

31 October 2024

J SAINSBURY PLC

SALE OF ARGOS FINANCIAL SERVICES CARDS PORTFOLIO AND PARTNERSHIP TO CREATE NEW DIGITAL CREDIT PROPOSITION

J Sainsbury PLC ("Sainsbury's") is pleased to announce the sale of the Argos Financial Services ("AFS") cards portfolio to NewDay Group. The AFS cards support around 20 percent of Argos sales and are held by around two million Argos customers who use Argos credit to manage the cost of their purchases.

The purchase price for the portfolio acquisition is expected to be around £720 million, broadly in line with the expected net value of loan balances and associated provisions at the end of Q1 2025 (when completion of the beneficial title transfer is expected to occur).

Sainsbury's is also pleased to announce the creation of a partnership with NewDay to create a new Argos-branded digital credit proposition. This will, in time, replace the current Argos card credit propositions with a wider choice of modern, flexible and more convenient ways for customers to manage the cost of purchases.

This announcement follows the 20 June 2024 announcement of the sale of Sainsbury's Bank's personal loan, credit card and retail deposit portfolios to NatWest Group and the 25 September 2024 announcement of the sale of Sainsbury's Bank's ATM business to NoteMachine. We continue to expect both these transactions to complete in the first half of calendar year 2025.

Coupled with the transaction announced with NewDay today, these are consistent with Sainsbury's continued focus on our core retail business and will allow us to continue to benefit from financial services income streams that have a stronger connection to our retail offer. We expect the combination of commission income from insurance, travel money and ATMs alongside income from the NewDay partnership to deliver sustainable annual income from financial services of at least £40 million to Sainsbury's in the financial year to March 2028.

Consistent with the June 2024 announcement, we continue to expect Sainsbury's Bank to return excess capital of at least £250 million to Sainsbury's and Sainsbury's continues to intend to return this capital to shareholders. We will provide a further update on timings with Preliminary results in April 2025.

AFS customers and Argos Card customers do not need to take any action as a result of this announcement. There will be no immediate changes to 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."

Additional information

The completion of transfer of beneficial title is conditional on completion of financing arrangements and on certain antitrust filings. Prior to completion, customary arrangements will be finalised, including the migration plan for transfer of legal ownership. Legal title to the portfolio is expected to transfer following the completion of a

migration period (expected to be approximately 12 months after transfer of beneficial title).

Sainsbury's will be providing a corporate loan of up to £60 million to NewDay in the form of a transferable vendor loan note with a three year term issued by NewDay Group (Jersey) Ltd, the holding company of NewDay Group Holdings S.à r.l.

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