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Domestic & General Q3 FY24 Bondholder Call

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Domestic & General Q3 FY 24 Bondholder Call. Today's discussion may contain some forward-looking statements relating to future events and expectations. As usual, the factors that could cause actual results to differ materially from these projections are set out in the latest results statement. In addition, we have included some non-GAAP financial measures in our discussion, reconciliations for which can also be found in the results statement. With that, let me hand over to the CEO, Matthew Crummack.

Matthew Crummack

Thanks, Sarah, and good morning, everybody. Thanks for joining us here again. It's Joe Fitzgerald, our CFO, and myself sitting here in our Wimbledon office. I'd like to welcome you to D&G's results announcement for the quarter ended 31st of December, 2023, which, as a reminder, is the third quarter of our current financial year, FY24. I'm going to follow our usual format this morning. I'm going to take you through some highlights of the quarter, and I'll hand over to Joe, who'll get into some meat and take us through the financial results in more detail.

So let's get straight into it on slide two. We're continuing to make good top-line progress this year and have generated 10% subscription revenue growth for the year to date, inclusive of continued strong subscription revenue growth of 17% in our combined European and US businesses. This growth in subscription revenue contributes to growth in total revenue of 12% for year to date, including the revenue from our US acquisition, After Inc., which we told you about previously.

As in earlier periods, our revenue growth is positively impacted by strong retention rates, which are around 86% as consumers across the board continue to trust in and rely on our business, which is great news. EBITDA has also continued to grow and adjusted EBITDA, including the results of our US business, has grown to £114 million for the year to date, which is a growth of 9% compared to the equivalent period in last financial year.

We continue to have strong levels of liquidity in the Group, including substantial committed borrowing capacity and a robust solvency coverage ratio in our regulated business, whilst our net debt leverage ratio has been maintained at the same level as last quarter.

On the commercial front, we've had some important developments in the US, which I'll touch on again in a minute, both in relation to our agreement with Whirlpool and in relation to our technology capabilities. And I'm going to take the next couple of slides here just to walk through each of those in turn.

Turning to, indeed, slide three. During this last quarter, we were very pleased to have secured an important enhancement to our US relationship with Whirlpool, representing a very significant client deal for D&G that both teams, in Whirlpool and Domestic & General, have been focused on delivering for some time.

As a reminder, just going back, our existing relationship with Whirlpool, which was for an initial five-year term, gave Domestic & General the right to sell subscription plans to customers registering their Whirlpool appliances through both telephone and digital channels. However, outside this arrangement, Whirlpool themselves continued with their existing mailing program for the sale of fixed-term plans, which were not underwritten by us, by D&G, and they did that for both in-warranty and out-of-warranty customers.

Now with our new contract, we have now agreed to expand the scope of D&G's offering to Whirlpool customers, in particular with regard to the provision of a subscription program for the renewals of those fixed-term plans to be underwritten by us, D&G. In addition, we have agreed cross-selling rights in relation to non-Whirlpool branded appliances, and the enhanced partnership will increase sales over existing and new channels.

This deal significantly extends the scope of our exclusivity with Whirlpool US, and we've also extended the existing contract terms, for a further five years. All in all, this is a very important development in D&G's US strategy that goes hand in hand with our earlier announced acquisition of After Inc. That acquisition brought with it a compelling and scalable service proposition and important partner relationships. And together with our extended Whirlpool agreement, we believe we will secure significant US growth.

Staying with the US on slide four. We also celebrated a further acquisition, although much more modest than the After Inc. one we announced previously. We announced a further acquisition during the quarter in the form of a state-of-the-art, data-driven repair platform from a company called Nana Technologies, Inc. This platform is highly data driven and can handle all aspects of repair logistics, from parts and payments through to scheduling of appointments and customer communications.

Indeed, from a customer perspective, the technology employs machine learning and has diagnostic capabilities that collect critical information before the first visit, speeding up the overall repair process and with the potential to help us optimise service, cost efficiency, part accuracy and job staffing.

Along with this asset acquisition, we also welcome several ex-Nana employees to D&G who were instrumental in developing the technology and have become part of our product development team. So welcome to them. It will take some time for us to fully integrate this excellent new technology into our business, and our initial focus will be on using it within our US processes. But with the expectation that over time it will be used more widely in the Group to replace and upgrade existing technologies in our more established businesses. It's a significant milestone, we think, for both our US and our technology and data ambitions.

So with that brief overview of the first half highlights complete, I'll hand over to Joe. Over to you, Joe, to run through the financial results in more detail. And after that, we'll obviously take more questions as usual. So over to you, Joe. Thanks.

Joe Fitzgerald

Thanks, Matthew. Good morning to all of you listening and welcome to our Q3 results call. As Matthew has given an overview of our headline financial results, I will start with our usual KPIs on slide six. So on this first KPI slide, we focus on customer-related indicators. At the top left, the chart shows that we have recorded a rise in subscription customer numbers from 6.2 million in Q3 of FY23 to 6.4 million at the end of the most recent quarter, which is in line with our plan.

As discussed on previous calls, subscription customer numbers are influenced by both new business sales and by our strong subscription customer retention rate, which showed a slight year-on-year increase to 86%, as you can see in the bottom left-hand chart, and which is slightly improved when compared to our longer-term customer retention performance.

In the middle left-hand chart, you can see that the average revenue per customer continues to increase and is now at £145. This is driven by a combination of pricing of customer policies, and also our ongoing increase in the average number of appliances that we cover for each of our customers, again, as we have discussed on previous calls. These factors have delivered growth in subscription revenue to £708.6 million for the year to date, as shown in the main chart.

Our next slide shows our principal financial KPIs. As we were just discussing, subscription revenue for the third quarter year-to-date was £708.6 million, up from £644.7 million in the same period last year, whilst non-subscription revenue also rose, going from £84.3 million to £108.4 million in this year to date. This includes the impact of revenue from After Inc., which has been generated since acquisition.

Subscription revenue now represents 87% of total revenue for the Group. The lower left-hand graph shows the EBITDA margin at the end of the quarter on a last 12-months basis, which shows an EBITDA margin of 13.1%, which is marginally down from the prior year margin, as we have aimed to protect margins despite the inflationary pressures we've seen in the market. The result is a year-to-date, US-inclusive EBITDA of 114.1 million.

On our next slide, we review our revenue in more detail where in our usual style, we break down the results into UK, Europe and Other, and the US. As I mentioned on our previous result calls, the Europe and Other category includes the results of our run-off Australian business, but Europe represents the majority of the revenue. This table analyses our revenue for the nine months year-to-date, but for more detail, the appendix to this presentation, which is available on our Investor Relations site, contains the quarterly revenue split.

As the table shows, growth in total revenue for the nine-month period was 12%, including 8% growth for the UK and 11% for Europe. Total revenue also includes £29.3 million for the US, up from £4.2 million in the same period last year which, of course, includes the additional revenue from After Inc. of £22.1 million.

Within total revenue, subscription revenue in our UK business grew at an encouraging 9%, whilst our European business subscription revenue grew at 14% and now represents 63% of the division's revenue.

US subscription revenue was £7.2 million for the period, which is a 71% year-on-year increase, reflecting the fast growth early-stage nature of the business, which means for our overall combined international business, subscription revenue grew at 17%, as Matthew mentioned at the outset.

Non-subscription revenue also grew this quarter, which is again, mostly explained by the inclusion of After Inc. revenue, but also by some modest growth in European non-subscription revenue. Within this component of revenue, the UK element fell by 5% as expected, reflecting our longer-term strategic shift to subscription revenue.

On slide nine, we move from revenue to EBITDA. And on this slide, we show that adjusted EBITDA for the nine-month period rose by 9% compared to the comparative period, coming in at £114.1 million, including a £7.8 million increase in the more mature UK and European businesses. US year-to-date losses have reduced year on year, and we expect a modest positive EBITDA to emerge shortly.

As with our other quarterly results this financial year, EBITDA is stated on a basis which includes the adoption of the new insurance accounting standard, IFRS 17, which means the prior year comparatives have been restated accordingly.

At this stage in the year, these adjustments remain unaudited and potentially subject to change, but they represent our best assessment of the adoption impact. As mentioned on the previous results call, the expected impact of IFRS 17 adjustments on EBITDA is expected to be in the mid- to high-single digits for the full year for both this year, FY24 and the prior year, FY23. This means post IFRS 17 growth rates will be broadly consistent when compared to a pre IFRS 17 basis.

Excluding our US segment, we expect our EBITDA growth for the full year to be in the high-single digits, broadly in line with the revenue growth rate of the established businesses. For the US business we are, of course, at a different stage of growth, but we'd expect EBITDA to be at a small loss this year, moving into breakeven or potentially better in the next financial year. Of course, with the business at this stage, we do take investment decisions which we use to accelerate growth, so obviously, those indications could change, but they are our best estimate at this point in time.

Moving on to the next slide, slide 11. Here we show our unrestricted cash flow which analyses the movement from opening to closing unrestricted cash over the nine-month period compared to the equivalent period last year. As a reminder, unrestricted cash represents the capital of our regulated business that's in excess of its solvency capital needs, plus the cash and liquid investment assets of our unregulated business. Again, discrete quarterly results are included in the appendix of this presentation in case they are helpful.

On the first line of the cash flow, you can see the US-exclusive EBITDA result for the Group, and we currently start the cash flow with this US-exclusive number to best illustrate the performance of our mature UK and European businesses.

Next down from EBITDA, we show the working capital outflow from our established unregulated business, excluding the Australian run-off. And below that, we show the amount of EBITDA from the regulated business which exceeds the change in its surplus capital. As guided previously, the increase in insurance capital is measured under Solvency II actuarial principles rather than IFRS principles and should generally be expected to be lower than the amount of the regulated EBITDA due to different measurement rules under IFRS and Solvency II, as well as due to general growth in the insurance business and the working capital drag of the ongoing conversion to subscription business.

As I mentioned on the last call, it may be helpful to think of this as a type of quasi working capital movement for the regulated business. After these working capital and quasi working capital items have been deducted, we have a view of operating cash flow of the established business prior to CapEx, which is tracking broadly in line with the previous quarter and in line with guidance. In future, we would expect this measure of operating cash, as guided on previous calls, to trend upwards into the high 70s, as we see the drag of the move to subscription business from cash start to reduce.

We then deduct capital expenditure of £22.4 million for the period to show a post-CapEx measure of operating cash. As mentioned above, and as discussed previously, we would expect this cash conversion to similarly rise in the future, driven by the higher operating cash conversion and with a relatively stable capital expenditure compared to EBITDA. But at this point, our cash conversion, we believe, is reflective of a well-funded business which is continuing to invest in both working capital and capital expenditure with a view to securing revenue and EBITDA growth.

Next down, we deduct the working capital, as I mentioned earlier, associated with funding the Australian run-off, where cash flow requirements are now on a downward trend, so we will see a lower outflow next year relating to that Australian run-off and then a modest outflow the year after, and then it will cease.

There's then the net cash outflow for our US business, which includes both the net US EBITDA losses and working capital requirements. The result is operating free cash flow of £44.5 million for the half year, and this is then reduced for debt interest and tax payments to give a measure of free cash flow before M&A and significant items.

We then show incoming cash flows relating to equity funding from our shareholders and RCF borrowings in Q1, and outgoing cash flows relating to the completion of our US acquisition of After Inc. earlier in the year and our recent acquisition of the Nana Technology platform, which Matthew mentioned earlier.

Significant items of £7.2 million relating to acquisition costs and systems implementation, primarily relating to our IFRS 17 program complete the picture with a net result of a closing unrestricted cash amount of £56.2 million.

The combination of funding requirements for the Nana acquisition, for which we plan to make a modest incremental draw on the RCF in the fourth quarter, our extended US Whirlpool deal, and associated investment, mean we now expect our closing unrestricted cash balance to be lower than the 1st of April opening position, around a low double-digit amount lower. This compares to previous guidance, of course, where we indicated it would remain broadly flat.

Moving on to our capitalisation slide. Net debt, and the total leverage ratio at the end of the quarter was £735.9 million and 5.2x, respectively. With leverage shown here on a post IFRS 17 basis of EBITDA, both the amount of net debt and our leverage ratio have been broadly stable over the quarter as a small increase in net debt is being offset by EBITDA growth.

Overall, the Group remains in a strong financial position with significant headroom, including that provided by our undrawn RCF capacity, which is unchanged from last quarter at £107.5 million.

Finally, to sum up, we return to our opening slide to recap the progress that's been made during a very exciting financial year so far and to highlight the overall strength of the business.

Matthew and I would now like to open the call to any questions.

Q&A

Operator

Thank you. If you do wish to ask an audio question, please press *11 on your telephone keypad. You can also submit your questions in writing via the Q&A box on the screen. Once again, that is *11 for an audio question, and you can also submit your questions in writing via the Q&A box on your screen.

Matthew Crummack

Great. Thanks, Sarah. Just while we're waiting for any verbal questions, we have a question online here from Leopold. Morning, Leopold. The question just for everyone on the call is, "Previously you expected growth in EBITDA ex-US to exceed growth in revenues for the financial year. Is the delta versus your new guidance due to higher inflationary pressures? What would you expect for the next financial year?" Joe, do you want to handle that?

Joe Fitzgerald

Sure. I think we said, growth ex the US for the established businesses would be in line or ahead of revenue. Obviously over the last couple of years, that's exactly what's happened. We don't know for certain where this year is going to end up, but we would expect to be at least in line with revenue still for the established business.

Over the course of time and in the coming years, of course, we expect to grow our business ahead of revenue because we're obviously a scaling business. We've got exciting opportunities with things like data and AI to expand our margin, digitalisation, of course. And that is indeed what's been happening with our margin over recent years. And we would expect that to be the long-term trend.

In the short-term, we make investment choices such as investing in things like data and AI, which obviously carry short-term costs but for long-term gain. So, in any one period the pattern may vary from that trend. But again, we would expect to rise at least in line with revenue on a consistent basis and over the medium-term ahead of revenue and expand our margin.

Matthew Crummack

Thanks, Joe. That's really clear. Thank you. Sarah, do we have any questions on the line at all? No? But we do have a follow-up from Leopold, hello again "Can you break down the funding requirements and investments associated with Whirlpool agreements in Q4? Are you sharing any expectations for cash flows next year?"

Joe Fitzgerald

Yes, we wouldn't typically break down cash flows at that level of detail, given the sensitive commercial nature of transactions such as that. Obviously, we've changed our guidance for the year in terms of unrestricted cash. Not in a major way, of course, but modestly, and that's a combination of factors, not just the Whirlpool deal. There are also other investments that we're making in the US, and you can probably see by the quantum of how I've changed the guidance, that will give you some idea to the level of the investment we're making.

In terms of next year, I think, like I say, we expect our operating cash conversion to grow for our established business, so that will obviously help unrestricted cash. The Australian working capital, I've guided, will reduce. And, with the US, because of the stage of the business – which is incredibly exciting, it's a massive market – I don't want to be too specific about guiding on US net cash flows, because it does rather depend on growth.

If we grow very strongly, which we hope to do, there's a working capital outflow that would follow by the nature of our business. So, I think, I can guide on the established businesses, but I will remain slightly more circumspect on the US business, at this stage, and probably give fuller guidance at the financial year results.

Matthew Crummack

Thanks, Joe.

There's nothing else online here for now. Sarah, do we have anything verbally coming through?

Operator

We do. Our first question comes from the line of Max Watton from Partners Group. Please go ahead. Your line is open.

Max Watton

Hi, guys. Can you hear me okay?

Matthew Crummack

Yeah. Morning, Max.

Max Watton

Lovely. Thank you. I appreciate the time. I guess it's actually just coming back to the first question, which is on the margin profile. If I look at Q3, it seems like revenue for the quarter – so not year to date, but for the quarter – was up in the kind of low double digits, but EBITDA was only up in the kind of low single digits, which obviously implies margin compression versus Q3 last year. So what is driving that trend?

Joe Fitzgerald

I don't think it's a trend per se. I think if you compare quarter on quarter in a financial year, there is some seasonality in our business that changes from year to year, when winter starts, etc. We have a slightly, seasonal claims pattern so that can change results versus any given quarter year on year. Obviously, things in a quarter, like an investment or operating spend in one quarter versus the previous year can adjust margin if you look at it on a quarter-by-quarter basis.

I think in general, we're happy with where we are in terms of margin. We still expect our EBITDA growth to be in line with revenue, at least in line with revenue, for the financial year for the established businesses. And we think we've done a really good job over the period in what's a pretty difficult environment with inflation, etc., of at least maintaining our margin, and we expect to continue to do so.

So, I wouldn't read too much into one quarter's results because, as I say, small movements in a quarter can actually distort those results. I'd work more to the year to date and indeed the guidance I'm giving for the year.

Max Watton

Okay. I appreciate the response. Thank you.

Matthew Crummack

You bet. Thanks, Max. Sarah, do we have anything else on the line?

Operator

We do have one further question. One moment please, whilst we open up the next line. And the next question comes from the line of David Alty from Arcano. Please go ahead. Your line is now open.

David Alty

Thanks for the call. A couple of questions. I just wonder if you could give us the LTM EBITDA number, including the LTM US losses.

Matthew Crummack

Okay. Do you want to, just while we see if we can get that, do you want to give the second question there, David, as well?

David Alty

Sure. Yeah. I'm just wondering how you guys are thinking about the capital structure and potentially refinancing this in the next six to twelve months, I guess, what the plans are.

Joe Fitzgerald

Yes. I mean, I think we said on the previous call, our earliest maturity is in July '26. And obviously, we would look to refinance well in advance of that. So that puts us anywhere in the balance of this calendar year into next calendar year.

I guess the timing of that we have under consideration, looking at the market, of course and working with our owners in terms of when is the right time. But it is obviously in our thoughts. We want to manage that well, but we do have some time to do that and just want to pick the right opportunity and timing to address it.

David Alty

Thanks.

Matthew Crummack

And with regards to the first— Sorry, David. Go ahead.

David Alty

No, that's the first question.

Joe Fitzgerald

Yeah. And in terms of the LTM, I think if you go to slide 12, we have an LTM underlying adjusted EBITDA of £141.5 million. That's on slide 12.

David Alty

Yeah, but that's excluding the losses from the US, right? I'm just wondering what the number is, including the losses.

Joe Fitzgerald

Yeah. That includes the losses from the US.

David Alty

Ah, okay. Great. Thanks. My other question is just on the cash flow. When I look at the significant items in Q4, what do those refer to? The £5.2 million.

Joe Fitzgerald

So we have a couple of things. We obviously had some deal fees from the acquisitions and those are being classed as significant items. The fees relating to the transaction and also, our IFRS 17 conversion program requires new systems and work and those have, again, been classed as a significant item.

David Alty

And is that just a Q3 one-off, or is that something we should see over the next few quarters as well?

Joe Fitzgerald

There would be some in Q4 for IFRS 17, because there's still some work to do, and potentially in Q1 of next year in terms of cash outflow. And then obviously, that should cease as we've fully migrated through the year-end.

David Alty

Okay, great. And then I think you mentioned that EBITDA at US, you expect mildly positive soon. I'm just wondering from a cash flow basis, when would you expect it to be breakeven, or is that some way off?

Joe Fitzgerald

It rather depends on growth. In our business, because of its nature of we spend money to acquire customers and subscription customers, and there is obviously a payback period on that. We do pay back reasonably quickly and I think we've typically paid back within a two-year time frame on the acquisition of a customer. But obviously, the more and more customers we add – and obviously we would hope to do this – will result in significant future EBITDA, but we'd have a short-term working capital strain.

In some ways, I don't want us ever to get to out of that because having a working capital strain, as long as you're writing contracts with a significant lifetime value is a great problem to have. But, yeah, certainly in the coming years, we expect growth to be so significant that we would still be funding working capital and certainly in the medium term.

David Alty

Okay. All right. Thanks very much.

Matthew Crummack

You bet. Thanks, David.

Operator

Thank you. And we have one more question registered. One moment please, whilst we open the line. And our next question comes from the line of Jean-Yves Guibert from BlueBay Asset Management. Please go ahead. Your line is now open.

Jean-Yves Guibert

Good morning. Thank you very much for the presentation. Sorry, I'm going to go back on the profitability-related questions, and I hear your explanation that one quarter doesn't make a trend. But if you can just focus mostly on UK and EU, as per slide nine, it means that UK and EU adjusted EBITDA has barely grown in Q3, just by £0.2 million in the quarter versus last year. So, excluding any seasonal impacts. So if you can touch on Q3, the somewhat underperformance of UK and EU from a profitability standpoint compared to Q3 last year?

Joe Fitzgerald

In discrete terms, the quarter itself, we wouldn't be happy if that became a trend. But it wasn’t an unplanned quarter, if you like. We knew that we had some items affecting the quarter, one-off spend, etc. that we planned for. We still, like I said, expect to return to our more usual level of quarterly EBITDA progression in Q4.

We don't see this as a trend and actually are quite happy with where our results are. We do invest in future growth, sometimes that carries some short-term costs. We're happy to take that cost because we know that we tend to invest in things with high return on investment. We are carefully managing our financial position, we can guide towards the end of the year that our EBITDA will be in line with revenue. So obviously that would necessitate some uptick in Q4.

Jean-Yves Guibert

Okay. Because, if I refer to your LTM adjusted EBITDA of £141.5, that implies that based on IFRS 17, your Q4 ’23 EBITDA was at £27 million. So somewhat materially lower than the quarterly trends so far we've seen in 2024. Does that mean that also there were some potential one-off impacts in Q4 ’23 in your EBITDA, which should help you in Q4 ’24? Some uplift in profitability on year and therefore to meet with this full-year guidance?

Joe Fitzgerald

I confess to not following all of that. But again, all I can reiterate is that Q3 on Q3, the EBITDA growth was marginal for the established business, and EBITDA growth didn't follow revenue growth for that quarter. But in terms of the full year, and there obviously are always timing differences between any one year and another between quarters, just when expense items land, etc., etc. So we do have some normal variability between quarters. We're happy with how the whole of the year will look.

Jean-Yves Guibert

Just to understand the seasonal pattern of your business. In Q4 ‘23 on an IFRS 17 basis, your EBITDA was £27 million, based on the £141.5 million LTM you just reported as per slide 12. So is this £27 million, which is materially lower than the recent quarter we've seen in terms of adjusted EBITDA, were there any seasonal impacts in Q4 that might repeat in Q4 ’24? Or was there any one-off item impacting Q4 ’23 with EBITDA of only £27 million?

Joe Fitzgerald

There was nothing particularly material in Q4 last year. I mean, as I’ve said, we do run a slightly seasonal business in terms of claims patterns. And there are items that vary between quarters, if you like, if we spend money on consultancy fees, as a simple example, in a different pattern year on year, that will obviously change the EBITDA pattern. And that depends on what activity is happening in the business quarter to quarter. And we may have a more industrious Q4 in terms of that kind of work. But in general, no, nothing massively distortive.

Matthew Crummack

And it’s worth just adding, I think, that the seasonality that we might think of in terms of weather or patterns, of course, is not stable year on year; that can shift between quarters. You might have a cold December or cold January. They shift around. And so that pattern is not consistent either.

So in theory, across a period of time, let’s say September to April, there might be seasonality movements, but they’re not going to be scheduled in necessarily based on our quarters. So it’s difficult to be precise when you look back and then compare that on a look-forward basis, because it’s difficult to anticipate exactly what that might be.

Joe Fitzgerald

Obviously, given the scale of EBITDA in any one particular quarter, £2 million either way can materially change the growth rate. If you just look on a discrete basis, quarter to quarter, as I've described, a slight change in the seasonal pattern of claims or when an expense item lands can thus change things, as I say, when you look just on a quarter, pretty materially.

So I would encourage you not to do that, therefore. Look more at the year to date and more at our guidance. We're, like I say, happy with the performance of the business. We do make choices from time to time in terms of investments. We plan those, and that's part of our financial plan, which we try and give guidance on here.

Jean-Yves Guibert

Okay. I appreciate it. Thank you very much.

Matthew Crummack

You bet. Have a good day. Thanks. Sarah, anything else on the phone here, Sarah?

Operator

We have one last question registered, and it comes from the line of Brian Barry from Insight Investment. Please go ahead. Your line is open.

Brian Barry

Hi. Can you guys hear me?

Matthew Crummack

Yeah. Morning, Brian.

Joe Fitzgerald

Morning, Brian.

Brian Barry

Hi. Thanks for the presentation. You'll have to forgive me; I missed the first minute or two of the presentation where you covered off the Whirlpool partnership. And I guess I'm kind of curious to know where this partnership was previously, where it's going forward, and kind of putting some numbers around the potential subscription that you might actually deliver through that.

And then, I guess, have you guys, obviously the US is kind of core to the equity story, going forward, have you guys signed any other OEM partners in the US? I'm just trying to get a sense of the scale of the ambition, where you are now and what will be the major milestones going forward?

Matthew Crummack

Hi, Brian. So probably just as a bit of a historical reminder, we entered the market, and sold our first plan, I think, back in September 2021, after we first signed an agreement with Whirlpool. And essentially, we stepped into that relationship and into that market with that one relationship by offering subscription plans on domestic appliances, which hitherto hadn't been available in that market through specific channels, an online channel where you register your appliance or through a telephone channel.

But there are lots of channels that Whirlpool talked to their customers across. We agreed through an initial five-year agreement with them to market through two particular channels, and I think we've covered previously in some of these calls that the feedback we got from customers was good. The basics were there, what we wanted to see, kind of broadly in line, if not better sometimes than what we'd seen in the UK over time. And so we were working hard with Whirlpool to improve that business through those channels.

What this latest move did was, if you like, take it from those two channels and expand it to many more. And so many more touch points where you talk to customers and it might be you talk to customers for the first time about registering a new appliance, or actually, you're talking to them about perhaps covering more appliances that they might have in the kitchen. Maybe they have a Maytag oven, and you talk to them about a Whirlpool washing machine. And that's obviously called cross-selling. And so, you've got multiple channels that we've expanded out and we've reset the clock, and now it's another five years.

So, I think that just probably gives you a little flavour for that sort of relationship overall. Obviously, Whirlpool, as a client in the US market, even relative to the size of the UK market is material. And so, building that business and creating proof points, which we have done, is an enabler for us to continue to expand into other manufacturers, other OEMs.

We don't have anything to say today about other OEMs. I would say we have got no announcements to make with regards to subscriptions with new OEMs. We've got nothing to say about that today. But obviously, when we acquired After Inc., we acquired a business that already had relationships with OEMs and they were providing services to them. And so, we are building relationships through After Inc’s existing book of business, if you like, and therefore building out that business. And After Inc. offer marketing services, data services and so on, and we're building out that side of things.

We don't go into that level of detail obviously in this deck, but we're very excited about the After Inc. acquisition because it actually opened up lots and lots of other doors, Brian. So hopefully that helps you. Whirlpool's gone from one place to another and obviously, that continues to expand. We're excited about that. The After Inc. opened up lots of other doors. Obviously, our plan is to open up more business in that market over time. So we've got nothing specific to announce today, Brian, but hopefully that helps a little bit in context.

Brian Barry

Yeah, it definitely does. I mean, my interpretation would be that obviously you have your existing relationship with the core partner Whirlpool, and After Inc. gives you infrastructure and gives you scale and kind of allows you to build relationships with other OEMs. So I assume the ambition is to kind of just ultimately replicate what you have in the UK and build out that kind of exclusivity with other partners over time. But it'll just take time for that to happen basically.

Matthew Crummack

Yeah. And Joe's been around here a few years longer than I have, Brian, but it's taken a while for us to do it here. But obviously, as we've done that, it's a very, very sustainable and very accretive business. And I think we see all the signs in place in the US for that to be the same over there. There is a temporal aspect to that because you don't flick a switch and it happens. But no, I think I'd agree with your interpretation. Thanks.

Brian Barry

Excellent. Thank you.

Matthew Crummack

Have a good day. Thanks.

Operator

Thank you. And as we do have no more questions registered, I hand back to our speakers for closing comments.

Matthew Crummack

Well, thanks. Some excellent questions. Thanks very much indeed and we'll pick up with you again in a few months. Obviously, there's a bit of a gap between now and the end of year but look forward to speaking to you all then. Thanks very much. Have a good day.

Joe Fitzgerald

Thanks, guys.

Operator

This now concludes our presentation. Thank you all for attending. You may now disconnect your lines.