

NewDay BondCo Plc

Investor quarterly reporting package

30 June 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 half-year ended 30 June 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 30 June 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. All forward-looking statements made on or after the date of this Document and attributable to the Company or any member of the Group are expressly qualified in their entirety by the primary risks set out in these documents.

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Highlights

- Underlying profit before tax of £107m, up 30% (HY 2024: £83m).
- Statutory profit before tax of £17m (HY 2024: £51m) includes an ECL accounting charge of £50m required by IFRS on initial recognition of the £834m Argos Financial Services (AFS) store card portfolio.
- AFS store card portfolio performing strongly following acquisition in February 2025, comprising of £834m of gross receivables and 2.2m customers.
- Underlying risk-adjusted margin increased to 10.4% (HY 2024: 10.2%) with underlying risk-adjusted income up 15% at £249m (HY 2024: £216m).
- Improved underlying cost-income ratio of 27.0% (HY 2024: 30.9%).
- Gross receivables of £5.2bn, up 21% (30 June 2024: £4.3bn). Interest-bearing balances increased 19% to £3.3bn (30 June 2024: £2.8bn).
- Free cashflow available for growth and debt service of £78m (HY 2024: £12m).
- Cash balances held outside the securitisation structures of £144m, up 104% (30 June 2024: £70m).
- Repayment of £100m principal of Senior Secured Notes on 4 August 2025.
- £1.9bn (30 June 2024: £1.4bn) of headroom from committed facilities, providing the Group with a stronger funding and liquidity position. Two asset-backed securities deals executed in 2025 completing refinancing requirements for the year.

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

“NewDay delivered a strong first half, with underlying profit before tax up 30% to £107m. The AFS portfolio, acquired in February for £754m, is performing well and adds £834m of receivables and 2.2m customers, bringing total receivables to £5.2bn across 5.9m customer accounts.

We saw continued improvement in key metrics, including a higher underlying risk-adjusted margin of 10.4%, lower underlying cost-income ratio of 27.0%, and strong free cash flow of £78m allowing us to redeem £100m of Senior Secured Debt post-period end.

We also extended key partnerships with John Lewis & Partners and AO and strengthened our liquidity position with £1.9bn of facility headroom.

With a resilient model and clear strategy, we’re well positioned for sustainable growth through the rest of 2025.”

¹ In Q4 2024, to aid understanding of performance, 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 half-year 2024 comparatives of impacted metrics have been re-presented for consistency.

Key performance indicators and other unaudited financial data

	Half-year ended June 2025	Half-year ended June 2024	Year ended June 2025	Year ended December 2024
Gross receivables (£m)	5,213.4	4,303.1	5,213.4	4,378.3
<i>Direct to Consumer (£m)</i>	2,683.3	2,497.3	2,683.3	2,578.9
<i>Merchant Offering (£m)</i>	2,530.1	1,805.8	2,530.1	1,799.4
Customer spend (£m)	8,120.4	7,508.1	16,133.1	15,520.8
Underlying risk-adjusted income (£m)	248.7	216.4	513.5	481.2
Underlying profit before tax (£m)	107.2	82.6	237.3	212.7
Adjusted EBITDA ¹ (£m)	113.9	88.3	249.9	224.3
Free cash flow available for growth and debt service (£m) ²	77.8	11.7	183.9	117.8
Net revenue margin (%)	21.8	20.3	21.2	20.8
Impairment rate (%)	11.4	10.2	10.1	9.6
<i>Direct to Consumer (%)</i>	15.6	14.1	14.5	13.7
<i>Merchant Offering (%)</i>	6.4	4.8	4.7	3.8
Charge-off rate (%)	9.3	9.4	9.5	9.7
<i>Direct to Consumer (%)</i>	12.9	12.9	13.3	13.3
<i>Merchant Offering (%)</i>	5.1	4.6	4.7	4.6
Underlying risk-adjusted margin (%)	10.4	10.2	11.1	11.2
Underlying cost-income ratio (%)	27.0	30.9	28.1	30.1
Servicing costs margin (%)	2.8	3.0	2.8	3.0
Advance rate ³ (%)	89.5	89.5	89.5	90.7
<i>Direct to Consumer (%)</i>	88.0	88.0	88.0	87.9
<i>Merchant Offering (%)</i>	91.1	91.5	91.1	94.7
Advance rate at hedged exchange rates ³ (%)	89.7	89.3	89.7	90.6
<i>Direct to Consumer (%)</i>	88.2	87.8	88.2	87.8
Total accounts (m)	5.9	3.7	5.9	3.6
New accounts (k)	2,510	296	2,751	537
Ratio of net corporate debt to adjusted EBITDA ^{1,3}	n/a	n/a	(0.2)x	(0.3)x
Ratio of adjusted EBITDA to pro forma cash interest expense ¹	n/a	n/a	6.8x	7.1x

¹ 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 30 June 2025 (or, in respect of periods ending prior to 30 June 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").

² 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.

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

Overview

The financial information on pages 2 to 12 reflects the performance of the Group for the half-year ended 30 June 2025.

The Group reported underlying profit before tax of £107m (HY 2024: £83m). Gross receivables grew by 21% to £5.2bn (30 June 2024: £4.3bn) due to the acquisition of economic ownership of the AFS portfolio. Customer spend increased by 8% to £8.1bn (HY 2024: £7.5bn).

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

	Half-year ended June 2025 £m	Half-year ended June 2024 £m	Year ended June 2025 £m	Year ended December 2024 £m
Profit before tax	16.8	51.2	109.9	144.3
Corporate debt interest and related costs	18.9	17.6	29.6	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	19.7	5.7	32.1	18.1
Other	-	-	6.0	6.0
Amortisation of intangible assets arising on the Acquisition	2.1	8.1	6.1	12.1
Underlying profit before tax	107.2	82.6	237.3	212.7
Underlying depreciation and amortisation	6.7	5.7	12.6	11.6
Adjusted EBITDA¹	113.9	88.3	249.9	224.3

For the half-year ended 30 June 2025, the Group reported a statutory profit before tax of £17m (HY 2024: £51m). 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 30 June 2025, the Senior Secured Debt and Revolving Credit Facility outstanding principal totalled £214m (30 June 2024: £238m) and, in August 2025, the Group completed a £100m partial redemption of its Senior Secured Debt.
- 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 losses on loans and advances to customers arising on initial recognition of the AFS portfolio 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.
- Amortisation of intangible assets arising on the Acquisition relates to the amortisation of the purchase price that was attributed to intangible assets arising on completion of the Group's acquisition of NewDay Group Holdings S.à r.l. together with its subsidiaries and structured entities (the 'Acquisition') on 26 January 2017.

¹ See footnote 1 on page 3.

Business developments

The Group welcomed 2.5m (HY 2024: 0.3m) new customer accounts during the period largely due to the acquisition of the economic ownership in 2.2m AFS store card customers. Gross receivables increased by 21% to a closing balance of £5.2bn (30 June 2024: £4.3bn) similarly due to the inclusion of £834m gross receivables from the AFS portfolio. Spend increased by 8% to £8.1bn (HY 2024: £7.5bn).

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 0.2m (HY 2024: 0.2m) new customer accounts during the period.

The Group signed two contract extensions with retail partners during the period.

- The John Lewis & Partners relationship was extended to 2030. This programme is very popular with customers and the extension delivers revised commercial terms that aims 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 mutual success of the relationship since the partnership was launched in 2019. The Group aims to continue developing its digital capabilities to provide ongoing product innovation to further progress AO and its customers.

The Group remains well-positioned in capital markets completing two asset-backed securities deals, including a deal completed in July 2025, raising £750m of asset-backed securities (of which £41m was retained by the Group) from its Direct to Consumer securitisation programme. Both issuances were performed to supplement existing funds to refinance maturing deals. All deals maturing in 2025 have been replaced as a result of these two asset-backed securities deals. Additionally, the Group established a bespoke £900m VFN facility for the AFS portfolio.

In August 2025, the Group completed a partial redemption of its Senior Secured Debt. The aggregate redemption was £106m, consisting of £100m principal and £6m of early repayment charge premium and accrued interest.

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 partial exit event or recapitalisation, in each case subject to market conditions. However, no final decision has been made in this regard and therefore there is no certainty that the Group will carry out any such transaction.

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 +81 (HY 2024: +78) and an average year-to-date Net Easy Score of +80 (HY 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://www.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 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 half-year ended 30 June 2025.

	Half-year ended June 2025					Half-year ended June 2024				
	£m					£m				
	Direct to Consumer	Merchant Offering	Credit	Platform	Group	Direct to Consumer	Merchant Offering	Credit	Platform	Group
Interest income	408.0	210.8	618.8	-	618.8	384.3	149.5	533.8	-	533.8
Cost of funds	(77.7)	(58.0)	(135.7)	-	(135.7)	(81.9)	(50.8)	(132.7)	-	(132.7)
Net interest income	330.3	152.8	483.1	-	483.1	302.4	98.7	401.1	-	401.1
Fee and commission income	20.7	15.4	36.1	4.0	40.1	23.2	8.3	31.5	0.6	32.1
Net revenue	351.0	168.2	519.2	4.0	523.2	325.6	107.0	432.6	0.6	433.2
Impairment losses on loans and advances to customers	(204.1)	(70.4)	(274.5)	-	(274.5)	(174.2)	(42.6)	(216.8)	-	(216.8)
Underlying risk-adjusted income	146.9	97.8	244.7	4.0	248.7	151.4	64.4	215.8	0.6	216.4
Servicing costs			(62.6)	(4.1)	(66.7)			(62.0)	(2.1)	(64.1)
Change costs			(16.0)	(4.9)	(20.9)			(19.0)	(6.5)	(25.5)
Marketing and partner payments			(18.9)	(0.5)	(19.4)			(12.9)	(0.3)	(13.2)
Collection fees			15.0	-	15.0			11.6	-	11.6
Contribution			162.2	(5.5)	156.7			133.5	(8.3)	125.2
Salaries, benefits and overheads					(49.5)					(42.6)
Underlying profit before tax					107.2					82.6
Add back: underlying depreciation and amortisation					6.7					5.7
Adjusted EBITDA¹					113.9					88.3
Corporate debt interest and related costs					(18.9)					(17.6)
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio					(49.7)					-
Platform development costs					(19.7)					(5.7)
Other					-					-
Depreciation and amortisation					(8.8)					(13.8)
Profit before tax					16.8					51.2

¹ See footnote 1 on page 3.

The table below details the management basis income statement and operating segment performance for the year ended 30 June 2025.

	Year ended June 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	808.0	363.4	1,171.4	-	1,171.4	784.3	302.1	1,086.4	-	1,086.4
Cost of funds	(160.3)	(107.7)	(268.0)	-	(268.0)	(164.5)	(100.5)	(265.0)	-	(265.0)
Net interest income	647.7	255.7	903.4	-	903.4	619.8	201.6	821.4	-	821.4
Fee and commission income	43.2	29.2	72.4	5.7	78.1	45.7	22.1	67.8	2.3	70.1
Net revenue	690.9	284.9	975.8	5.7	981.5	665.5	223.7	889.2	2.3	891.5
Impairment losses on loans and advances to customers	(371.8)	(96.2)	(468.0)	-	(468.0)	(341.9)	(68.4)	(410.3)	-	(410.3)
Underlying risk-adjusted income	319.1	188.7	507.8	5.7	513.5	323.6	155.3	478.9	2.3	481.2
Servicing costs			(123.1)	(7.1)	(130.2)			(122.5)	(5.1)	(127.6)
Change costs			(35.2)	(9.1)	(44.3)			(38.2)	(10.7)	(48.9)
Marketing and partner payments			(32.2)	(0.9)	(33.1)			(26.2)	(0.7)	(26.9)
Collection fees			26.6	-	26.6			23.2	-	23.2
Contribution			343.9	(11.4)	332.5			315.2	(14.2)	301.0
Salaries, benefits and overheads					(95.2)					(88.3)
Underlying profit before tax					237.3					212.7
Add back: underlying depreciation and amortisation					12.6					11.6
Adjusted EBITDA¹					249.9					224.3
Corporate debt interest and related costs					(29.6)					(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					(32.1)					(18.1)
Other					(6.0)					(6.0)
Depreciation and amortisation					(18.7)					(23.7)
Profit before tax					109.9					144.3

¹ See footnote 1 on page 3.

Group performance

Interest income

Group interest income increased by £85m, or 16%, to £619m (HY 2024: £534m) and was mainly driven by the additional interest income from the acquired AFS portfolio.

Additionally, the Group implemented strategies to increase interest-bearing balances which have contributed to higher interest income.

Cost of funds

Funding costs increased by £3m to £136m (HY 2024: £133m) and was primarily driven by higher borrowings to fund gross receivables growth and the AFS portfolio.

Fee and commission income

Fee and commission income increased by 25% to £40m (HY 2024: £32m). Platform business growth generated higher fee income, which was further supported by 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 15% to £275m (HY 2024: £217m). The Group's impairment rate for the period increased to 11.4% (HY 2024: 10.2%) as a result of the incremental growth in the AFS portfolio's provision post day 1 recognition, gross receivables growth and a more uncertain economic outlook. As at 30 June 2025, the Group's ECL allowance was £520m (31 December 2024: £440m) and represented 10.0% (31 December 2024: 10.0%) coverage of gross receivables. The ECL allowance includes £70m relating to the AFS portfolio which, although required by IFRS, effectively represents an element of 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 £70m 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 7.5%¹ (30 June 2024: 7.9%). 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 2.5% (30 June 2024: 2.6%). This remains below pre-pandemic levels of 2.7% at the end of 2019.

Operating costs

Servicing costs increased by 4% to £67m (HY 2024: £64m) largely driven by the AFS portfolio transitional service agreement costs, partly offset by a reduction in affordability-related claim costs.

Change costs reduced by 18% to £21m (HY 2024: £26m) with the Group prioritising spend towards non-underlying platform development costs.

Marketing and partner payment costs increased by 47% to £19m (HY 2024: £13m) reflecting AFS portfolio commission payments, in addition to higher marketing costs across the rest of the portfolios to drive growth.

Collection fees increased by 29% to £15m (HY 2024: £12m) primarily as a result of fees charged on the AFS portfolio.

Salaries, benefits and overheads

Salaries, benefits and overheads increased by 16% to £50m (HY 2024: £43m). This reflects annual salary increases in addition to higher discretionary bonuses and long-term incentive plans.

Underlying cost-income ratio

Net revenue increased by 21% to £523m (HY 2024: £433m) and underlying costs were well controlled. Accordingly, the underlying cost-income ratio improved to 27.0% (HY 2024: 30.9%).

Adjusted EBITDA

Adjusted EBITDA increased by £26m to £114m² (HY 2024: £88m), reflecting the improved underlying profitability.

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

² See footnote 1 on page 3.

Direct to Consumer performance

Interest income increased by £24m, or 6%, to £408m (HY 2024: £384m) driven by gross receivables growth and strategies to increase interest-bearing balances.

Funding costs reduced by 5% to £78m (HY 2024: £82m) largely driven by improved base rates.

Fee and commission income reduced by £3m to £21m (HY 2024: £23m) predominantly because of a policy change to cease charging certain returned payment fees.

Impairment losses increased by 17% to £204m (HY 2024: £174m) primarily driven by an increase in gross receivables and a more cautious economic outlook. The impairment rate increased to 15.6% (HY 2024: 14.1%).

Merchant Offering performance

Interest income increased by £61m, or 41%, to £211m (HY 2024: £150m) and was predominantly driven by additional interest income following the acquisition of the AFS portfolio, as well as strategies to increase interest-bearing balances throughout the rest of the portfolio.

Funding costs increased by £7m to £58m (HY 2024: £51m) as lower base rates were offset by higher borrowings to fund the AFS portfolio.

Fee and commission income increased to £15m (HY 2024: £8m) and was driven by a higher share of interchange fees earned from a specific merchant partnership.

Impairment loss increased by 65% to £70m (HY 2024: £43m) predominantly driven by ECL allowance 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% (HY 2024: 4.8%) also primarily because of the AFS portfolio ECL allowance build.

Platform performance

The launch of two technology partners in H2 2024 has largely driven the fee income increase to £4m (HY 2024: £1m) and servicing costs increased to £4m (HY 2024: £2m).

Change costs were £5m (HY 2024: £7m) and reflected ongoing capability enhancements.

Overall contribution improved to £(6)m (HY 2024: £(8)m).

Cash flows

As at 30 June 2025, the Group's cash balance totalled £539m (30 June 2024: £315m). This included £83m (30 June 2024: £75m) of restricted cash, £116m (30 June 2024: £nil) of funding overlap and £144m (30 June 2024: £70m) 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.

	Half-year ended June 2025 £m	Half-year ended June 2024 £m	Year ended June 2025 £m	Year ended December 2024 £m
Net cash (used in)/generated from operating activities	(700.0)	33.4	(702.9)	30.5
Net cash used in investing activities	(8.2)	(20.6)	(18.6)	(31.0)
Net cash generated from/(used in) financing activities	796.1	(286.8)	945.4	(137.5)
Net increase/(decrease) in cash and cash equivalents	87.9	(274.0)	223.9	(138.0)
Cash and cash equivalents at the start of the period	451.3	589.3	315.3	589.3
Cash and cash equivalents at the end of the period	539.2	315.3	539.2	451.3

Net cash (used in)/generated from operating activities

Net cash used in operating activities was £700m (HY 2024: £33m generated) and was primarily driven by the acquisition of the AFS portfolio.

Net cash used in investing activities

Net cash used in investing activities of £8m (HY 2024: £21m) represents investment in intangible assets and property and equipment.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities of £796m (HY 2024: £287m used) consisted of the following items.

- £350m of asset-backed securities (of which £21m was retained by the Group) issued by the Direct to Consumer securitisation programme.
- VFN drawdowns, net of repayments, to fund increased Group receivables. This included drawdowns of new VFNs established to fund the AFS portfolio acquisition.
- A £2m (HY 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 £78m (HY 2024: £12m) 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.

	Half-year ended June 2025 £m	Half-year ended June 2024 ¹ £m	Year ended June 2025 £m	Year ended December 2024 £m
Net increase/(decrease) in cash and cash equivalents	87.9	(274.0)	223.9	(138.0)
Net financing cash flows	(799.2)	282.8	(1,000.8)	81.2
Increase/(decrease) in gross loans and advances to customers	772.6	(15.5)	877.9	89.8
Free cash flow available for growth	61.3	(6.7)	101.0	33.0
Return paid on loan from immediate parent company	-	2.5	-	2.5
Dividends paid	2.2	-	53.2	51.0
Corporate debt interest paid	14.3	15.9	29.7	31.3
Free cash flow available for growth and debt service	77.8	11.7	183.9	117.8

Funding

The Group 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 30 June 2025, the Group reported funding facility headroom of £1.9bn (30 June 2024: £1.4bn) and after adjusting for deals that have been refinanced since the period end, 6% of the Group's borrowings were due for repayment in less than one year, 40% in one to two years and 54% in over two years.

Including a deal issued in July 2025, the Group successfully raised £750m of asset-backed securities (of which £41m was retained by the Group) from its Direct to Consumer securitisation programme. This is in addition to raising the VLN and bespoke VFN required to finance the AFS portfolio acquisition.

In August 2025, the Group completed a partial redemption of its Senior Secured Debt. The aggregate redemption was £106m, consisting of £100m principal and £6m of early repayment charge premium and accrued interest.

¹ See footnote 2 on page 3.

Appendix

Consolidated interim financial information

NewDay Group (Jersey) Limited

Consolidated interim financial information

30 June 2025

Consolidated interim financial information

Consolidated income statement and consolidated statement of comprehensive income

	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Continuing operations				
Interest and similar income	3	629.4	546.1	1,110.6
Interest and similar expense	3	(165.5)	(162.9)	(318.5)
Net interest income		463.9	383.2	792.1
Fee and commission income		71.9	67.3	136.1
Fee and commission expense		(14.4)	(12.1)	(25.8)
Net fee and commission income	3	57.5	55.2	110.3
Impairment losses excluding losses arising on the initial recognition of the AFS portfolio		(274.9)	(217.2)	(411.0)
Impairment losses arising on the initial recognition of the AFS portfolio		(49.7)	-	-
Impairment losses on loans and advances to customers	3, 5	(324.6)	(217.2)	(411.0)
Risk-adjusted income	3	196.8	221.2	491.4
Personnel expense		(79.2)	(67.8)	(141.9)
Other operating expenses		(100.8)	(102.2)	(205.2)
Total operating expenses	3	(180.0)	(170.0)	(347.1)
Profit before tax	3	16.8	51.2	144.3
Tax expense		(6.4)	(16.8)	(30.5)
Profit after tax		10.4	34.4	113.8
Other comprehensive (expense)/income <i>Items that may subsequently be reclassified to the income statement</i>				
Effective portion of changes in fair value of cash flow hedges		(15.4)	3.5	(1.9)
Net income statement transfer from hedging reserve		9.1	(2.9)	(3.6)
Other comprehensive (expense)/income		(6.3)	0.6	(5.5)
Total comprehensive income		4.1	35.0	108.3

Notes 1 to 14 form an integral part of this consolidated interim financial information.

Consolidated balance sheet

		As at 30 June 2025	As at 30 June 2024	As at 31 December 2024
	Note	£m	£m	£m
Assets				
Cash and cash equivalents	4	539.2	315.3	451.3
Loans and advances to customers	5	4,748.1	3,904.2	4,055.9
Other assets		81.4	189.0	64.8
Derivative financial assets	6	0.4	17.8	8.8
Current tax assets		34.1	20.0	28.6
Deferred tax assets		0.4	0.5	0.6
Property and equipment		11.6	6.8	12.7
Intangible assets		92.6	90.4	92.1
Goodwill		279.9	279.9	279.9
Total assets		5,787.7	4,823.9	4,994.7
Liabilities				
Debt issued and other borrowed funds	7	5,063.4	4,080.9	4,274.5
Other liabilities		139.1	207.4	144.6
Derivative financial liabilities	6	11.5	4.0	3.1
Current tax liabilities		33.8	19.0	33.7
Deferred tax liabilities		3.2	1.7	3.6
Provisions	8	5.7	7.0	7.7
Total liabilities		5,256.7	4,320.0	4,467.2
Net assets		531.0	503.9	527.5
Equity attributable to owners of the Company				
Share capital and share premium		1,346.8	-	1,346.8
Equity instruments		-	593.9	-
Other reserves		(752.9)	-	(752.9)
Hedging reserve		(5.1)	7.3	1.2
Retained losses		(57.8)	(97.3)	(67.6)
Total equity		531.0	503.9	527.5

Notes 1 to 14 form an integral part of this consolidated interim financial information.

Consolidated statement of changes in equity

	Share capital and share premium £m	Equity instruments £m	Other reserves £m	Hedging reserve £m	Retained losses £m	Total equity £m
As at 31 December 2023	-	593.9	-	6.7	(129.2)	471.4
Return on loan from immediate parent company ¹	-	-	-	-	(2.5)	(2.5)
Total comprehensive income for the period:						
Profit after tax	-	-	-	-	34.4	34.4
Other comprehensive income	-	-	-	0.6	-	0.6
As at 30 June 2024	-	593.9	-	7.3	(97.3)	503.9
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	-	-	-	-	79.4	79.4
Other comprehensive expense	-	-	-	(6.1)	-	(6.1)
As at 31 December 2024	1,346.8	-	(752.9)	1.2	(67.6)	527.5
Dividends	-	-	-	-	(2.2)	(2.2)
Equity-settled share-based payment	-	-	-	-	1.6	1.6
Total comprehensive income for the period:						
Profit after tax	-	-	-	-	10.4	10.4
Other comprehensive expense	-	-	-	(6.3)	-	(6.3)
As at 30 June 2025	1,346.8	-	(752.9)	(5.1)	(57.8)	531.0

Notes 1 to 14 form an integral part of this consolidated interim financial information.

¹ The Group made a return of £nil (HY 2024: £2.5m, 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

	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Operating activities				
Profit after tax		10.4	34.4	113.8
Reconciliation of profit after tax to net cash (used in)/generated from operating activities:				
Tax expense		6.4	16.8	30.5
Interest and similar income		(629.4)	(546.1)	(1,110.6)
Interest and similar expense		165.5	162.9	318.5
Depreciation of property and equipment		1.9	2.2	4.3
Amortisation of intangible assets		6.9	11.6	19.4
Impairment of intangible assets		-	0.9	0.9
Impairment losses on loans and advances to customers		324.6	217.2	411.0
Equity-settled share-based payment		1.6	-	1.3
Changes in operating assets and liabilities:				
Increase in loans and advances to customers	5	(940.3)	(150.1)	(470.8)
(Decrease)/increase in other assets		(17.1)	(20.2)	102.9
Decrease in other liabilities		(5.1)	(12.5)	(45.9)
(Decrease)/increase in provisions		(2.0)	4.3	1.7
Interest and similar income received		553.1	494.6	1,005.3
Interest and similar expense paid		(165.9)	(171.1)	(328.9)
Tax paid		(10.6)	(11.5)	(22.9)
Net cash (used in)/generated from operating activities		(700.0)	33.4	30.5
Cash flows from investing activities				
Purchases of property and equipment		(0.8)	(0.4)	(1.3)
Investment in intangible assets		(7.4)	(20.2)	(29.7)
Net cash used in investing activities		(8.2)	(20.6)	(31.0)
Cash flows from financing activities				
Proceeds from debt issued and other borrowed funds	7	1,600.3	1,093.2	1,902.2
Repayment of debt issued and other borrowed funds	7	(801.1)	(1,376.0)	(1,983.4)
Payment of principal element of lease liabilities		(0.9)	(1.5)	(2.8)
Return paid on loan from immediate parent company		-	(2.5)	(2.5)
Dividends paid		(2.2)	-	(51.0)
Net cash generated from/(used in) financing activities		796.1	(286.8)	(137.5)
Net increase/(decrease) in cash and cash equivalents		87.9	(274.0)	(138.0)
Cash and cash equivalents at the start of the period		451.3	589.3	589.3
Cash and cash equivalents at the end of the period	4	539.2	315.3	451.3

Notes 1 to 14 form an integral part of this consolidated interim financial information.

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).

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 accounting policies for the Group have been consistently applied in the current period and prior period comparatives. The interim financial information for the six months ended 30 June 2025 was approved by the Board of Directors on 8 August 2025.

Going concern

As at 8 August 2025, the Group has £267.6m of asset-backed term debt principal within the Direct to Consumer securitisation programme and £331.5m 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 existing VFNs. If new funding cannot be obtained in line with the Group's growth plans, the Directors note that the Group can, if required, exercise an option at its own discretion to extend the maturity date on all its asset-backed term debt and VFNs by one year. As at 8 August 2025, the Group has undrawn VFNs of £809.3m within the Direct to Consumer securitisation programme and £1,087.3m within the Merchant Offering securitisation programme with a maturity in excess of 12 months which can be used to fund future growth and refinance asset-backed term debt maturing in the next 12 months (subject to sufficient headroom on relevant facilities).

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 partial exit event or recapitalisation event, in each case subject to market conditions. The Group is in active discussions with a third party, 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 or, if they did, the structure it would take. Should such an event occur, it is not expected to impact the going concern of the Company over the next twelve months following approval of the condensed consolidated interim financial statements.

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 can also 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.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the condensed consolidated interim financial statements and therefore have prepared the condensed consolidated interim financial statements on a 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 30 June 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 dissolved NewDay Partnership Tertiary Funding Ltd since it was no longer 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 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 beneficial interest in the existing Argos-branded store card portfolio (the 'AFS portfolio') from 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 uses variables or inputs from comparable portfolios in the Group to calculate the ECL allowance and align it as much as possible to the pre-existing ECL allowance methodology.

Notes to the consolidated interim financial information (continued)

2. Accounting policies (continued)

Forward-looking information

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		
30 June 2025					
Upside	4.6	4.1	4.4	493.1	10
Base	4.7	4.2	4.5	508.0	50
Downside 1	6.5	4.6	5.8	535.4	35
Downside 2	8.5	4.7	7.2	585.2	5
30 June 2024					
Upside	4.3	4.0	4.0	459.2	15
Base	4.4	4.1	4.3	474.7	50
Downside 1	6.5	4.3	5.7	506.1	30
Downside 2	8.5	4.3	7.2	558.6	5
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 30 June 2025 is detailed below.

- The upside scenario assumes the economy grows throughout the forecast period and limited stress on macroeconomic variables. The unemployment rate is expected to remain broadly flat and settle at a long-term rate of 4.1%.
- 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 4.7% before falling back to 4.2% 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 recession with a slow recovery. The unemployment rate gradually rises to its peak of 6.5% before falling back to 5.6% at the end of the forecast period.
- The downside 2 scenario embodies a severe global aggregate supply shock involving trade fragmentation, rising geopolitical tensions and elevated sovereign debt levels. A fall in real household real income, lower consumer confidence and tighter financial conditions result in a severe UK recession. The unemployment rate peaks at 8.5% before recovering to 6.9% 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 the change in weightings in 2025 reflects the increased uncertainty in the UK economic outlook. The ECL allowance assuming a 100% probability weighting applied to each scenario also includes the impact of PMAs.

As at 30 June 2025, the impact of probability-weighting these scenarios uplifted the ECL allowance on loans and advances to customers by £12.0m (30 June 2024: £11.3m, 31 December 2024: £10.1m) compared to the base scenario ECL allowance.

Notes to the consolidated interim financial information (continued)

2. Accounting policies (continued)

PMAs

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

	As at 30 June 2025 £m	As at 30 June 2024 £m	As at 31 December 2024 £m
Forward-looking information	(21.3)	(13.4)	(21.0)
Model performance	13.4	(8.0)	2.7
Total PMAs	(7.9)	(21.4)	(18.3)

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 PMA represents 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 that 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 30 June 2025, the Group recognised a £9.4m (30 June 2024: £nil, 31 December 2024: £nil) PMA for additional losses expected on a subset of up-to-date 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 £4.0m (30 June 2024: £(8.0)m, 31 December 2024: £2.7m) as at 30 June 2025.

See notes 5 and 10.2 for further details of the Group's ECL allowance.

Notes to the consolidated interim financial information (continued)

2. Accounting policies (continued)

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 form part of the audited financial statements.

3. Segment information

The Group's 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. The AFS portfolio is included in this segment.
- 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 six months ended 30 June 2025, in line with reporting to the chief operating decision maker.

Six months ended 30 June 2025	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Group £m
Interest income	408.0	210.8	618.8	-	618.8
Cost of funds	(77.7)	(58.0)	(135.7)	-	(135.7)
Net interest income	330.3	152.8	483.1	-	483.1
Fee and commission income	20.7	15.4	36.1	4.0	40.1
Net revenue	351.0	168.2	519.2	4.0	523.2
Impairment losses on loans and advances to customers	(204.1)	(70.4)	(274.5)	-	(274.5)
Underlying risk-adjusted income	146.9	97.8	244.7	4.0	248.7
Servicing costs			(62.6)	(4.1)	(66.7)
Change costs			(16.0)	(4.9)	(20.9)
Marketing and partner payments			(18.9)	(0.5)	(19.4)
Collection fees			15.0	-	15.0
Contribution			162.2	(5.5)	156.7
Salaries, benefits and overheads					(49.5)
Underlying profit before tax					107.2
Add back: underlying depreciation and amortisation					6.7
Adjusted EBITDA¹					113.9
Corporate debt interest and related costs					(18.9)
Impairment losses on loans and advances to customers arising on the initial recognition of the AFS portfolio					(49.7)
Platform development costs					(19.7)
Depreciation and amortisation					(8.8)
Profit before tax					16.8
Gross receivables	2,683.3	2,530.1	5,213.4	-	5,213.4

¹ 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.

Six months ended 30 June 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	629.4	-	-	-	(10.6)	618.8
Cost of funds	(165.5)	-	18.9	-	10.9	(135.7)
Fee and commission income	57.5	(17.4)	-	-	-	40.1
Impairment losses on loans and advances to customers	(324.6)	-	-	49.7	0.4	(274.5)
Underlying risk-adjusted income	196.8	(17.4)	18.9	49.7	0.7	248.7
Total operating expenses	(180.0)	17.4	(18.9)	(49.7)	(0.7)	(231.9)
Profit before tax	16.8	-	-	-	-	16.8

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 instrument¹ 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 vendor 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 a market participant's view of fair value which included, amongst other things, credit risk reflecting expectations of lifetime losses on the portfolio. Although the fair value reflected a market participant's view of credit risk (including lifetime losses), the subsequent amortised cost accounting prescribed by IFRS requires a separate ECL allowance to be recorded on the acquired receivables. The ECL allowance reflects the stage 1 credit risk associated with the acquired receivables which is separate from the market participant's view of credit risk reflected in the purchase price. Therefore, the £49.7m ECL allowance that arose on acquisition is not deemed to be reflective of underlying performance and, as such, 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.

¹ This instrument represents shares held in NewDay JVCo Ltd by Lloyds Banking Group which, per IFRS, are classified as a debt instrument. See note 7 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 six months ended 30 June 2024, in line with reporting to the chief operating decision maker.

Six months ended 30 June 2024	Direct to Consumer £m	Merchant Offering £m	Credit £m	Platform £m	Group £m
Interest income	384.3	149.5	533.8	-	533.8
Cost of funds	(81.9)	(50.8)	(132.7)	-	(132.7)
Net interest income	302.4	98.7	401.1	-	401.1
Fee and commission income	23.2	8.3	31.5	0.6	32.1
Net revenue	325.6	107.0	432.6	0.6	433.2
Impairment losses on loans and advances to customers	(174.2)	(42.6)	(216.8)	-	(216.8)
Underlying risk-adjusted income	151.4	64.4	215.8	0.6	216.4
Servicing costs			(62.0)	(2.1)	(64.1)
Change costs			(19.0)	(6.5)	(25.5)
Marketing and partner payments			(12.9)	(0.3)	(13.2)
Collection fees			11.6	-	11.6
Contribution			133.5	(8.3)	125.2
Salaries, benefits and overheads					(42.6)
Underlying profit before tax					82.6
Add back: underlying depreciation and amortisation					5.7
Adjusted EBITDA¹					88.3
Corporate debt interest and related costs					(17.6)
Platform development costs					(5.7)
Depreciation and amortisation					(13.8)
Profit before tax					51.2
Gross receivables	2,497.3	1,805.8	4,303.1	-	4,303.1

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

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

¹ 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)
Net interest income	619.8	201.6	821.4	-	821.4
Fee and commission income	45.7	22.1	67.8	2.3	70.1
Net revenue	665.5	223.7	889.2	2.3	891.5
Impairment losses on loans and advances to customers	(341.9)	(68.4)	(410.3)	-	(410.3)
Underlying risk-adjusted income	323.6	155.3	478.9	2.3	481.2
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
Contribution			315.2	(14.2)	301.0
Salaries, benefits and overheads					(88.3)
Underlying profit before tax					212.7
Add back: underlying depreciation and amortisation					11.6
Adjusted EBITDA¹					224.3
Corporate debt interest and related costs					(28.3)
Platform development costs					(18.1)
AFS partnership costs					(3.9)
Other					(6.0)
Depreciation and amortisation					(23.7)
Profit before tax					144.3
Gross receivables	2,578.9	1,799.4	4,378.3	-	4,378.3

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)
Underlying risk-adjusted income	491.4	(40.2)	28.3	1.7	481.2
Total operating expenses	(347.1)	40.2	(28.3)	(1.7)	(336.9)
Profit before tax	144.3	-	-	-	144.3

¹ 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 30 June 2025			As at 30 June 2024		
	Direct to Consumer £m	Merchant Offering £m	Group £m	Direct to Consumer £m	Merchant Offering £m	Group £m
Gross receivables	2,683.3	2,530.1	5,213.4	2,497.3	1,805.8	4,303.1
Deferred origination costs	42.5	8.3	50.8	46.9	8.9	55.8
EIR method adjustment for interest-free promotional periods	17.4	26.3	43.7	14.7	13.8	28.5
AFS portfolio acquisition discount	-	(68.5)	(68.5)	-	-	-
Other	14.8	13.9	28.7	10.0	(7.2)	2.8
Gross loans and advances to customers	2,758.0	2,510.1	5,268.1	2,568.9	1,821.3	4,390.2

	As at 31 December 2024		
	Direct to Consumer £m	Merchant Offering £m	Group £m
Gross receivables	2,578.9	1,799.4	4,378.3
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
Gross loans and advances to customers	2,657.9	1,837.6	4,495.5

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 accounting of 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 30 June 2025	As at 30 June 2024	As at 31 December 2024
	£m	£m	£m
Unrestricted cash	455.9	240.0	373.6
Restricted cash	83.3	75.3	77.7
Cash and cash equivalents	539.2	315.3	451.3

Restricted cash of £83.3m (30 June 2024: £75.3m, 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.

As at 30 June 2025, the Group's cash balance included £116.1m (30 June 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 30 June 2025, the Group's unrestricted cash balance included £143.7m (30 June 2024: £70.3m, 31 December 2024: £101.1m) of cash held by entities outside of the securitisation structure and not held for specific funding activities.

All cash balances are held with large commercial banks.

5. Loans and advances to customers

	As at 30 June 2025	As at 30 June 2024	As at 31 December 2024
	£m	£m	£m
Gross loans and advances to customers	5,268.1	4,390.2	4,495.5
ECL allowance	(520.0)	(486.0)	(439.6)
Loans and advances to customers	4,748.1	3,904.2	4,055.9

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 10.2. 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.

Notes to the consolidated interim financial information (continued)

5. Loans and advances to customers (continued)

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 and reflects the stage 1 credit risk associated with the acquired receivables which is separate from the discount inherent in the purchase price.

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 ¹ £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	(174.0)	(31.0)	205.0	-	-
New spend	7,337.8	147.8	21.7	0.8	7,508.1
Repayments	(7,544.6)	(180.4)	(55.6)	(1.1)	(7,781.7)
Interest and fee income	433.6	65.8	18.3	0.2	517.9
Write offs	(23.6)	(61.9)	(185.1)	(0.3)	(270.9)
Other	7.4	(3.1)	6.8	-	11.1
Gross loans and advances to customers as at 30 June 2024	3,540.8	434.4	413.3	1.7	4,390.2
Transfers between stages	25.5	(54.4)	28.9	-	-
New spend	7,799.4	119.5	93.0	0.8	8,012.7
Repayments	(7,951.0)	(109.0)	(107.5)	(1.0)	(8,168.5)
Interest and fee income	468.1	39.9	34.3	0.2	542.5
Write offs	(134.9)	(74.1)	(79.7)	(0.1)	(288.8)
Other	10.1	(9.0)	6.3	-	7.4
Gross loans and advances to customers as at 31 December 2024	3,758.0	347.3	388.6	1.6	4,495.5
AFS portfolio acquisition	749.1	-	-	8.1	757.2
Transfers between stages	(290.8)	94.1	196.7	-	-
New spend	7,989.0	108.1	22.5	0.8	8,120.4
Repayments	(8,254.3)	(139.7)	(50.7)	(3.8)	(8,448.5)
Interest and fee income	519.7	63.2	20.7	0.8	604.4
Write offs	(29.0)	(60.3)	(173.9)	(4.2)	(267.4)
Other	7.8	(4.5)	2.0	1.2	6.5
Gross loans and advances to customers as at 30 June 2025	4,449.5	408.2	405.9	4.5	5,268.1

¹ 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	(14.8)	49.6	(34.8)	-	-
Remeasurement of ECL ¹	25.9	(28.3)	36.2	0.1	33.9
Release of ECL on loans and advances to customers settled in the period	3.4	2.7	3.0	-	9.1
ECL on new loans and advances to customers originated in the period	(9.3)	(3.4)	(1.3)	-	(14.0)
ECL allowance as at 30 June 2024	(132.1)	(125.4)	(228.1)	(0.4)	(486.0)
Transfers between stages	(15.1)	11.0	4.1	-	-
Remeasurement of ECL ¹	45.5	3.8	25.0	0.1	74.4
Release of ECL on loans and advances to customers settled in the period	4.7	2.5	2.1	0.1	9.4
ECL on new loans and advances to customers originated in the period	(15.0)	(12.8)	(9.6)	-	(37.4)
ECL allowance as at 31 December 2024	(112.0)	(120.9)	(206.5)	(0.2)	(439.6)
AFS portfolio acquisition	(49.7)	-	-	-	(49.7)
Transfers between stages	10.1	33.2	(43.3)	-	-
Remeasurement of ECL ¹	8.2	(51.5)	25.2	0.5	(17.6)
Release of ECL on loans and advances to customers settled in the period	2.9	2.0	2.5	-	7.4
ECL on new loans and advances to customers originated in the period	(15.6)	(3.7)	(1.2)	-	(20.5)
ECL allowance as at 30 June 2025	(156.1)	(140.9)	(223.3)	0.3	(520.0)

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

Notes to the consolidated interim financial information (continued)

6. Derivative financial instruments

	As at 30 June 2025			As at 30 June 2024		
	Notional amount £m	Assets £m	Liabilities £m	Notional amount £m	Assets £m	Liabilities £m
Cross-currency interest rate swaps	54.6	-	(6.2)	217.5	9.3	(1.7)
Interest rate swaps	685.0	0.4	(4.8)	635.0	8.5	(2.3)
Interest rate caps	688.0	-	-	-	-	-
Foreign currency forwards	15.1	-	(0.5)	-	-	-
Derivative financial instruments	1,442.7	0.4	(11.5)	852.5	17.8	(4.0)

	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	-
Derivative financial instruments	1,462.5	8.8	(3.1)

The Group uses derivative financial instruments to manage interest rate and foreign exchange rate risks. The movements in their carrying value are primarily driven by market movements in the interest rate yield curves and forward exchange rates.

The Group aims to match the principal terms of the hedging instruments and the underlying hedged items (except for spreads) to create an economic hedge. However, this gives rise to an accounting mismatch if the derivatives (which are measured at fair value) are measured on a different basis to the underlying hedge items (usually measured at amortised cost).

Except for the foreign currency forwards, 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. The effectiveness of the hedge relationships is regularly assessed 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.

Foreign currency forwards are used to manage foreign exchange risks arising from supplier invoices. These have not been designated as a hedging instrument and therefore any subsequent change in their fair value is recognised in the income statement.

Other derivatives related to a derivative arising from the contract the Group entered in October 2024 which entitled it to acquire beneficial interest in the AFS portfolio in February 2025 at a pre-agreed price. On 28 February 2025, the Group acquired beneficial interest and therefore the derivative was 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	Foreign currency forwards £m
As at 31 December 2023	403.9	735.0	-	-
Settled	(189.3)	(100.0)	-	-
Foreign exchange movements	2.9	-	-	-
As at 30 June 2024	217.5	635.0	-	-
Issued	-	-	688.0	-
Settled	(59.6)	-	-	-
Foreign exchange movements	(18.4)	-	-	-
As at 31 December 2024	139.5	635.0	688.0	-
Issued	-	250.0	-	18.1
Settled	(76.3)	(200.0)	-	(3.0)
Foreign exchange movements	(8.6)	-	-	-
As at 30 June 2025	54.6	685.0	688.0	15.1

All cash flow hedges are deemed to be effective and the fair value thereof has been deferred in equity within the hedging reserve. There was no impact on the income statement in the period in respect of the movement in the fair value of ineffective cash flow hedges (HY 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. Debt issued and other borrowed funds

	As at 30 June 2025 £m	As at 30 June 2024 £m	As at 31 December 2024 £m
Senior Secured Debt and associated facilities	213.1	235.7	212.0
Asset-backed term debt	2,471.9	2,140.1	2,425.8
Variable funding notes	2,317.3	1,720.9	1,628.6
Other debt instruments	77.0	-	24.0
Gross debt issued and other borrowed funds	5,079.3	4,096.7	4,290.4
Capitalised debt funding fees	(15.9)	(15.8)	(15.9)
Debt issued and other borrowed funds	5,063.4	4,080.9	4,274.5

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 new notes. The aggregate redemption amount was £25.1m and included a £23.8m partial redemption of the outstanding principal. As at 30 June 2025, the nominal value of the outstanding notes was £213.9m (30 June 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 30 June 2025 (30 June 2024: undrawn, 31 December 2024: undrawn).

Notes to the consolidated interim financial information (continued)

7. Debt issued and other borrowed funds (continued)

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 30 June 2025, the carrying value of the instrument was £25.3m (30 June 2024: £nil, 31 December 2024: £24.0m).

Of the gross debt issued and other borrowed funds, £54.8m (30 June 2024: £218.0m, 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 30 June 2025 £m
Senior Secured Debt and associated facilities	212.0	-	-	1.1	213.1
Asset-backed term debt	2,425.8	329.0	(273.9)	(9.0)	2,471.9
Variable funding notes	1,628.6	1,221.3	(527.2)	(5.4)	2,317.3
Other debt instruments	24.0	50.0	-	3.0	77.0
Gross debt issued and other borrowed funds	4,290.4	1,600.3	(801.1)	(10.3)	5,079.3

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

Notes to the consolidated interim financial information (continued)

7. 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 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
Gross debt issued and other borrowed funds	4,395.4	1,902.2	(1,983.4)	(23.8)	4,290.4

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 gross debt issued and other borrowed funds are shown in the following table.

	As at 30 June 2025 £m	As at 30 June 2024 £m	As at 31 December 2024 £m
Less than one year	570.1	602.2	859.9
Between one and two years	1,906.0	1,098.3	1,863.9
Between two and five years	2,577.9	2,396.2	1,542.6
More than five years	25.3	-	24.0
	5,079.3	4,096.7	4,290.4

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

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 £2,471.9m (30 June 2024: £2,140.1m, 31 December 2024: £2,425.8m) asset-backed term debt and £2,317.3m (30 June 2024: £1,720.9m, 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 14 for further details of the financing transactions completed after the balance sheet date.

Notes to the consolidated interim financial information (continued)

8. Provisions

	Provisions £m
As 1 January 2024	5.4
Arising during the period	10.8
Utilised during the period	(9.2)
As at 30 June 2024	7.0
Arising during the period	9.2
Utilised during the period	(8.5)
As at 31 December 2024	7.7
Arising during the period	3.2
Utilised during the period	(5.2)
As at 30 June 2025	5.7

The Group is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise, the Group records a provision for its best estimate of cost where an outflow of economic resources is considered probable. As at 30 June 2025, the Group's provisions constituted several individually immaterial items of this nature. The additions to and utilisation of provisions in the six months ended 30 June 2025 was primarily driven by affordability-related claims.

9. Fair value of financial instruments

Fair value hierarchy

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

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

Derivative financial instruments are recognised at fair value and are classified as level 2 (30 June 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.

Notes to the consolidated interim financial information (continued)

9. Fair value of financial instruments (continued)

Set out below is a comparison, by class, of the carrying value and fair value of the Group's financial instruments. There have been no transfers between levels during the period (HY 2024: none, 2024: none).

	Level 1	Level 2	Level 3	Total carrying value	Fair value
	£m	£m	£m	£m	£m
As at 30 June 2025					
Financial assets					
Cash and cash equivalents	-	539.2	-	539.2	539.2
Loans and advances to customers	-	-	4,748.1	4,748.1	5,560.3
Other assets	-	59.9	-	59.9	59.9
Total financial assets	-	599.1	4,748.1	5,347.2	6,159.4
Financial liabilities					
Debt issued and other borrowed funds	-	(4,986.4)	(77.0)	(5,063.4)	(5,122.5)
Other liabilities	-	(139.1)	-	(139.1)	(139.1)
Total financial liabilities	-	(5,125.5)	(77.0)	(5,202.5)	(5,261.6)

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

	Level 1	Level 2	Level 3	Total carrying value	Fair value
	£m	£m	£m	£m	£m
As at 31 December 2024					
Financial assets					
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
Total financial assets	-	499.6	4,055.9	4,555.5	5,303.9
Financial liabilities					
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)
Total financial liabilities	-	(4,393.8)	(24.0)	(4,417.8)	(4,475.9)

Notes to the consolidated interim financial information (continued)

9. Fair value of financial instruments (continued)

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 largely 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 debt, 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.

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 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 the financial instrument has 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 that 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.

Notes to the consolidated interim financial information (continued)

10. Risk management

10.1 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.

10.2 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.

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.

Notes to the consolidated interim financial information (continued)

10. Risk management (continued)

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 30 June 2025, the total loans and advances to customers that were on such an arrangement was £77.5m (30 June 2024: £72.4m, 31 December 2024: £78.2m), with a maximum balance at any one point in time during the period of £84.9m (HY 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.

As at 30 June 2025	Group				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	2,658.9	14.9	-	0.6	2,674.4
Risk grade 2	1,420.1	52.0	-	0.5	1,472.6
Risk grade 3	370.5	160.6	-	0.1	531.2
Delinquent	-	180.7	-	0.1	180.8
Defaulted	-	-	405.9	3.2	409.1
Gross loans and advances to customers	4,449.5	408.2	405.9	4.5	5,268.1
ECL allowance	(156.1)	(140.9)	(223.3)	0.3	(520.0)
Loans and advances to customers	4,293.4	267.3	182.6	4.8	4,748.1

Notes to the consolidated interim financial information (continued)

10. Risk management (continued)

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

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
Gross loans and advances to customers	3,758.0	347.3	388.6	1.6	4,495.5
ECL allowance	(112.0)	(120.9)	(206.5)	(0.2)	(439.6)
Loans and advances to customers	3,646.0	226.4	182.1	1.4	4,055.9

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 30 June 2025	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Risk grade 1	799.9	3.9	-	0.5	804.3
Risk grade 2	1,079.6	29.7	-	0.5	1,109.8
Risk grade 3	293.1	113.5	-	0.1	406.7
Delinquent	-	126.2	-	0.1	126.3
Defaulted	-	-	310.7	0.2	310.9
Gross loans and advances to customers	2,172.6	273.3	310.7	1.4	2,758.0
ECL allowance	(107.4)	(99.7)	(165.3)	(0.2)	(372.6)
Loans and advances to customers	2,065.2	173.6	145.4	1.2	2,385.4

Notes to the consolidated interim financial information (continued)

10. Risk management (continued)

	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
As at 30 June 2024					
Risk grade 1	441.4	5.4	-	0.3	447.1
Risk grade 2	1,254.8	77.5	-	0.8	1,333.1
Risk grade 3	195.3	155.8	-	0.1	351.2
Delinquent	-	124.2	-	0.1	124.3
Defaulted	-	-	313.0	0.2	313.2
Gross loans and advances to customers	1,891.5	362.9	313.0	1.5	2,568.9
ECL allowance	(100.4)	(107.4)	(169.7)	(0.3)	(377.8)
Loans and advances to customers	1,791.1	255.5	143.3	1.2	2,191.1
	Direct to Consumer				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
As at 31 December 2024					
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
Gross loans and advances to customers	2,071.3	274.8	310.3	1.5	2,657.9
ECL allowance	(95.2)	(102.0)	(163.3)	(0.2)	(360.7)
Loans and advances to customers	1,976.1	172.8	147.0	1.3	2,297.2
	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
As at 30 June 2025					
Risk grade 1	1,859.0	11.0	-	0.1	1,870.1
Risk grade 2	340.5	22.3	-	-	362.8
Risk grade 3	77.4	47.1	-	-	124.5
Delinquent	-	54.5	-	-	54.5
Defaulted	-	-	95.2	3.0	98.2
Gross loans and advances to customers	2,276.9	134.9	95.2	3.1	2,510.1
ECL allowance	(48.7)	(41.2)	(58.0)	0.5	(147.4)
Loans and advances to customers	2,228.2	93.7	37.2	3.6	2,362.7

Notes to the consolidated interim financial information (continued)

10. Risk management (continued)

	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
As at 30 June 2024					
Risk grade 1	1,485.1	6.8	-	0.1	1,492.0
Risk grade 2	158.8	22.1	-	-	180.9
Risk grade 3	5.4	11.9	-	-	17.3
Delinquent	-	30.7	-	-	30.7
Defaulted	-	-	100.3	0.1	100.4
Gross loans and advances to customers	1,649.3	71.5	100.3	0.2	1,821.3
ECL allowance	(31.7)	(18.0)	(58.4)	(0.1)	(108.2)
Loans and advances to customers	1,617.6	53.5	41.9	0.1	1,713.1
	Merchant Offering				
	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
As at 31 December 2024					
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
Gross loans and advances to customers	1,686.7	72.5	78.3	0.1	1,837.6
ECL allowance	(16.8)	(18.9)	(43.2)	-	(78.9)
Loans and advances to customers	1,669.9	53.6	35.1	0.1	1,758.7

Cash and cash equivalents and other financial assets are all classified as stage 1 as at 30 June 2025 (30 June 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)

11. 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 30 June 2025			As at 30 June 2024		
	< 12 months £m	> 12 months £m	Total £m	< 12 months £m	> 12 months £m	Total £m
Assets						
Cash and cash equivalents	455.9	83.3	539.2	240.0	75.3	315.3
Loans and advances to customers	4,089.1	659.0	4,748.1	3,392.6	511.6	3,904.2
Other assets	75.7	5.7	81.4	184.1	4.9	189.0
Derivative financial assets	0.4	-	0.4	13.5	4.3	17.8
Current tax assets	-	34.1	34.1	20.0	-	20.0
Deferred tax assets	-	0.4	0.4	-	0.5	0.5
Property and equipment	-	11.6	11.6	-	6.8	6.8
Intangible assets	-	92.6	92.6	-	90.4	90.4
Goodwill	-	279.9	279.9	-	279.9	279.9
Total assets	4,621.1	1,166.6	5,787.7	3,850.2	973.7	4,823.9
Liabilities						
Debt issued and other borrowed funds	(569.1)	(4,494.3)	(5,063.4)	(599.8)	(3,481.1)	(4,080.9)
Other liabilities	(125.6)	(13.5)	(139.1)	(185.8)	(21.6)	(207.4)
Derivative financial liabilities	(0.6)	(10.9)	(11.5)	-	(4.0)	(4.0)
Current tax liabilities	-	(33.8)	(33.8)	-	(19.0)	(19.0)
Deferred tax liabilities	-	(3.2)	(3.2)	-	(1.7)	(1.7)
Provisions	(3.9)	(1.8)	(5.7)	(6.2)	(0.8)	(7.0)
Total liabilities	(699.2)	(4,557.5)	(5,256.7)	(791.8)	(3,528.2)	(4,320.0)

Notes to the consolidated interim financial information (continued)

11. Maturity analysis of assets and liabilities (continued)

	As at 31 December 2024		
	< 12 months £m	> 12 months £m	Total £m
Assets			
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
Total assets	4,022.7	972.0	4,994.7
Liabilities			
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)
Total liabilities	(993.1)	(3,474.1)	(4,467.2)

12. 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, tax 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 the six months ended 30 June 2025.

Notes to the consolidated interim financial information (continued)

12. Contingent liabilities and commitments (continued)

The Group is in discussions with HMRC regarding the classification of certain contractors under IR35 legislation, which determines whether individuals engaged via employment agencies should be treated as employees for tax purposes. The discussions are ongoing and the outcome remains uncertain. If HMRC concludes that a claim should be against the Group (rather than the employment agencies) and that contractors were misclassified, the Group may be liable for additional tax and National Insurance contributions. At present, it is not considered probable that an outflow of resources will be required, therefore no provision has been included in the Financial Statements. If HMRC were to challenge, this could result in a material outflow, however the Group holds insurance cover that may mitigate any financial exposure arising from this matter to an immaterial level. The Group continues to engage with HMRC and will reassess the likelihood of a probable outflow based upon information available at each balance sheet date.

13. 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. In 2025, the Group dissolved NewDay Partnership Tertiary Funding Ltd since it was no longer required by the Group.

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 30 June 2025, the Group reported an other assets balance of £0.7m (30 June 2024: £0.6m, 31 December 2024: £0.7m) on the facility.

The Group reported a £0.7m (30 June 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 (HY 2024: £0.4m, 2024: £0.4m).

Nemean Midco Limited

The Group reported a £nil (30 June 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 (HY 2024: £0.1m, 2024: £0.1m).

In the period, the Group paid dividends of £2.2m (30 June 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 30 June 2025, the Group reported a £0.2m (HY 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 £nil (HY 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.

Notes to the consolidated interim financial information (continued)

14. Post balance sheet events

In July 2025, the Group raised £400.0m of asset-backed securities (of which £20.0m 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 July 2025 and partially refinance a deal which is due to mature in November 2025.

On 25 July 2025, the Group announced a partial redemption of Senior Secured Debt that completed on 4 August 2025. The aggregate redemption was £105.6m which consisted of a £100.0m partial redemption of the outstanding principal, a £3.3m early repayment premium and £2.3m of accrued interest.

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 partial exit event or recapitalisation event, in each case subject to market conditions. The Group is in active discussions with a third party, 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 or, if they did, the structure it would take. However, if such an event were to happen then it could occur during Q3, before the year end or beyond.