month of interest income from the acquired AFS portfolio and the unwind of the associated discount recognised on the acquisition, as required by IFRS.

On 28 February 2025, the Group acquired the beneficial interest in £834m of gross receivables arising from the Argos store card portfolio for consideration of £754m. Per IFRS requirements, the discount that is allocated to accounts that are not purchased or originated credit-impaired (POCI), is amortised through the EIR method over the life of the underlying accounts. The discount allocated to POCI accounts is netted against the gross carrying value of the associated loans and advances to customers and is not amortised.

### ***Cost of funds***

Funding costs reduced by £4m to £64m (Q1 2024: £68m) and was driven primarily by lower base rates period-on-period, partly offset by more borrowings to fund the higher gross receivables and the AFS portfolio.

### ***Fee and commission income***

Fee and commission income increased by 14% to £17m (Q1 2024: £15m). This was driven primarily by higher fees generated from the growing Platform business, as well as a higher share of interchange fees earned from a specific merchant partnership.

### ***Impairment losses on loans and advances to customers***

The Group's impairment charge, excluding the day 1 provision for the AFS portfolio described below, increased by 17% to £133m (Q1 2024: £114m). The Group's impairment rate for the period increased to 11.8% (Q1 2024: 10.8%) as a result of gross receivables growth and a more cautious outlook for the UK economy. As at 31 March 2025, the Group's ECL allowance was £510m (31 December 2024: £440m) and represented 10.0% (31 December 2024: 10.0%) coverage of gross receivables. The ECL allowance includes £56m relating to the AFS portfolio which, although required by IFRS, effectively represents a double count of credit losses because the portfolio was acquired at a consideration adjusted for expected credit losses. The day 1 provision charge, being £50m of the £56m ECL allowance, has been represented separately on the income statement since it is not representative of underlying performance.

The proportion of gross receivables in delinquency reduced to 7.8%<sup>1</sup> (31 March 2024: 8.3%). The Group supports customers by using an established suite of interventions that can be tailored to provide targeted support for each individual. This has proven to be an effective way for customers to manage short-term financial difficulties and prevent extended delinquency. The proportion of gross receivables 90 days or more in arrears was 2.4% (31 March 2024: 2.4%). This remains below pre-pandemic levels of 2.7% at the end of 2019.

### ***Operating costs***

Servicing costs were flat at £32m (Q1 2024: £32m) reflecting a reduction in affordability-related claim costs offset by AFS portfolio transitional service agreement costs from 1 March 2025.

Change costs reduced by 14% to £11m (Q1 2024: £13m) with the Group re-focusing spend towards non-underlying platform development costs.

Marketing and partner payment costs increased by 33% to £8m (Q1 2024: £6m) reflecting the increased profitability of the Merchant Offering portfolio and commission payments specific to the AFS portfolio.

Collection fees increased by 17% to £7m (Q1 2024: £6m) primarily as a result of fees charged on the AFS portfolio.

### ***Salaries, benefits and overheads***

Salaries, benefits and overheads increased by 21% to £24m (Q1 2024: £20m) reflecting a higher overall headcount, annual salary increases, long-term incentive arrangements and higher discretionary remuneration.

### ***Underlying cost-income ratio***

Net revenue increased by 15% to £246m (Q1 2024: £214m) and underlying costs were well controlled. Accordingly, the underlying cost-income ratio improved to 27.7% (Q1 2024: 30.5%).

### ***Adjusted EBITDA***

Adjusted EBITDA increased by £12m to £49m<sup>2</sup> (Q1 2024: £37m) and reflected the improved underlying profitability.

<sup>1</sup> 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.

<sup>2</sup> See footnote 1 on page 3.

### **Direct to Consumer performance**

Interest income increased by £11m, or 6%, to £202m (Q1 2024: £191m) and was driven by strategies to increase interest-bearing balances.

Funding costs reduced by 8% to £40m (Q1 2024: £43m) primarily due to lower base rates period-on-period.

Fee and commission income reduced by £1m, or 6%, to £10m (Q1 2024: £11m) predominantly as a result of a policy change to cease charging certain returned payment fees.

Impairment losses increased by 15% to £102m (Q1 2024: £89m) which reflects growth in gross receivables and a more cautious outlook for the UK economy. The impairment rate increased to 15.8% (Q1 2024: 14.4%).

### **Merchant Offering performance**

Interest income increased by £15m, or 20%, to £91m (Q1 2024: £75m) and was driven by gross receivables growth, strategies to increase interest-bearing balances, the acquisition of the AFS portfolio and the unwind of the associated discount recognised on the acquisition, as required by IFRS.

Funding costs remained broadly flat at £24m (Q1 2024: £25m) as lower base rates were offset by higher borrowings.

Fee and commission income increased to £5m (Q1 2024: £4m) and was driven by a higher share of interchange fees earned from a specific merchant partnership.

Impairment loss increased by 22% to £31m (Q1 2024: £26m) due to higher receivables and an ECL build on the AFS portfolio as balances transitioned from 12-month losses to lifetime losses, in line with the Group's standard ECL model methodology. The AFS portfolio was acquired at a price that was effectively adjusted for the expected lifetime credit losses at the acquisition date. The impairment rate increased to 6.4% (Q1 2024: 5.7%) primarily as a result of the AFS portfolio ECL allowance build following the acquisition at the end of February 2025.

### **Platform performance**

Fee and commission income increased to £2m (Q1 2024: £0.3m) and servicing costs increased to £2m (Q1 2024: £1m) following the launch of two technology partnerships in H2 2024.

Change costs remained flat at £2m (Q1 2024: £2m).

Overall contribution also remained flat at £(3)m (Q1 2024: £(3)m).

## **Cash flows**

As at 31 March 2025, the Group's cash balance totalled £460m (31 March 2024: £360m). This included £84m (31 March 2024: £74m) of restricted cash, £72m (31 March 2024: £nil) of funding overlap and £110m (31 March 2024: £74m) of cash held outside of 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.

	<b>Quarter ended March 2025 £m</b>	<b>Quarter ended March 2024 £m</b>	<b>Year ended March 2025 £m</b>	<b>Year ended December 2024 £m</b>
Net cash (used in)/generated from operating activities	(584.0)	123.6	(677.1)	30.5
Net cash used in investing activities	(2.9)	(12.9)	(21.0)	(31.0)
Net cash generated from/(used in) financing activities	595.9	(339.8)	798.2	(137.5)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9.0</b>	<b>(229.1)</b>	<b>100.1</b>	<b>(138.0)</b>
Cash and cash equivalents at the start of the period	451.3	589.3	360.2	589.3
<b>Cash and cash equivalents at the end of the period</b>	<b>460.3</b>	<b>360.2</b>	<b>460.3</b>	<b>451.3</b>

### ***Net cash (used in)/generated from operating activities***

Net cash used in operating activities was £584m (Q1 2024: £124m generated from) and was primarily driven by the acquisition of the AFS portfolio, partly offset by the seasonal paydown of gross receivables and cash conversion from the Group's profits.

### **Net cash used in investing activities**

Net cash used in investing activities of £3m (Q1 2024: £13m) represents investment in intangible assets and property and equipment.

### **Net cash generated from/(used in) financing activities**

Net cash generated from financing activities of £596m (Q1 2024: £340m used in) consisted of the following items.

- Drawdowns, net of repayments, of VFNs used to fund gross receivables. This included drawdowns of new VFNs established to fund the AFS portfolio acquisition.
- A £2m (Q1 2024: £nil) dividend payment.

### **Free cash flow available for growth and debt service**

The Group continues to generate positive operating cash flows. In the period, the Group generated £71m (Q1 2024: £25m) of free cash flow available for growth and debt service. The following table reconciles the movement in cash and cash equivalents to free cash flow available for growth and debt service.

	Quarter ended March 2025 £m	Quarter ended March 2024 <sup>1</sup> £m	Year ended March 2025 £m	Year ended December 2024 £m
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9.0</b>	<b>(229.1)</b>	<b>100.1</b>	<b>(138.0)</b>
Net financing cash flows	(598.5)	337.1	(854.4)	81.2
Increase/(decrease) in gross loans and advances to customers	658.6	(85.5)	833.9	89.8
<b>Free cash flow available for growth</b>	<b>69.1</b>	<b>22.5</b>	<b>79.6</b>	<b>33.0</b>
Return paid on loan from immediate parent company	-	2.0	0.5	2.5
Dividends paid	2.2	-	53.2	51.0
Corporate debt interest paid	0.1	0.1	31.3	31.3
<b>Free cash flow available for growth and debt service</b>	<b>71.4</b>	<b>24.6</b>	<b>164.6</b>	<b>117.8</b>

### **Funding**

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

As at 31 March 2025, the Group reported funding facility headroom of £2.1bn (31 March 2024: £1.5bn) and after adjusting for deals that have already been refinanced in advance of their maturity, 13% of the Group's borrowings was due for repayment in less than one year, 33% in one to two years and 54% in over two years.

During the period, the Group drew down on newly established VFN facilities to fund the acquisition of the AFS portfolio. The Group also issued a £50m VLN as part of the AFS portfolio acquisition.

Following the period end, the Group raised £350m (of which £21m was retained within the Group) of asset-backed term debt securities from its Direct to Consumer securitisation programme. This deal was issued to refinance debt maturing in 2025.

<sup>1</sup>See footnote 2 on page 3.

## Appendix

### Consolidated interim financial information

# NewDay Group (Jersey) Limited

Consolidated interim financial information

31 March 2025

## Consolidated interim financial information

### Consolidated income statement and consolidated statement of comprehensive income

		Quarter ended 31 March 2025	Quarter ended 31 March 2024	Year ended 31 December 2024
	Note	£m	£m	£m
<b>Continuing operations</b>				
Interest and similar income	3	298.1	272.6	1,110.6
Interest and similar expense	3	(78.6)	(83.3)	(318.5)
<b>Net interest income</b>		<b>219.5</b>	<b>189.3</b>	<b>792.1</b>
Fee and commission income		34.5	33.0	136.1
Fee and commission expense		(7.0)	(6.2)	(25.8)
<b>Net fee and commission income</b>	3	<b>27.5</b>	<b>26.8</b>	<b>110.3</b>
Impairment losses excluding losses arising on the initial recognition of the AFS portfolio		(133.5)	(114.6)	(411.0)
Impairment losses arising on the initial recognition of the AFS portfolio		(49.7)	-	-
<b>Impairment losses on loans and advances to customers</b>	3, 5	<b>(183.2)</b>	<b>(114.6)</b>	<b>(411.0)</b>
<b>Risk-adjusted income</b>	3	<b>63.8</b>	<b>101.5</b>	<b>491.4</b>
Personnel expense		(39.1)	(33.5)	(141.9)
Other operating expenses		(48.7)	(50.9)	(205.2)
<b>Total operating expenses</b>	3	<b>(87.8)</b>	<b>(84.4)</b>	<b>(347.1)</b>
<b>(Loss)/profit before tax</b>	3	<b>(24.0)</b>	<b>17.1</b>	<b>144.3</b>
Tax expense		(0.3)	(4.3)	(30.5)
<b>(Loss)/profit after tax</b>		<b>(24.3)</b>	<b>12.8</b>	<b>113.8</b>
<b>Other comprehensive (expense)/income</b>				
<i>Items that may subsequently be reclassified to the income statement</i>				
Effective portion of changes in fair value of cash flow hedges		(7.5)	4.9	(1.9)
Net income statement transfer from hedging reserve		4.2	(3.1)	(3.6)
<b>Other comprehensive (expense)/income</b>		<b>(3.3)</b>	<b>1.8</b>	<b>(5.5)</b>
<b>Total comprehensive (expense)/income</b>		<b>(27.6)</b>	<b>14.6</b>	<b>108.3</b>

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



# Consolidated balance sheet

		As at 31 March 2025 £m	As at 31 March 2024 as restated <sup>1</sup> £m	As at 31 December 2024 £m
	Note			
<b>Assets</b>				
Cash and cash equivalents	4	460.3	360.2	451.3
Loans and advances to customers	5	4,643.8	3,806.3	4,055.9
Other assets		57.4	223.7	64.8
Derivative financial assets	6	2.4	27.1	8.8
Current tax assets		32.7	17.3	28.6
Deferred tax assets		0.6	0.5	0.6
Property and equipment		12.2	7.7	12.7
Intangible assets	7	91.1	87.7	92.1
Goodwill		279.9	279.9	279.9
<b>Total assets</b>		<b>5,580.4</b>	<b>4,810.4</b>	<b>4,994.7</b>
<b>Liabilities</b>				
Debt issued and other borrowed funds	8	4,876.8	4,046.5	4,274.5
Other liabilities		155.9	257.0	144.6
Derivative financial liabilities	6	5.6	4.8	3.1
Current tax liabilities		33.7	9.7	33.7
Deferred tax liabilities		3.6	1.9	3.6
Provisions	9	6.3	6.5	7.7
<b>Total liabilities</b>		<b>5,081.9</b>	<b>4,326.4</b>	<b>4,467.2</b>
<b>Net assets</b>		<b>498.5</b>	<b>484.0</b>	<b>527.5</b>
<b>Equity attributable to owners of the Company</b>				
Share capital and share premium		1,346.8	-	1,346.8
Equity instruments		-	593.9	-
Other reserves		(752.9)	-	(752.9)
Hedging reserve		(2.1)	8.5	1.2
Retained losses		(93.3)	(118.4)	(67.6)
<b>Total equity</b>		<b>498.5</b>	<b>484.0</b>	<b>527.5</b>

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

<sup>1</sup> In Q2 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. Accordingly, the 31 March 2024 comparatives have been restated. See note 2.5 for further details.

# Consolidated statement of changes in equity

	Share capital and share premium	Equity instruments	Other reserves	Hedging reserve	Retained losses	Total equity
	£m	£m	£m	£m	£m	£m
As at 31 December 2023	-	593.9	-	6.7	(129.2)	471.4
Return on loan from immediate parent company <sup>1</sup>	-	-	-	-	(2.0)	(2.0)
Total comprehensive income for the period:						
Profit after tax	-	-	-	-	12.8	12.8
Other comprehensive income	-	-	-	1.8	-	1.8
<b>As at 31 March 2024</b>	<b>-</b>	<b>593.9</b>	<b>-</b>	<b>8.5</b>	<b>(118.4)</b>	<b>484.0</b>
Return on loan from immediate parent company <sup>1</sup>	-	-	-	-	(0.5)	(0.5)
Dividends	-	-	-	-	(51.0)	(51.0)
Settlement of equity instruments and premium	-	(593.9)	(752.9)	-	-	(1,346.8)
Issuance of ordinary shares	1,346.8	-	-	-	-	1,346.8
Equity-settled share-based payment	-	-	-	-	1.3	1.3
Total comprehensive income for the period:						
Profit after tax	-	-	-	-	101.0	101.0
Other comprehensive expense	-	-	-	(7.3)	-	(7.3)
<b>As at 31 December 2024</b>	<b>1,346.8</b>	<b>-</b>	<b>(752.9)</b>	<b>1.2</b>	<b>(67.6)</b>	<b>527.5</b>
Dividends	-	-	-	-	(2.2)	(2.2)
Equity-settled share-based payment	-	-	-	-	0.8	0.8
Total comprehensive expense for the period:						
Loss after tax	-	-	-	-	(24.3)	(24.3)
Other comprehensive expense	-	-	-	(3.3)	-	(3.3)
<b>As at 31 March 2025</b>	<b>1,346.8</b>	<b>-</b>	<b>(752.9)</b>	<b>(2.1)</b>	<b>(93.3)</b>	<b>498.5</b>

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

<sup>1</sup> The Group made a return of £nil (Q1 2024: £2.0m, 2024: £2.5m) to Nemean Midco Limited, its immediate parent. The return was made in accordance with a loan agreement between NewDay Group (Jersey) Limited and Nemean Midco Limited which, consistent with the requirements of IFRS, was reported as an equity instrument in the Group's financial statements before it was settled prior to the end of 2024.

# Consolidated statement of cash flows

		Quarter ended 31 March 2025	Quarter ended 31 March 2024 as restated <sup>1</sup>	Year ended 31 December 2024
	Note	£m	£m	£m
<b>Operating activities</b>				
(Loss)/profit after tax		(24.3)	12.8	113.8
Reconciliation of (loss)/profit after tax to net cash (used in)/generated from operating activities:				
Tax expense		0.3	4.3	30.5
Interest and similar income		(298.1)	(272.6)	(1,110.6)
Interest and similar expense		78.6	83.3	318.5
Depreciation of property and equipment		1.0	1.1	4.3
Amortisation of intangible assets	7	3.4	7.7	19.4
Impairment of intangible assets		-	-	0.9
Impairment losses on loans and advances to customers		183.2	114.6	411.0
Equity-settled share-based payment		0.8	-	1.3
Changes in operating assets and liabilities:				
Increase in loans and advances to customers		(745.5)	(7.3)	(470.8)
Decrease/(increase) in other assets		8.3	(54.8)	102.9
Increase/(decrease) in other liabilities		11.1	64.0	(45.9)
(Decrease)/increase in provisions		(1.4)	1.1	1.7
Interest and similar income received		272.7	250.0	1,005.3
Interest and similar expense paid		(69.7)	(75.1)	(328.9)
Tax paid		(4.4)	(5.5)	(22.9)
<b>Net cash (used in)/generated from operating activities</b>		<b>(584.0)</b>	<b>123.6</b>	<b>30.5</b>
<b>Cash flows from investing activities</b>				
Purchases of property and equipment		(0.5)	(0.2)	(1.3)
Investment in intangible assets	7	(2.4)	(12.7)	(29.7)
<b>Net cash used in investing activities</b>		<b>(2.9)</b>	<b>(12.9)</b>	<b>(31.0)</b>
<b>Cash flows from financing activities</b>				
Proceeds from debt issued and other borrowed funds	8	965.5	254.9	1,902.2
Repayment of debt issued and other borrowed funds	8	(367.0)	(592.0)	(1,983.4)
Payment of principal element of lease liabilities		(0.4)	(0.7)	(2.8)
Return paid on loan from immediate parent company		-	(2.0)	(2.5)
Dividends paid		(2.2)	-	(51.0)
<b>Net cash generated from/(used in) financing activities</b>		<b>595.9</b>	<b>(339.8)</b>	<b>(137.5)</b>
Net increase/(decrease) in cash and cash equivalents		9.0	(229.1)	(138.0)
Cash and cash equivalents at the start of the period		451.3	589.3	589.3
<b>Cash and cash equivalents at the end of the period</b>	4	<b>460.3</b>	<b>360.2</b>	<b>451.3</b>

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

<sup>1</sup> In Q2 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. This impacted certain lines of the cash flow statement within cash flows from operating activities which net off to £nil. The Q1 2024 comparatives have been restated to reflect the revised presentation. See note 2.5 for further details.

# 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 2024 were approved by the Board of Directors of NewDay Group (Jersey) Limited on 3 April 2025. 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](https://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 quarter ended 31 March 2025 was approved by the Board of Directors on 15 May 2025.

### Going concern

As at 15 May 2025, the Group has £568.2m of asset-backed term debt principal within the Direct to Consumer securitisation programme maturing in the next 12 months. Additionally, the Group has drawn VFNs of £11.9m within the Merchant Offering 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 15 May 2025, the Group has undrawn VFNs of £925.1m within the Direct to Consumer securitisation programme and £762.6m within the Merchant Offering securitisation programme (excluding certain VFNs that are limited for use on specific portfolios only) with a maturity in excess of 12 months which can be used to fund future growth and refinance any other 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. 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 determined by external stress forecasts, 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 this 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. Accounting policies (continued)

### Basis of consolidation

The interim financial information comprise the consolidated financial statements of the Group as at 31 March 2025. The subsidiaries and structured entities (SEs) consolidated into the interim financial information are disclosed in note 27 of the 2024 statutory Financial Statements. In 2025, the Group started a process to dissolve NewDay Partnership Tertiary Funding Ltd since it is no longer trading and not required by the Group.

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 2024, except for tax, and are detailed in those statutory Financial Statements. In interim periods, corporation tax, 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. A full assessment of the Group's judgements, estimates and assumptions for the year ended 31 December 2024 is detailed on pages 92 to 95 of the 2024 Annual Report and Financial Statements.

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 2024 except for those used in the expected credit loss (ECL) allowance on loans and advances to customers. The changes to the ECL allowance are detailed below.

#### (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 for the use of i) forward-looking information; and ii) post model adjustments (PMAs). These are detailed further below.

Additionally, in February 2025, the Group acquired the existing Argos-branded store card portfolio (the 'AFS portfolio') from Argos Financial Services (AFS). See note 5 for details of the acquisition. The ECL allowance recorded on this portfolio has been calculated using a consistent methodology, where relevant, to the Group's pre-existing ECL allowance. The ECL allowance is derived using data obtained from AFS on the associated customers and, where specific variables or inputs do not exist, the model methodology is adapted to calculate the ECL allowance and align it as much as possible to the pre-existing ECL allowance methodology. Such changes are not deemed a significant change in modelling methodology, judgement or estimate.

#### 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 £m	Probability weighting used in reported ECL allowance %
	Peak	Minimum	Average		
<b>31 March 2025</b>					
Upside	4.3	3.9	4.0	475.7	10
Base	4.4	4.0	4.2	496.2	50
Downside 1	6.4	4.3	5.7	529.1	35
Downside 2	8.5	4.3	7.2	588.3	5

# Notes to the consolidated interim financial information (continued)

## 2. Accounting policies (continued)

	UK unemployment rate forecast over five-year outlook period %			ECL allowance assuming 100% probability weighting £m	Probability weighting used in reported ECL allowance %
	Peak	Minimum	Average		
31 March 2024					
Upside	4.1	3.8	3.9	478.8	15
Base	4.4	3.9	4.2	500.9	50
Downside 1	6.4	3.9	5.7	536.0	30
Downside 2	8.5	3.9	7.1	616.3	5
31 December 2024					
Upside	4.3	3.9	4.0	409.4	15
Base	4.4	4.0	4.2	429.5	50
Downside 1	6.4	4.3	5.7	459.2	30
Downside 2	8.5	4.3	7.2	513.4	5

A summary of the assumptions in each scenario as at 31 March 2025 is detailed below.

- The upside scenario assumes inflation remains within range of the Bank of England target and the economy grows throughout the forecast period. The unemployment rate is expected to remain broadly flat and settle at a long-term rate of 3.9%.
- The base scenario assumes growth in the UK economy and a stabilisation of macroeconomic conditions resulting in inflation reducing to just above the Bank of England target. 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 rises marginally to its peak of 4.4% before falling back to 4.0% 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 6.4% before falling back to 5.6% 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% before recovering to 7.1% at the end of the forecast period.

The probability weighting applied to each scenario represents management's view of the likelihood of the scenario occurring and reflects 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 31 March 2025, the impact of probability-weighting these scenarios uplifted the ECL allowance on loans and advances to customers by £14.1m (31 March 2024: £13.0m, 31 December 2024: £10.1m) compared to the base scenario ECL allowance.

### PMA's

The Group uses PMA's 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 PMA's incorporated within the ECL allowance.

	As at 31 March 2025 £m	As at 31 March 2024 £m	As at 31 December 2024 £m
Forward-looking information	(22.1)	(9.2)	(21.0)
Model performance	12.6	(12.1)	2.7
<b>Total PMA's</b>	<b>(9.5)</b>	<b>(21.3)</b>	<b>(18.3)</b>

# Notes to the consolidated interim financial information (continued)

## 2. Accounting policies (continued)

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 £(22.1)m PMA which reduces overall ECL (31 March 2024: £(11.3)m, 31 December 2024: £(21.0)m) for the use of proxies to model the impact on ECL of multiple economic scenarios. The Group uses its Direct to Consumer 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.
- Model performance PMAs include, amongst other things, adjustments arising from periodic model validations and remediation of model limitations. As at 31 March 2025, the Group recognised a £10.1m (31 March 2024: £nil, 31 December 2024: £nil) PMA for additional losses expected on a subset of AFS portfolio customers that are classified as in persistent debt and, depending on the Group's strategies for such customers, their losses may be larger than modelled outcomes. Model performance PMAs also include several other PMAs that collectively total £2.5m (31 March 2024: £10.5m, 31 December 2024: £4.2m) as at 31 March 2025.

See notes 5 and 11.2 for further details of the Group's ECL allowance.

### 2.4 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 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.

### 2.5 Prior period adjustment

In Q2 2024, the Group changed the presentation of certain customer-related balances from other liabilities to loans and advances to customers. These balances related to customer repayments which, as at each period end, are not processed to a customer's account because they are not fully verified in the Group's operational system. Such balances are probable to be fully verified shortly after each period end and subsequently allocated to loans and advances to customers. Therefore, for the 31 March 2024 comparatives, the Group has deemed it more appropriate to show these amounts netted off against loans and advances to customers.

The following tables summarise the impact of affected line items in the statement of financial position as a result of the change.

	As at 31 March 2024 as previously reported £m	Adjustments £m	As at 31 March 2024 as restated £m
Loans and advances to customers	3,849.8	(43.5)	3,806.3
<b>Total assets</b>	<b>4,853.9</b>	<b>(43.5)</b>	<b>4,810.4</b>
Other liabilities	(300.5)	43.5	(257.0)
<b>Total liabilities</b>	<b>(4,369.9)</b>	<b>43.5</b>	<b>(4,326.4)</b>

# Notes to the consolidated interim financial information (continued)

## 2. Accounting policies (continued)

The table below shows the adjustments applied to the quarter ended 31 March 2024 statement of cash flows.

	Quarter ended 31 March 2024 as previously reported £m	Adjustments £m	Quarter ended 31 March 2024 as restated £m
<b>Operating activities</b>			
Changes in operating assets and liabilities:			
- Increase in loans and advances to customers	(22.1)	14.8	(7.3)
- Increase in other liabilities	78.8	(14.8)	64.0
<b>Impact on operating activities</b>	<b>56.7</b>	<b>-</b>	<b>56.7</b>
<b>Net cash generated from operating activities</b>	<b>123.6</b>	<b>-</b>	<b>123.6</b>

## 3. Segment information

The Group's lowest reportable operating segments comprise Direct to Consumer, Merchant Offering and Platform. Each segment offers different products and services and are managed in line with the Group's management and internal reporting structure. For Direct to Consumer and Merchant Offering, segment performance is assessed based on risk-adjusted income due to this being the lowest level that certain items can be allocated with sufficient accuracy. Below risk-adjusted income, Direct to Consumer and Merchant Offering are reported combined as Credit. Credit and Platform segment performance is assessed based on contribution.

The segments are summarised below.

- **Direct to Consumer:** This segment serves customers who are typically new to credit or have a limited or poor credit history. The segment issues credit cards under the *Aqua*, *Marbles* and *Fluid* brands and digital credit under the *Bip* brand. The segment also includes certain other capital-light activities and two closed portfolios.
- **Merchant Offering:** This segment provides co-branded credit products in partnership with established retail and consumer brands, and an own-branded *Pulse* card to customers from previous partnerships that have since ended. The segment also offers finance products to customers through its digital revolving credit product, *Newpay*. In addition, the segment has a portfolio of other closed credit cards and point-of-sale finance products.
- **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 including the chief operating decision maker, and how management allocates resources and assesses performance. The chief operating decision maker is deemed to be the Executive Committee.

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 quarter ended 31 March 2025, in line with reporting to the chief operating decision maker.

	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Group £m
<b>Quarter ended 31 March 2025</b>					
Interest income	202.1	90.8	292.9	-	292.9
Cost of funds	(39.9)	(24.4)	(64.3)	-	(64.3)
<b>Net interest income</b>	<b>162.2</b>	<b>66.4</b>	<b>228.6</b>	<b>-</b>	<b>228.6</b>
Fee and commission income	10.3	5.3	15.6	1.8	17.4
<b>Net revenue</b>	<b>172.5</b>	<b>71.7</b>	<b>244.2</b>	<b>1.8</b>	<b>246.0</b>
Impairment losses on loans and advances to customers	(102.3)	(31.0)	(133.3)	-	(133.3)
<b>Underlying risk-adjusted income</b>	<b>70.2</b>	<b>40.7</b>	<b>110.9</b>	<b>1.8</b>	<b>112.7</b>
Servicing costs			(29.6)	(2.2)	(31.8)
Change costs			(8.7)	(2.3)	(11.0)
Marketing and partner payments			(7.9)	(0.2)	(8.1)
Collection fees			6.8	-	6.8
<b>Contribution</b>			<b>71.5</b>	<b>(2.9)</b>	<b>68.6</b>
Salaries, benefits and overheads					(24.1)
<b>Underlying profit before tax</b>					<b>44.5</b>
Add back: underlying depreciation and amortisation					4.1
<b>Adjusted EBITDA<sup>1</sup></b>					<b>48.6</b>
Corporate debt interest and related costs					(9.1)
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio					(49.7)
Platform development costs					(10.6)
Other					1.2
Depreciation and amortisation					(4.4)
<b>Loss before tax</b>					<b>(24.0)</b>
<b>Gross receivables</b>	<b>2,594.0</b>	<b>2,523.2</b>	<b>5,117.2</b>	<b>-</b>	<b>5,117.2</b>

<sup>1</sup> See footnote 1 on page 3.

# Notes to the consolidated interim financial information (continued)

## 3. Segment information (continued)

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

Quarter ended 31 March 2025 reconciling items	Statutory £m	Fee income £m	Corporate debt interest and related costs £m	Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio £m	Other £m	Segmental basis £m
Interest income	298.1	-	-	-	(5.2)	292.9
Cost of funds	(78.6)	-	9.1	-	5.2	(64.3)
Fee and commission income	27.5	(10.1)	-	-	-	17.4
Impairment losses on loans and advances to customers	(183.2)	-	-	49.7	0.2	(133.3)
<b>Underlying risk- adjusted income</b>	<b>63.8</b>	<b>(10.1)</b>	<b>9.1</b>	<b>49.7</b>	<b>0.2</b>	<b>112.7</b>
Total operating expenses	(87.8)	10.1	(9.1)	(49.7)	(0.2)	(136.7)
<b>Loss before tax</b>	<b>(24.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24.0)</b>

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.

Corporate debt interest and related costs represents (i) interest and related costs on the Senior Secured Debt and Revolving Credit Facility; (ii) interest and associated costs related to a £30.0m debt instrument<sup>1</sup> issued to Lloyds Banking Group as part of the Group's technology and lending partnership with them; and (iii) interest costs associated with a £50.0m loan note issued to fund the AFS portfolio acquisition.

Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio reflect the initial impairment charge required by IFRS on acquisition of the AFS receivables. On 28 February 2025, the Group acquired the beneficial interest in £834.2m of gross receivables arising from the AFS portfolio for consideration of £754.0m. The discount to face value represented, amongst other things, the expected lifetime losses on the portfolio. Although lifetime losses were reflected in the purchase price, IFRS requires a separate ECL allowance to be recorded on the acquired receivables. This is effectively a double count of expected credit losses which is not reflective of underlying performance. As such, the impairment charge of £49.7m that arose on acquisition is excluded from underlying performance and is reported as an operating expense on a segmental basis.

Other primarily includes interest income from cash and cash equivalents which is presented in cost of funds on a segmental basis rather than interest income.

<sup>1</sup> This instrument represents shares held in NewDay JVCo Ltd by Lloyds Banking Group which, per IFRS, are classified as a debt instrument. See note 8 for further details.

# Notes to the consolidated interim financial information (continued)

## 3. Segment information (continued)

The table below presents the performance on a segmental basis, for the quarter ended 31 March 2024, in line with reporting to the chief operating decision maker.

Quarter ended 31 March 2024	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Group £m
Interest income	190.7	75.4	266.1	-	266.1
Cost of funds	(43.4)	(24.5)	(67.9)	-	(67.9)
<b>Net interest income</b>	<b>147.3</b>	<b>50.9</b>	<b>198.2</b>	<b>-</b>	<b>198.2</b>
Fee and commission income	11.0	4.0	15.0	0.3	15.3
<b>Net revenue</b>	<b>158.3</b>	<b>54.9</b>	<b>213.2</b>	<b>0.3</b>	<b>213.5</b>
Impairment losses on loans and advances to customers	(88.8)	(25.5)	(114.3)	-	(114.3)
<b>Underlying risk-adjusted income</b>	<b>69.5</b>	<b>29.4</b>	<b>98.9</b>	<b>0.3</b>	<b>99.2</b>
Servicing costs			(31.1)	(1.1)	(32.2)
Change costs			(10.5)	(2.3)	(12.8)
Marketing and partner payments			(6.0)	(0.1)	(6.1)
Collection fees			5.8	-	5.8
<b>Contribution</b>			<b>57.1</b>	<b>(3.2)</b>	<b>53.9</b>
Salaries, benefits and overheads					(19.9)
<b>Underlying profit before tax</b>					<b>34.0</b>
Add back: underlying depreciation and amortisation					3.0
<b>Adjusted EBITDA<sup>1</sup></b>					<b>37.0</b>
Corporate debt interest and related costs					(8.8)
Platform development costs					(2.3)
Depreciation and amortisation					(8.8)
<b>Profit before tax</b>					<b>17.1</b>
<b>Gross receivables</b>	<b>2,457.2</b>	<b>1,784.3</b>	<b>4,241.5</b>	<b>-</b>	<b>4,241.5</b>

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

Quarter ended 31 March 2024 reconciling items	Statutory £m	Fee income £m	Corporate debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	272.6	-	-	(6.5)	266.1
Cost of funds	(83.3)	-	8.8	6.6	(67.9)
Fee and commission income	26.8	(11.5)	-	-	15.3
Impairment losses on loans and advances to customers	(114.6)	-	-	0.3	(114.3)
<b>Underlying risk-adjusted income</b>	<b>101.5</b>	<b>(11.5)</b>	<b>8.8</b>	<b>0.4</b>	<b>99.2</b>
Total operating expenses	(84.4)	11.5	(8.8)	(0.4)	(82.1)
<b>Profit before tax</b>	<b>17.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.1</b>

<sup>1</sup> See footnote 1 on page 3.

# 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 2024, in line with reporting to the chief operating decision maker.

Year ended 31 December 2024	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Group £m
Interest income	784.3	302.1	1,086.4	-	1,086.4
Cost of funds	(164.5)	(100.5)	(265.0)	-	(265.0)
<b>Net interest income</b>	<b>619.8</b>	<b>201.6</b>	<b>821.4</b>	<b>-</b>	<b>821.4</b>
Fee and commission income	45.7	22.1	67.8	2.3	70.1
<b>Net revenue</b>	<b>665.5</b>	<b>223.7</b>	<b>889.2</b>	<b>2.3</b>	<b>891.5</b>
Impairment losses on loans and advances to customers	(341.9)	(68.4)	(410.3)	-	(410.3)
<b>Underlying risk-adjusted income</b>	<b>323.6</b>	<b>155.3</b>	<b>478.9</b>	<b>2.3</b>	<b>481.2</b>
Servicing costs			(122.5)	(5.1)	(127.6)
Change costs			(38.2)	(10.7)	(48.9)
Marketing and partner payments			(26.2)	(0.7)	(26.9)
Collection fees			23.2	-	23.2
<b>Contribution</b>			<b>315.2</b>	<b>(14.2)</b>	<b>301.0</b>
Salaries, benefits and overheads					(88.3)
<b>Underlying profit before tax</b>					<b>212.7</b>
Add back: underlying depreciation and amortisation					11.6
<b>Adjusted EBITDA<sup>1</sup></b>					<b>224.3</b>
Corporate debt interest and related costs					(28.3)
Platform development costs					(18.1)
Argos partnership costs					(3.9)
Other					(6.0)
Depreciation and amortisation					(23.7)
<b>Profit before tax</b>					<b>144.3</b>
<b>Gross receivables</b>	<b>2,578.9</b>	<b>1,799.4</b>	<b>4,378.3</b>	<b>-</b>	<b>4,378.3</b>

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 2024 reconciling items	Statutory £m	Fee income £m	Corporate debt interest and related costs £m	Other £m	Segmental basis £m
Interest income	1,110.6	-	-	(24.2)	1,086.4
Cost of funds	(318.5)	-	28.3	25.2	(265.0)
Fee and commission income	110.3	(40.2)	-	-	70.1
Impairment losses on loans and advances to customers	(411.0)	-	-	0.7	(410.3)
<b>Underlying risk-adjusted income</b>	<b>491.4</b>	<b>(40.2)</b>	<b>28.3</b>	<b>1.7</b>	<b>481.2</b>
Total operating expenses	(347.1)	40.2	(28.3)	(1.7)	(336.9)
<b>Profit before tax</b>	<b>144.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144.3</b>

<sup>1</sup> See footnote 1 on page 3.

# 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 31 March 2025			As at 31 March 2024 as restated		
	Direct to Consumer £m	Merchant Offering £m	Group £m	Direct to Consumer £m	Merchant Offering £m	Group £m
<b>Gross receivables</b>	<b>2,594.0</b>	<b>2,523.2</b>	<b>5,117.2</b>	<b>2,457.2</b>	<b>1,784.3</b>	<b>4,241.5</b>
Deferred origination costs	42.0	8.9	50.9	47.0	8.9	55.9
EIR method adjustment for interest-free promotional periods	14.4	27.8	42.2	14.3	14.3	28.6
AFS portfolio acquisition discount	-	(88.3)	(88.3)	-	-	-
Other	18.3	13.8	32.1	6.4	(12.2)	(5.8)
<b>Gross loans and advances to customers</b>	<b>2,668.7</b>	<b>2,485.4</b>	<b>5,154.1</b>	<b>2,524.9</b>	<b>1,795.3</b>	<b>4,320.2</b>

  

	As at 31 December 2024		
	Direct to Consumer £m	Merchant Offering £m	Group £m
<b>Gross receivables</b>	<b>2,578.9</b>	<b>1,799.4</b>	<b>4,378.3</b>
Deferred origination costs	42.8	9.3	52.1
EIR method adjustment for interest-free promotional periods	14.3	13.3	27.6
Other	21.9	15.6	37.5
<b>Gross loans and advances to customers</b>	<b>2,657.9</b>	<b>1,837.6</b>	<b>4,495.5</b>

Deferred origination costs represent transaction costs incurred on origination of customer accounts. These costs are amortised through the EIR method over the life of the underlying accounts.

The EIR method adjustment for interest-free promotional periods reflects accounting adjustments required by IFRS to recognise interest income during interest-free periods offered to customers.

The AFS portfolio acquisition discount represents the difference between the face value and fair value of the gross receivables on their acquisition date. Per IFRS requirements, for accounts that are not purchased or originated credit-impaired (POCI), this amount is amortised through the EIR method over the life of the underlying accounts. The discount allocated to POCI accounts is netted against the gross carrying value of the associated loans and advances to customers and is not amortised.

Other represents 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 customer repayments that are yet to be processed to their account.

### 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.

# Notes to the consolidated interim financial information (continued)

## 4. Cash and cash equivalents

	As at 31 March 2025 £m	As at 31 March 2024 £m	As at 31 December 2024 £m
Unrestricted cash	376.5	286.0	373.6
Restricted cash	83.8	74.2	77.7
<b>Cash and cash equivalents</b>	<b>460.3</b>	<b>360.2</b>	<b>451.3</b>

Restricted cash of £83.8m (31 March 2024: £74.2m, 31 December 2024: £77.7m) are 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. All cash balances are held with large commercial banks.

As at 31 March 2025, the Group's cash balance included £72.1m (31 March 2024: £nil, 31 December 2024: £72.1m) arising from funding overlaps where funds are raised in advance of the maturity of the debt it is replacing. Additionally, as at 31 March 2025, the Group's unrestricted cash balance included £110.3m (31 March 2024: £73.6m, 31 December 2024: £101.1m) of cash held by entities outside of the securitisation structure and not held for specific funding activities.

## 5. Loans and advances to customers

	As at 31 March 2025 £m	As at 31 March 2024 as restated £m	As at 31 December 2024 £m
Gross loans and advances to customers	5,154.1	4,320.2	4,495.5
ECL allowance	(510.3)	(513.9)	(439.6)
<b>Loans and advances to customers</b>	<b>4,643.8</b>	<b>3,806.3</b>	<b>4,055.9</b>

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.

### AFS portfolio acquisition

On 28 February 2025, the Group acquired beneficial interest in £834.2m of gross receivables arising from the AFS portfolio. In addition to the gross receivables, the Group also recognised £18.0m of EIR-related balances in line with its existing accounting policies.

The total consideration paid to AFS for the beneficial interest was £754.0m and was based on a contractually pre-agreed price set in Q4 2024. The Group separately assessed the fair value of the acquired loans and advances to customers as at the acquisition date and deemed this to be £757.2m. Accordingly, loans and advances to customers of £757.2m were recognised on origination and the £3.2m difference from the consideration was a gain recognised within other operating expenses in the income statement.

The overall portfolio acquisition discount, of £95.0m, represents the difference between the face value (inclusive of EIR-related balances) and fair value of the gross receivables on their acquisition date. Per IFRS requirements, for accounts that are not purchased or originated credit-impaired (POCI), this amount is amortised through the EIR method over the life of the underlying accounts. The discount allocated to POCI accounts is netted against the gross carrying value of the associated loans and advances to customers and is not amortised.

Additionally, the discount to face value represented, amongst other things, the expected lifetime losses on the portfolio. Although lifetime losses were reflected in the purchase price, IFRS requires a separate ECL allowance to be recorded on the acquired receivables. The ECL allowance arising on the initial recognition of the AFS portfolio was £49.7m.

# Notes to the consolidated interim financial information (continued)

## 5. Loans and advances to customers (continued)

### Gross loans and advances to customers

The following table reconciles the movement in the Group's gross loans and advances to customers.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI <sup>1</sup> £m	Total £m
Gross loans and advances to customers as at 31 December 2023 (as restated)	3,504.2	497.2	402.2	2.1	4,405.7
Transfers between stages	(121.6)	(9.5)	131.1	-	-
New spend	3,595.8	57.6	3.1	0.4	3,656.9
Repayments	(3,779.6)	(91.0)	(22.9)	(0.6)	(3,894.1)
Interest and fee income	218.7	33.2	5.2	0.1	257.2
Write offs	(6.3)	(10.3)	(106.4)	(0.1)	(123.1)
Other	15.5	(1.3)	3.4	-	17.6
<b>Gross loans and advances to customers as at 31 March 2024 (as restated)</b>	<b>3,426.7</b>	<b>475.9</b>	<b>415.7</b>	<b>1.9</b>	<b>4,320.2</b>
Transfers between stages	(26.9)	(75.9)	102.8	-	-
New spend	11,541.4	209.7	111.6	1.2	11,863.9
Repayments	(11,716.0)	(198.4)	(140.2)	(1.5)	(12,056.1)
Interest and fee income	683.0	72.5	47.4	0.3	803.2
Write offs	(152.2)	(125.7)	(158.4)	(0.3)	(436.6)
Other	2.0	(10.8)	9.7	-	0.9
<b>Gross loans and advances to customers as at 31 December 2024</b>	<b>3,758.0</b>	<b>347.3</b>	<b>388.6</b>	<b>1.6</b>	<b>4,495.5</b>
Transfers between stages	(176.4)	50.5	125.9	-	-
New spend	3,805.3	36.2	3.3	0.4	3,845.2
Repayments	(4,022.0)	(61.1)	(21.1)	(1.1)	(4,105.3)
Interest and fee income	254.2	26.3	5.6	0.1	286.2
Write offs	(7.3)	(10.5)	(109.5)	(0.7)	(128.0)
AFS portfolio acquisition	749.1	-	-	8.1	757.2
Other	(0.4)	0.8	2.9	-	3.3
<b>Gross loans and advances to customers as at 31 March 2025</b>	<b>4,360.5</b>	<b>389.5</b>	<b>395.7</b>	<b>8.4</b>	<b>5,154.1</b>

<sup>1</sup> Purchased or originated credit-impaired

# Notes to the consolidated interim financial information (continued)

## 5. Loans and advances to customers (continued)

### ECL allowance

The following table reconciles the movement in the Group's ECL allowance.

	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	(10.9)	41.8	(30.9)	-	-
Remeasurement of ECL <sup>1</sup>	15.0	(37.8)	24.0	-	1.2
Release of ECL on loans and advances to customers settled in the period	1.7	1.4	1.8	-	4.9
ECL on new loans and advances to customers originated in the period	(4.9)	(0.1)	-	-	(5.0)
<b>ECL allowance as at 31 March 2024</b>	<b>(136.4)</b>	<b>(140.7)</b>	<b>(236.3)</b>	<b>(0.5)</b>	<b>(513.9)</b>
Transfers between stages	(19.0)	18.8	0.2	-	-
Remeasurement of ECL <sup>1</sup>	56.4	13.3	37.2	0.2	107.1
Release of ECL on loans and advances to customers settled in the period	6.4	3.8	3.3	0.1	13.6
ECL on new loans and advances to customers originated in the period	(19.4)	(16.1)	(10.9)	-	(46.4)
<b>ECL allowance as at 31 December 2024</b>	<b>(112.0)</b>	<b>(120.9)</b>	<b>(206.5)</b>	<b>(0.2)</b>	<b>(439.6)</b>
Transfers between stages	11.2	32.2	(43.4)	-	-
Remeasurement of ECL <sup>1</sup>	1.9	(53.9)	33.0	0.1	(18.9)
Release of ECL on loans and advances to customers settled in the period	1.3	1.1	1.6	-	4.0
ECL on new loans and advances to customers originated in the period	(5.6)	(0.4)	(0.1)	-	(6.1)
AFS portfolio acquisition	(49.7)	-	-	-	(49.7)
<b>ECL allowance as at 31 March 2025</b>	<b>(152.9)</b>	<b>(141.9)</b>	<b>(215.4)</b>	<b>(0.1)</b>	<b>(510.3)</b>

<sup>1</sup> 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)

## 6. Derivative financial instruments

The Group uses derivative financial instruments, namely interest rate swaps, cross-currency interest rate swaps and interest rate caps, 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 primarily driven by market movements in the interest rate yield curves and forward exchange rates.

	As at 31 March 2025			As at 31 March 2024		
	Notional amount £m	Assets £m	Liabilities £m	Notional amount £m	Assets £m	Liabilities £m
Cross-currency interest rate swaps	135.3	1.3	(2.8)	300.2	17.0	(1.7)
Interest rate swaps	535.0	1.0	(2.8)	635.0	10.1	(3.1)
Interest rate caps	688.0	0.1	-	-	-	-
<b>Derivative financial instruments</b>	<b>1,358.3</b>	<b>2.4</b>	<b>(5.6)</b>	<b>935.2</b>	<b>27.1</b>	<b>(4.8)</b>

	As at 31 December 2024		
	Notional amount £m	Assets £m	Liabilities £m
Cross-currency interest rate swaps	139.5	4.2	(1.0)
Interest rate swaps	635.0	3.0	(2.1)
Interest rate caps	688.0	0.4	-
Other derivatives	-	1.2	-
<b>Derivative financial instruments</b>	<b>1,462.5</b>	<b>8.8</b>	<b>(3.1)</b>

Other derivatives related to a derivative arising from the contract the Group entered into in October 2024 which entitled it to acquire beneficial interest in the Argos store card portfolio in February 2025 at a pre-agreed price. As at 31 March 2025, the acquisition of the beneficial interest had occurred and therefore the derivative had been realised.

# 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	Interest rate caps £m
As at 31 December 2023	403.9	735.0	-
Settled	(98.8)	(100.0)	-
Foreign exchange movements	(4.9)	-	-
<b>As at 31 March 2024</b>	<b>300.2</b>	<b>635.0</b>	<b>-</b>
Issued	-	-	688.0
Settled	(150.1)	-	-
Foreign exchange movements	(10.6)	-	-
<b>As at 31 December 2024</b>	<b>139.5</b>	<b>635.0</b>	<b>688.0</b>
Issued	-	100.0	-
Settled	-	(200.0)	-
Foreign exchange movements	(4.2)	-	-
<b>As at 31 March 2025</b>	<b>135.3</b>	<b>535.0</b>	<b>688.0</b>

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 (Q1 2024: £nil, 2024: £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 2025	313.4	27.8	51.9	102.6	495.7
Additions	-	-	-	2.4	2.4
<b>Cost as at 31 March 2025</b>	<b>313.4</b>	<b>27.8</b>	<b>51.9</b>	<b>105.0</b>	<b>498.1</b>
Amortisation as at 1 January 2025	(313.4)	(11.0)	(51.9)	(27.3)	(403.6)
Charge to the income statement	-	(0.3)	-	(3.1)	(3.4)
<b>Amortisation as at 31 March 2025</b>	<b>(313.4)</b>	<b>(11.3)</b>	<b>(51.9)</b>	<b>(30.4)</b>	<b>(407.0)</b>
<b>Net book value as at 31 March 2025</b>	<b>-</b>	<b>16.5</b>	<b>-</b>	<b>74.6</b>	<b>91.1</b>
Net book value as at 31 December 2024	-	16.8	-	75.3	92.1
Net book value as at 31 March 2024	5.0	18.0	0.1	64.6	87.7

# Notes to the consolidated interim financial information (continued)

## 8. Debt issued and other borrowed funds

	As at 31 March 2025 £m	As at 31 March 2024 £m	As at 31 December 2024 £m
Senior Secured Debt and associated facilities	219.6	243.0	212.0
Asset-backed term debt	2,421.1	2,143.3	2,425.8
Variable funding notes	2,177.8	1,674.3	1,628.6
Other debt instruments	75.2	-	24.0
<b>Gross debt issued and other borrowed funds</b>	<b>4,893.7</b>	<b>4,060.6</b>	<b>4,290.4</b>
Capitalised debt funding fees	(16.9)	(14.1)	(15.9)
<b>Debt issued and other borrowed funds</b>	<b>4,876.8</b>	<b>4,046.5</b>	<b>4,274.5</b>

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.

In 2022, NewDay BondCo plc completed an Exchange Offer whereby it exchanged £237.7m of existing Senior Secured Debt for new notes with a December 2026 maturity. In 2024, the Group made a partial redemption of the notes due to mature in 2026. The aggregate redemption amount was £25.1m and included a £23.8m partial redemption of the outstanding principal. As at 31 March 2025, the nominal value of the outstanding notes was £213.9m (31 March 2024: £237.7m, 31 December 2024: £213.9m).

In addition, certain subsidiaries of the Group entered into a £30.0m Super Senior Revolving Credit Facility which was undrawn as at 31 March 2025 (31 March 2024: undrawn, 31 December 2024: undrawn).

Other debt instruments consists of i) a £50.0m vendor loan note (VLN) accruing interest at 10.0% and due in 2028 originally issued to Sainsbury's Bank plc in Q1 2025 as part of the Group's acquisition of the AFS portfolio, and ii) £30.0m paid to the Group by Lloyds Banking Group in 2024 in connection with the launch of a technology and lending partnership with Lloyds Banking Group. The terms of the underlying agreements associated with the £30.0m entitle Lloyds Banking Group to the following:

- 8% per annum interest (less applicable taxes) on the £30.0m;
- 25% of certain cash flows derived from the performance of the underlying lending partnership; and
- an option, ultimately exercisable at Lloyds Banking Group's discretion should the Group not exercise it beforehand, that requires the Group to repay the £30.0m.

The cash flows derived from the performance of the underlying lending partnership are regularly assessed and the amortised cost liability is remeasured should the cash flows significantly change. As at 31 March 2025, the carrying value of the instrument was £24.7m (31 March 2024: £nil, 31 December 2024: £24.0m).

Of the gross debt issued and other borrowed funds, £135.6m (31 March 2024: £301.1m, 31 December 2024: £139.8m) was denominated in US Dollars with the remaining denominated in Sterling.

A reconciliation of debt issued and other borrowed funds during the period is detailed in the following table.

		Cash flows		Non-cash movements	
	As at 1 January 2025 £m	Proceeds from debt issued £m	Repayment of debt issued £m	Other £m	As at 31 March 2025 £m
Senior Secured Debt and associated facilities	212.0	-	-	7.6	219.6
Asset-backed term debt	2,425.8	-	-	(4.7)	2,421.1
Variable funding notes	1,628.6	915.5	(367.0)	0.7	2,177.8
Other debt instruments	24.0	50.0	-	1.2	75.2
<b>Gross debt issued and other borrowed funds</b>	<b>4,290.4</b>	<b>965.5</b>	<b>(367.0)</b>	<b>4.8</b>	<b>4,893.7</b>

# Notes to the consolidated interim financial information (continued)

## 8. Debt issued and other borrowed funds (continued)

		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 31 March 2024 £m
Senior Secured Debt and associated facilities	234.6	-	-	8.4	243.0
Asset-backed term debt	2,513.5	-	(362.4)	(7.8)	2,143.3
Variable funding notes	1,647.3	254.9	(229.6)	1.7	1,674.3
<b>Gross debt issued and other borrowed funds</b>	<b>4,395.4</b>	<b>254.9</b>	<b>(592.0)</b>	<b>2.3</b>	<b>4,060.6</b>

		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 31 December 2024 £m
Senior Secured Debt and associated facilities	234.6	-	(24.5)	1.9	212.0
Asset-backed term debt	2,513.5	931.5	(1,001.2)	(18.0)	2,425.8
Variable funding notes	1,647.3	940.7	(957.7)	(1.7)	1,628.6
Other debt instruments	-	30.0	-	(6.0)	24.0
<b>Gross debt issued and other borrowed funds</b>	<b>4,395.4</b>	<b>1,902.2</b>	<b>(1,983.4)</b>	<b>(23.8)</b>	<b>4,290.4</b>

Other non-cash movements include movements in accrued interest and foreign exchange movements on US Dollar denominated debt. In 2024, the £24.5m repayment of Senior Secured Debt and associated facilities consisted of £23.8m principal and a £0.7m early repayment charge.

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

	As at 31 March 2025 £m	As at 31 March 2024 £m	As at 31 December 2024 £m
Debt issued and other borrowed funds repayable in:			
Less than one year	857.5	664.3	859.9
Between one and two years	1,525.4	1,077.7	1,863.9
Between two and five years	2,486.1	2,318.6	1,542.6
More than five years	24.7	-	24.0
	<b>4,893.7</b>	<b>4,060.6</b>	<b>4,290.4</b>

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.

Certain debt instruments issued by the Group have covenants which could result in an early or partial amortisation of the related debt. Such covenants relate to the Group's £2,421.1m (31 March 2024: £2,143.3m, 31 December 2024: £2,425.8m) asset-backed term debt and £2,177.8m (31 March 2024: £1,674.3m, 31 December 2024: £1,628.6m) VFNs. The most significant covenant prescribes a set threshold for the minimum amount of excess spread of the associated gross receivables securitised to the debt. Certain other debt instruments have additional terms that must be met on an ongoing basis.

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 2024	5.4
Arising during the period	5.2
Utilised during the period	(4.1)
<b>As at 31 March 2024</b>	<b>6.5</b>
Arising during the period	14.8
Utilised during the period	(13.6)
<b>As at 31 December 2024</b>	<b>7.7</b>
Arising during the period	1.4
Utilised during the period	(2.8)
<b>As at 31 March 2025</b>	<b>6.3</b>

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 31 March 2025, the Group's provisions constituted several individually immaterial items of this nature.

## 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 (31 March 2024: level 2, 31 December 2024: 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.

### Financial instruments carried at amortised cost

The 2024 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 (Q1 2024: none, 2024: none).

	Level 1	Level 2	Level 3	Total carrying value	Fair value
<b>As at 31 March 2025</b>	£m	£m	£m	£m	£m
<b>Financial assets</b>					
Cash and cash equivalents	-	460.3	-	460.3	460.3
Loans and advances to customers	-	-	4,643.8	4,643.8	5,512.9
Other assets	-	40.1	-	40.1	40.1
<b>Total financial assets</b>	-	<b>500.4</b>	<b>4,643.8</b>	<b>5,144.2</b>	<b>6,013.3</b>
<b>Financial liabilities</b>					
Debt issued and other borrowed funds	-	(4,801.6)	(75.2)	(4,876.8)	(4,931.8)
Other liabilities	-	(155.9)	-	(155.9)	(155.9)
<b>Total financial liabilities</b>	-	<b>(4,957.5)</b>	<b>(75.2)</b>	<b>(5,032.7)</b>	<b>(5,087.7)</b>

# Notes to the consolidated interim financial information (continued)

## 10. Fair value of financial instruments (continued)

	Level 1	Level 2	Level 3	Total carrying value	Fair value
	£m	£m	£m	£m	£m
<b>As at 31 March 2024 as restated</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	360.2	-	360.2	360.2
Loans and advances to customers	-	-	3,806.3	3,806.3	3,942.7
Other assets	-	201.3	-	201.3	201.3
<b>Total financial assets</b>	-	<b>561.5</b>	<b>3,806.3</b>	<b>4,367.8</b>	<b>4,504.2</b>
<b>Financial liabilities</b>					
Debt issued and other borrowed funds	-	(4,046.5)	-	(4,046.5)	(4,090.6)
Other liabilities	-	(255.0)	-	(255.0)	(255.0)
<b>Total financial liabilities</b>	-	<b>(4,301.5)</b>	-	<b>(4,301.5)</b>	<b>(4,345.6)</b>
	Level 1	Level 2	Level 3	Total carrying value	Fair value
	£m	£m	£m	£m	£m
<b>As at 31 December 2024</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	451.3	-	451.3	451.3
Loans and advances to customers	-	-	4,055.9	4,055.9	4,804.3
Other assets	-	48.3	-	48.3	48.3
<b>Total financial assets</b>	-	<b>499.6</b>	<b>4,055.9</b>	<b>4,555.5</b>	<b>5,303.9</b>
<b>Financial liabilities</b>					
Debt issued and other borrowed funds	-	(4,250.5)	(24.0)	(4,274.5)	(4,332.6)
Other liabilities	-	(143.3)	-	(143.3)	(143.3)
<b>Total financial liabilities</b>	-	<b>(4,393.8)</b>	<b>(24.0)</b>	<b>(4,417.8)</b>	<b>(4,475.9)</b>

### Cash and cash equivalents

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

### Loans and advances to customers

This contains the receivables related to 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, variable funding notes and other debt instruments. 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 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.

# Notes to the consolidated interim financial information (continued)

## 10. Fair value of financial instruments (continued)

Other debt instruments issued by the Group consists of a debt instrument derived from the lending and technology partnership with Lloyds Banking Group and the VLN issued by the Group. For the Lloyds Banking Group debt instrument, the fair value is based on valuation inputs that have been derived from forecast performance of the underlying partnership which would not be observable to a market participant and as such these financial instruments have been classified as level 3. The VLN has been classified as level 3 as this is a private bilateral agreement which includes a fixed interest rate which is not observable to market data.

### 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.

## 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 2024 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 48 to 56 of the 2024 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 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 115 of the 2024 Annual Report and Financial Statements.

# Notes to the consolidated interim financial information (continued)

## 11. Risk management (continued)

### 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 105 of the 2024 Annual Report and Financial Statements.

The following table details the internal measures used to determine the credit quality of loans and advances to customers. As shown in the table, loans and advances to customers in risk grades 1, 2 and 3 are currently continuing to make payments when due.

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

The Group extends certain short-term arrangements, being payment holidays and breathing spaces, to customers which temporarily suspend the requirement for them to make their contractual monthly payment. As at 31 March 2025, the total loans and advances to customers that were on such an arrangement was £81.6m (31 March 2024: £107.3m, 31 December 2024: £78.2m), with a maximum balance at any one point in time during the period of £84.9m (Q1 2024: £135.7m, 2024: £135.7m).

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.

	Group				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
<b>As at 31 March 2025</b>					
Risk grade 1	2,595.6	7.4	-	0.6	2,603.6
Risk grade 2	1,389.3	40.9	-	0.5	1,430.7
Risk grade 3	375.6	146.9	-	0.1	522.6
Delinquent	-	194.3	-	-	194.3
Defaulted	-	-	395.7	7.2	402.9
<b>Gross loans and advances to customers</b>	<b>4,360.5</b>	<b>389.5</b>	<b>395.7</b>	<b>8.4</b>	<b>5,154.1</b>
ECL allowance	(152.9)	(141.9)	(215.4)	(0.1)	(510.3)
<b>Loans and advances to customers</b>	<b>4,207.6</b>	<b>247.6</b>	<b>180.3</b>	<b>8.3</b>	<b>4,643.8</b>



# Notes to the consolidated interim financial information (continued)

## 11. Risk management (continued)

As at 31 March 2024 as restated	Group				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,861.2	14.0	-	0.4	1,875.6
Risk grade 2	1,374.2	110.5	-	0.8	1,485.5
Risk grade 3	191.3	179.2	-	0.2	370.7
Delinquent	-	172.2	-	0.1	172.3
Defaulted	-	-	415.7	0.4	416.1
<b>Gross loans and advances to customers</b>	<b>3,426.7</b>	<b>475.9</b>	<b>415.7</b>	<b>1.9</b>	<b>4,320.2</b>
ECL allowance	(136.4)	(140.7)	(236.3)	(0.5)	(513.9)
<b>Loans and advances to customers</b>	<b>3,290.3</b>	<b>335.2</b>	<b>179.4</b>	<b>1.4</b>	<b>3,806.3</b>

As at 31 December 2024	Group				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	2,138.2	7.4	-	0.7	2,146.3
Risk grade 2	1,290.7	40.4	-	0.5	1,331.6
Risk grade 3	329.1	135.7	-	0.1	464.9
Delinquent	-	163.8	-	0.1	163.9
Defaulted	-	-	388.6	0.2	388.8
<b>Gross loans and advances to customers</b>	<b>3,758.0</b>	<b>347.3</b>	<b>388.6</b>	<b>1.6</b>	<b>4,495.5</b>
ECL allowance	(112.0)	(120.9)	(206.5)	(0.2)	(439.6)
<b>Loans and advances to customers</b>	<b>3,646.0</b>	<b>226.4</b>	<b>182.1</b>	<b>1.4</b>	<b>4,055.9</b>

In Q3 2024, the Group transitioned to a new, enhanced scorecard model to estimate PDs. This model leverages machine learning technology and is generally a better predictor of both risk and a significant increase in credit risk since origination. Accordingly, this resulted in more up-to-date accounts being reported in stage 1 rather than stage 2 compared to the previous legacy model.

The following tables present the credit risk exposure of the Group's loans and advances to customers on a segmental basis.

As at 31 March 2025	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	757.6	3.7	-	0.5	761.8
Risk grade 2	1,023.5	28.0	-	0.5	1,052.0
Risk grade 3	283.8	119.3	-	0.1	403.2
Delinquent	-	136.9	-	-	136.9
Defaulted	-	-	314.6	0.2	314.8
<b>Gross loans and advances to customers</b>	<b>2,064.9</b>	<b>287.9</b>	<b>314.6</b>	<b>1.3</b>	<b>2,668.7</b>
ECL allowance	(98.7)	(108.1)	(167.7)	(0.2)	(374.7)
<b>Loans and advances to customers</b>	<b>1,966.2</b>	<b>179.8</b>	<b>146.9</b>	<b>1.1</b>	<b>2,294.0</b>

# Notes to the consolidated interim financial information (continued)

## 11. Risk management (continued)

As at 31 March 2024 as restated	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	408.7	5.6	-	0.3	414.6
Risk grade 2	1,216.5	85.9	-	0.8	1,303.2
Risk grade 3	186.0	166.1	-	0.2	352.3
Delinquent	-	137.5	-	0.1	137.6
Defaulted	-	-	316.9	0.3	317.2
<b>Gross loans and advances to customers</b>	<b>1,811.2</b>	<b>395.1</b>	<b>316.9</b>	<b>1.7</b>	<b>2,524.9</b>
ECL allowance	(101.7)	(120.4)	(175.0)	(0.4)	(397.5)
<b>Loans and advances to customers</b>	<b>1,709.5</b>	<b>274.7</b>	<b>141.9</b>	<b>1.3</b>	<b>2,127.4</b>

As at 31 December 2024	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	747.3	3.6	-	0.6	751.5
Risk grade 2	1,029.8	25.8	-	0.5	1,056.1
Risk grade 3	294.2	113.1	-	0.1	407.4
Delinquent	-	132.3	-	0.1	132.4
Defaulted	-	-	310.3	0.2	310.5
<b>Gross loans and advances to customers</b>	<b>2,071.3</b>	<b>274.8</b>	<b>310.3</b>	<b>1.5</b>	<b>2,657.9</b>
ECL allowance	(95.2)	(102.0)	(163.3)	(0.2)	(360.7)
<b>Loans and advances to customers</b>	<b>1,976.1</b>	<b>172.8</b>	<b>147.0</b>	<b>1.3</b>	<b>2,297.2</b>

As at 31 March 2025	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,838.0	3.7	-	0.1	1,841.8
Risk grade 2	365.8	12.9	-	-	378.7
Risk grade 3	91.8	27.6	-	-	119.4
Delinquent	-	57.4	-	-	57.4
Defaulted	-	-	81.1	7.0	88.1
<b>Gross loans and advances to customers</b>	<b>2,295.6</b>	<b>101.6</b>	<b>81.1</b>	<b>7.1</b>	<b>2,485.4</b>
ECL allowance	(54.2)	(33.8)	(47.7)	0.1	(135.6)
<b>Loans and advances to customers</b>	<b>2,241.4</b>	<b>67.8</b>	<b>33.4</b>	<b>7.2</b>	<b>2,349.8</b>

# Notes to the consolidated interim financial information (continued)

## 11. Risk management (continued)

As at 31 March 2024 as restated	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,452.5	8.4	-	0.1	1,461.0
Risk grade 2	157.7	24.6	-	-	182.3
Risk grade 3	5.3	13.1	-	-	18.4
Delinquent	-	34.7	-	-	34.7
Defaulted	-	-	98.8	0.1	98.9
<b>Gross loans and advances to customers</b>	<b>1,615.5</b>	<b>80.8</b>	<b>98.8</b>	<b>0.2</b>	<b>1,795.3</b>
ECL allowance	(34.7)	(20.3)	(61.3)	(0.1)	(116.4)
<b>Loans and advances to customers</b>	<b>1,580.8</b>	<b>60.5</b>	<b>37.5</b>	<b>0.1</b>	<b>1,678.9</b>

As at 31 December 2024	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	1,390.9	3.8	-	0.1	1,394.8
Risk grade 2	260.9	14.6	-	-	275.5
Risk grade 3	34.9	22.6	-	-	57.5
Delinquent	-	31.5	-	-	31.5
Defaulted	-	-	78.3	-	78.3
<b>Gross loans and advances to customers</b>	<b>1,686.7</b>	<b>72.5</b>	<b>78.3</b>	<b>0.1</b>	<b>1,837.6</b>
ECL allowance	(16.8)	(18.9)	(43.2)	-	(78.9)
<b>Loans and advances to customers</b>	<b>1,669.9</b>	<b>53.6</b>	<b>35.1</b>	<b>0.1</b>	<b>1,758.7</b>

Cash and cash equivalents and other financial assets are all classified as stage 1 as at 31 March 2025 (31 March 2024: stage 1, 31 December 2024: 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)

## 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 does not currently intend to exercise these options.

	As at 31 March 2025			As at 31 March 2024 as restated		
	< 12 months £m	> 12 months £m	Total £m	< 12 months £m	> 12 months £m	Total £m
<b>Assets</b>						
Cash and cash equivalents	376.5	83.8	460.3	286.0	74.2	360.2
Loans and advances to customers	3,991.1	652.7	4,643.8	3,305.6	500.7	3,806.3
Other assets	54.2	3.2	57.4	218.1	5.6	223.7
Derivative financial assets	2.3	0.1	2.4	17.5	9.6	27.1
Current tax assets	5.5	27.2	32.7	17.3	-	17.3
Deferred tax assets	-	0.6	0.6	-	0.5	0.5
Property and equipment	-	12.2	12.2	-	7.7	7.7
Intangible assets	-	91.1	91.1	-	87.7	87.7
Goodwill	-	279.9	279.9	-	279.9	279.9
<b>Total assets</b>	<b>4,429.6</b>	<b>1,150.8</b>	<b>5,580.4</b>	<b>3,844.5</b>	<b>965.9</b>	<b>4,810.4</b>
<b>Liabilities</b>						
Debt issued and other borrowed funds	(855.7)	(4,021.1)	(4,876.8)	(661.3)	(3,385.2)	(4,046.5)
Other liabilities	(141.2)	(14.7)	(155.9)	(236.6)	(20.4)	(257.0)
Derivative financial liabilities	-	(5.6)	(5.6)	-	(4.8)	(4.8)
Current tax liabilities	-	(33.7)	(33.7)	(9.7)	-	(9.7)
Deferred tax liabilities	-	(3.6)	(3.6)	-	(1.9)	(1.9)
Provisions	(4.5)	(1.8)	(6.3)	(5.7)	(0.8)	(6.5)
<b>Total liabilities</b>	<b>(1,001.4)</b>	<b>(4,080.5)</b>	<b>(5,081.9)</b>	<b>(913.3)</b>	<b>(3,413.1)</b>	<b>(4,326.4)</b>

# Notes to the consolidated interim financial information (continued)

## 12. Maturity analysis of assets and liabilities (continued)

	As at 31 December 2024		
	< 12 months	> 12 months	Total
	£m	£m	£m
<b>Assets</b>			
Cash and cash equivalents	373.6	77.7	451.3
Loans and advances to customers	3,551.9	504.0	4,055.9
Other assets	61.4	3.4	64.8
Derivative financial assets	8.4	0.4	8.8
Current tax assets	27.4	1.2	28.6
Deferred tax assets	-	0.6	0.6
Property and equipment	-	12.7	12.7
Intangible assets	-	92.1	92.1
Goodwill	-	279.9	279.9
<b>Total assets</b>	<b>4,022.7</b>	<b>972.0</b>	<b>4,994.7</b>
<b>Liabilities</b>			
Debt issued and other borrowed funds	(858.3)	(3,416.2)	(4,274.5)
Other liabilities	(128.9)	(15.7)	(144.6)
Derivative financial liabilities	-	(3.1)	(3.1)
Current tax liabilities	-	(33.7)	(33.7)
Deferred tax liabilities	-	(3.6)	(3.6)
Provisions	(5.9)	(1.8)	(7.7)
<b>Total liabilities</b>	<b>(993.1)</b>	<b>(3,474.1)</b>	<b>(4,467.2)</b>

## 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 FCA handbook and 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.

### 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.

See note 10 on page 102 of the 2024 Annual Report and Financial Statements for further details of provisions regarding uncertain tax positions. There has been no significant change in tax provisions in Q1 2025.

# Notes to the consolidated interim financial information (continued)

## 14. Related parties

### Consolidated subsidiaries and structured entities

The subsidiaries and structured entities of the Group that are consolidated within the interim financial information are detailed in note 27 of the 2024 Annual Report and Financial Statements.

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

#### Nemean Topco Limited

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 31 March 2025, the Group reported an other assets balance of £0.7m (31 March 2024: £0.6m, 31 December 2024: £0.7m) on the facility.

The Group reported a £0.7m (31 March 2024: £0.7m, 31 December 2024: £0.7m) other assets balance for costs recharged to Nemean Topco Limited. Amounts recharged to Nemean Topco Limited over the period totalled £nil (Q1 2024: £0.4m, 2024: £0.4m).

#### Nemean Midco Limited

The Group reported a £nil (31 March 2024: £0.8m, 31 December 2024: £0.2m) other assets balance for costs recharged to Nemean Midco Limited. Amounts recharged to Nemean Midco Limited over the period totalled £nil (Q1 2024: £0.1m, 2024: £0.1m).

In the period, the Group paid dividends of £2.2m (31 March 2024: £nil, 31 December 2024: £51.0m) to Nemean Midco Limited.

#### NewDay Group plc

Certain members of key management personnel are also directors of NewDay Group plc. As at 31 March 2025, the Group reported a £0.2m (Q1 2024: £0.1m, 31 December 2024: £0.2m) other assets balance for costs recharged to NewDay Group plc. Amounts recharged to NewDay Group plc during the period totalled £0.1m (Q1 2024: £nil, 2024: £0.1m).

### Key management personnel

The nature of transactions with key management personnel are detailed in note 27 of the 2024 Annual Report and Financial Statements.

In 2024, interests in Nemean Midco Limited, the Company's immediate parent undertaking, were issued to certain key management personnel and senior employees. These participating interests are treated as equity-settled shares under IFRS 2 'Share-based Payment'. Interest free loans were issued by Nemean Midco Limited to certain key management personnel and senior employees to fund the purchase of these interests.

## 15. Post balance sheet events

On 9 April 2025, the Group raised £350.0m of asset-backed securities (of which £21.0m was retained by the Group) from its Direct to Consumer securitisation programme. This issuance was used to supplement existing funds to refinance a deal which matured in April 2025 and partially refinance a deal which is due to mature in July 2025.