

NewDay BondCo plc
31 October 2024

NEWDAY BONDCO PLC
(the "**Company**")

ACQUISITION OF ARGOS STORE CARD PORTFOLIO AND
NEW LONG-TERM RELATIONSHIP WITH ARGOS

The Company announces that the NewDay group has reached an agreement with Home Retail Group Card Services Ltd ("AFS") to acquire the existing Argos-branded store card portfolio (the "AFS Portfolio"). The AFS Portfolio comprises approximately two million customers and £800m of receivables.

Closing of the transaction will occur in two stages. NewDay will acquire beneficial title to the AFS portfolio subject to NewDay obtaining appropriate financing and certain antitrust approvals. This is expected to occur in Q1 2025 ("First Closing"). NewDay will acquire legal title to the AFS portfolio and take responsibility for servicing at migration, which is currently expected to occur in Q1 2026.

NewDay has also reached an agreement with Argos Ltd to create a new Argos-branded digital credit proposition. This will, in time, replace the current Argos card credit and store card propositions with a modern and flexible way for Argos customers to manage the cost of their purchases.

The purchase price for the portfolio acquisition is equal to 90% of the face value of the receivables in the AFS Portfolio at First Closing (subject to adjustments to reflect credit balances and accrued but unbilled interest). This is broadly in line with the estimated net value of loan balances and associated provisions at First Closing and is estimated to represent a purchase price of approximately £720 million.

The transaction will accelerate the growth of NewDay's Credit business by adding approximately two million customers and £800m of receivables. The transaction will be financed through a combination of (i) ABS financing in line with NewDay's existing securitisation arrangements, (ii) a vendor loan note of up to £60m and (iii) retained cash. Excluding the requisite IFRS9 provision which will be recognised at First Closing and unwind over time, NewDay anticipates the portfolio being accretive to NewDay's earnings and cash generation from First Closing.

Customers currently holding an Argos-branded credit card or store card do not need to take any action as a result of this announcement. There will be no immediate changes to Argos Financial Services customers' existing terms and conditions.

Simon Roberts, Sainsbury's CEO said:

"As we make progress with the plan for Next Level Sainsbury's, this is a key milestone in building our future model for Financial Services. It's really important we work with partners who share our values and customer focus. NewDay is a complementary fit for us as we strive to give customers at Argos the best value and choice and make it as easy as possible for them to buy the products they need."

John Hourican, NewDay's CEO said:

"We look forward to welcoming AFS' two million customers to NewDay, where they will benefit from our increased digital offering and award-winning customer service, and we are fully focused on ensuring a smooth transition for these customers. This is a great opportunity to forge a partnership with one of the UK's leading retailers as well as accelerate the growth of our Credit business, in line with our strategic objectives."

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