Financial highlights

Bláthnaid Bergin
Chief Financial Officer



Sainsbury's

Our financial framework

01



Food volume growth

+

SG&A/sales reduction

+

Measured reinvestment in the customer proposition

=

Profit leverage from sales growth

02



Robust profitability

+

Disciplined capital investment

=

Strong sustained cash flows
and
higher return on capital

03



Strong sustained cash flows

+

Focused capital allocation

=

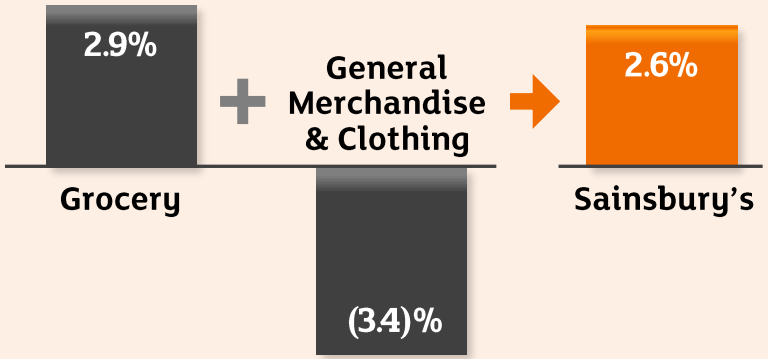
Enhanced shareholder returns

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Total continuing sales growth

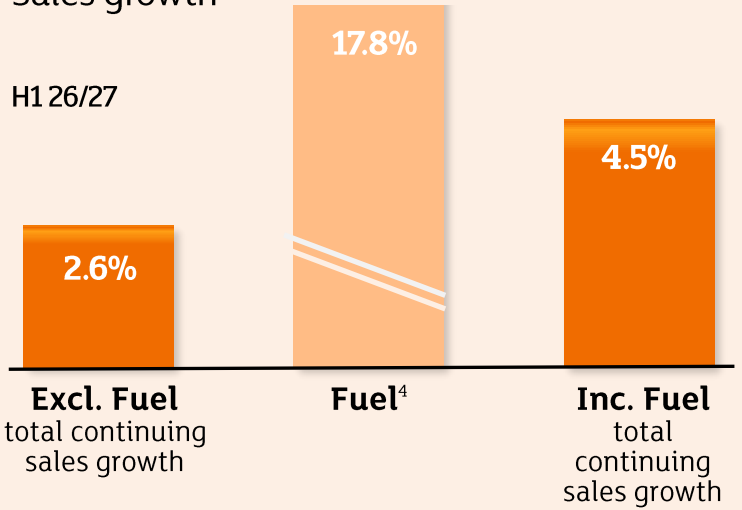
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Sales growth[1,2,3]

H1 26/27



Total Continuing
Sales growth[2,3]

H1 26/27

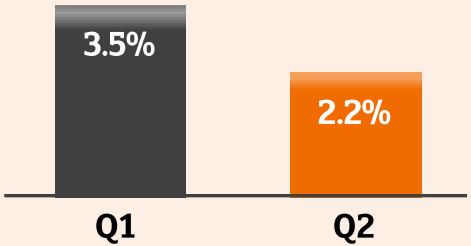


1. Excl. Fuel
2. Comparatives have been restated to reclassify Argos operations as a discontinued operation
3. Total sales in prior periods as previously presented plus commission on Financial Services
4. Fuel sales represent sales of fuel from our Petrol Filling Stations (PFS) and sales from our Ultra Rapid Electric Vehicle charging business, Smart Charge

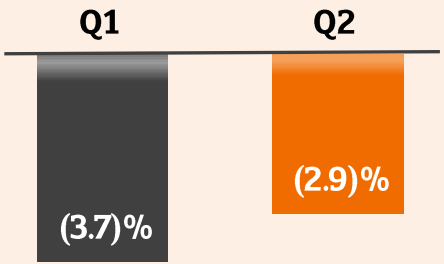
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Total continuing sales growth by quarter

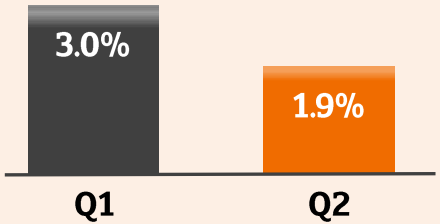
Grocery[1]



General Merchandise and Clothing[1]



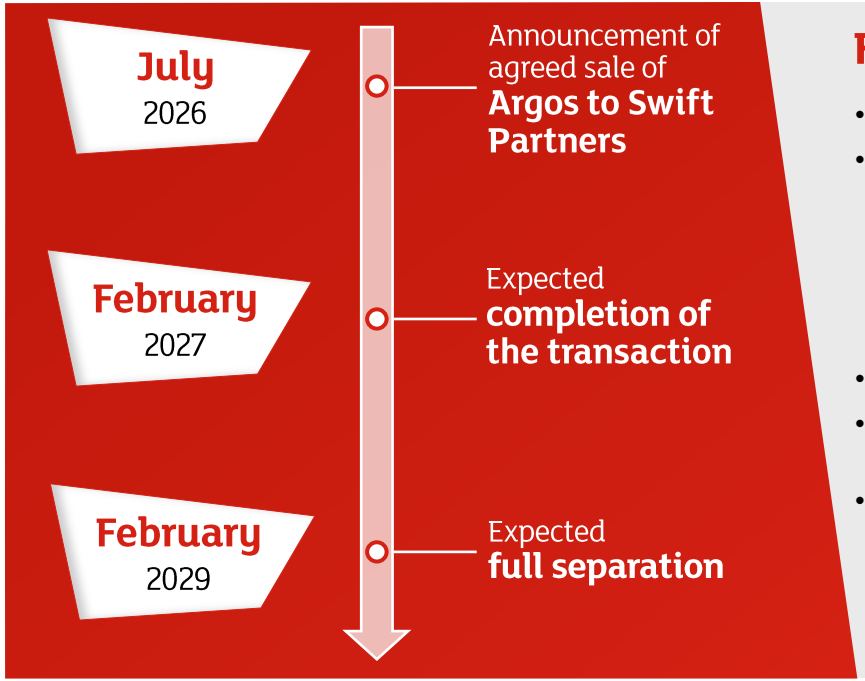
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1. Total sales in prior periods as previously presented plus commission on Financial Services
2. Excl. Fuel

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Agreed sale of Argos to Swift Partners



Financial implications

- Argos now reported within non-underlying discontinued operations
- Cash proceeds of at least £120 million, expected to be offset by separation costs over the three year post completion
  - **At least £70 million to be received upon completion** (expected to be February 2027)
  - **Deferred consideration of £50 million to be received over the following three years**
- Non-cash impairment of around £350 million
- Lease adjusted net debt to reduce by around £250 million, primarily reflecting reduced liabilities
- Neutral impact on underlying operating profit, low single-digit underlying EPS accretion
  - **Income from commercial agreements with Swift Partners and reduced lease interest expenses expected to exceed dis-synergies and lost operating profit contribution from Argos**

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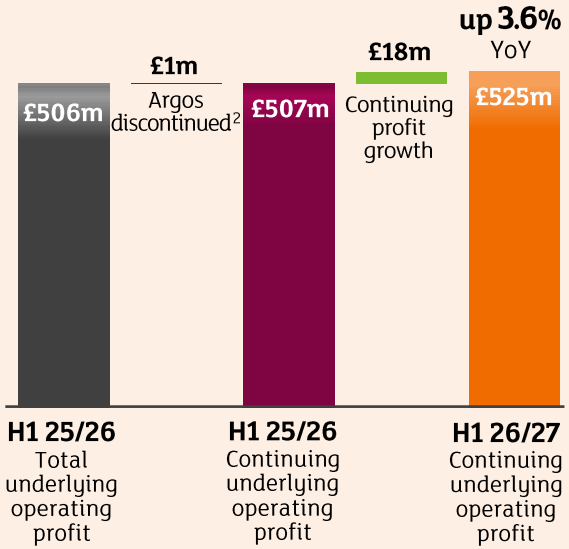
Argos discontinued operations pre-tax results

£m	H1 2026/27	H1 2025/26
Operating loss	(8)	(1)
Loss on disposal:	-	-
- Loss on classification as held for sale	(215)	-
- Separation costs	(102)	-
Restructuring and impairment costs	(37)	(4)
Net finance costs	(7)	(8)
Items excluded from underlying results – discontinuing operations	**(369)**	**(13)**

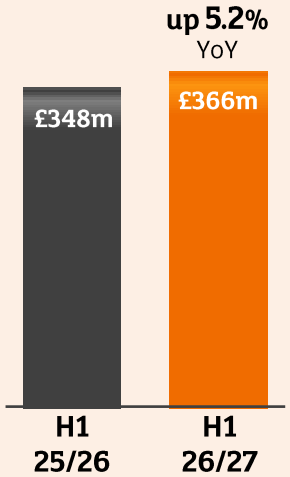
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Continuing operations underlying profit

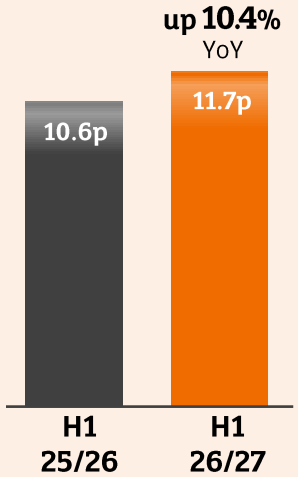
H1 continuing underlying operating profit[1]



UPBT YoY movement[1]



Continuing underlying EPS[1,3]



2026/27 Guidance

- We expect an underlying tax rate of **around 29 per cent**
- We expect underlying net finance costs to be **between £300 and £310 million** in 2026/27
- We expect an underlying depreciation and amortisation charge of **around £1.1 billion**

1. Comparatives have been restated to reclassify Argos operations as a discontinued operation
2. Including perimeter adjustments
3. The comparative period has been restated to reflect the deferred tax impact of an increased proportion of assets qualifying for tax allowances

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Items excluded from continuing underlying pre-tax results

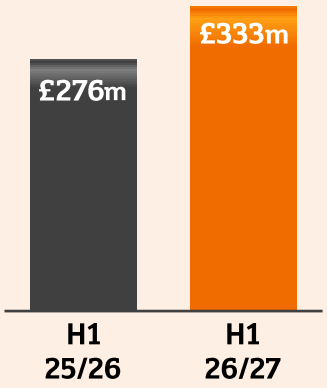
£m	H1 2026/27	H1 2025/26[1]
Retail restructuring programmes	8	(59)
Impairment of non-financial assets	-	(1)
IAS 19 pension income	9	16
Divestment costs	(87)	(2)
Other	10	(18)
Items excluded from underlying results – continuing operations	**(60)**	**(64)**

1. Comparatives have been restated to reclassify Argos operations as a discontinued operation

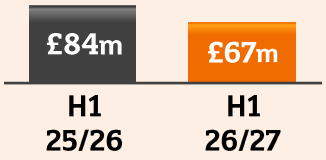
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Cash flow metrics

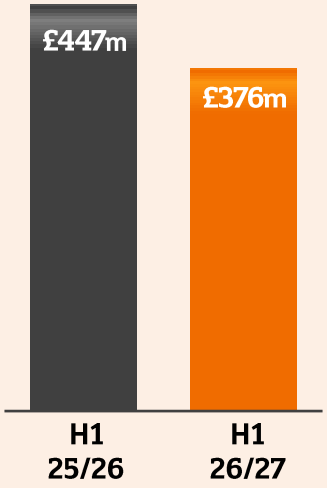
Free Cash Flow[1,2]



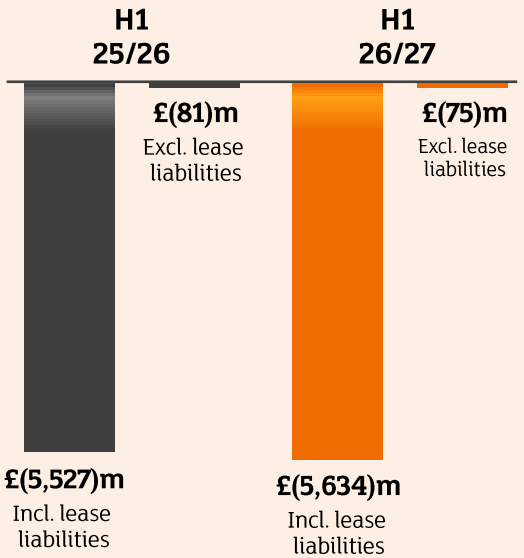
Underlying Working Capital movement[1,2]



Capital expenditure[1]



Net debt[3]



1. Comparatives have been restated to reclassify Argos operations as a discontinued operation
2. Prior period comparatives exclude Financial Services as it is recorded on a Retail basis
3. Net debt 2025/26 as previously reported. From the beginning of 2026/27 net debt has been restated to include Financial Services, following substantive completion of the exit from core banking operations and change in the business model

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Net debt and free cash flow

£m	H1 2026/27	H1 2025/26[1]
Adjusted net cash from operating activities	**931**	**928**
of which working capital movements	*67*	*84*
of which pension cash contributions	*(14)*	*(13)*
Capital expenditure	(376)	(447)
Disposal proceeds, Interest income	19	13
Lease repayments[2]	(241)	(218)
Free cash flow[3]	**333**	**276**
Dividends paid on ordinary shares	(213)	(223)
Share buyback[4]	(200)	(158)
Dividend received from Sainsbury's Bank	-	300
Divestment costs	(41)	(50)
Discontinued operations	(72)	34
Other[5]	(28)	52
Movement in net debt[6]	**(221)**	**231**
Opening Retail net debt as previously reported	(5,743)	
Opening balance adjustment	330	
Opening net debt[6]	**(5,413)**	**(5,758)**
Closing net debt[6]	**(5,634)**	**(5,527)**
of which **Lease liabilities**	**(5,559)**	**(5,446)**
of which **Net debt exc. lease liabilities**[6]	**(75)**	**(81)**

2026/27 Guidance

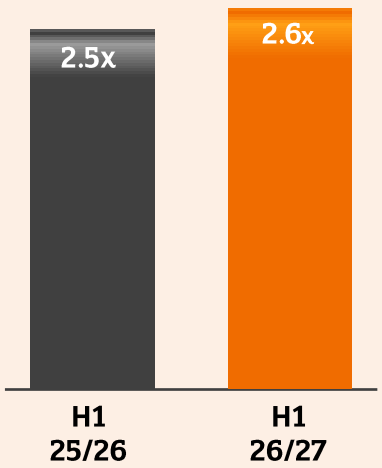
- We expect to deliver more than **£500 million** of free cash flow in 2026/27, in line with our commitment to generate at least £1.6 billion of Retail free cash flow over the three years to 2026/27
- We expect continuing cash capital expenditure of between **£750 million and £800 million** in 2026/27

1. Comparatives have been restated to reclassify Argos operations as a discontinued operation
2. Includes initial direct costs on right-of-use assets
3. Prior period comparatives exclude Financial Services as it is recorded on a Retail basis
4. Includes directly attributable costs on the purchase of own shares for cancellation
5. Includes the net movement in lease liabilities, reflecting non-cash additions and modifications offset by payments made. Also includes cash impact of share purchases (excluding share buyback) and proceeds from issuance of shares
6. Net debt definition excludes derivatives not linked to borrowings. Net debt 2025/26 as previously reported. From the beginning of 2026/27 net debt has been restated to include Financial Services, following substantive completion of the exit from core banking operations and change in the business model

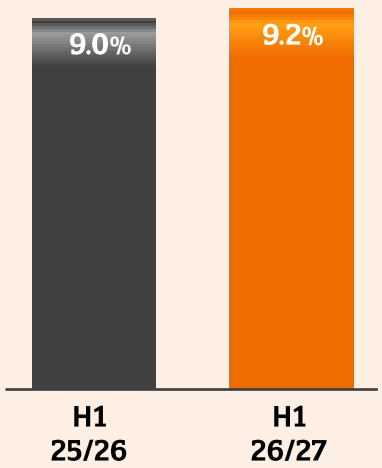
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Balance sheet metrics

Net debt / Underlying EBITDA[1,2]



Return on capital employed[3]



2026/27 Guidance

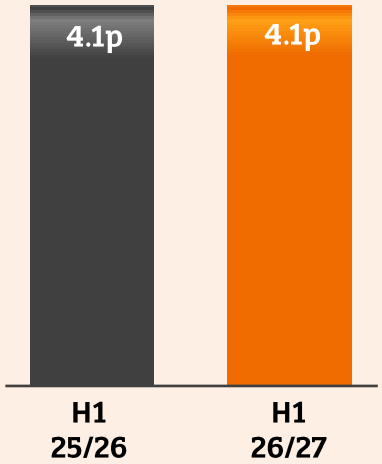
- We continue to target leverage of net debt to EBITDA **of 3.0x to 2.4x**

1. Net debt and underlying EBITDA H1 2025/26 as previously reported. From the beginning of 2026/27 net debt has been restated to include Financial Services, following substantive completion of the exit from core banking operations and change in the business model. Underlying EBITDA for 52 weeks to 12 September 2026 reflects the continuing business
2. 2026/27 net debt including lease liabilities of £5,634 million divided by underlying EBITDA of £2,129 million based on a 52 week rolling basis
3. Comparatives are as originally reported. Return is defined as a 52 week rolling underlying profit before interest and tax. Capital employed is defined as net assets excluding the pension surplus and net debt. The average is calculated on a 14 point basis, on an inclusive of discontinued operations basis

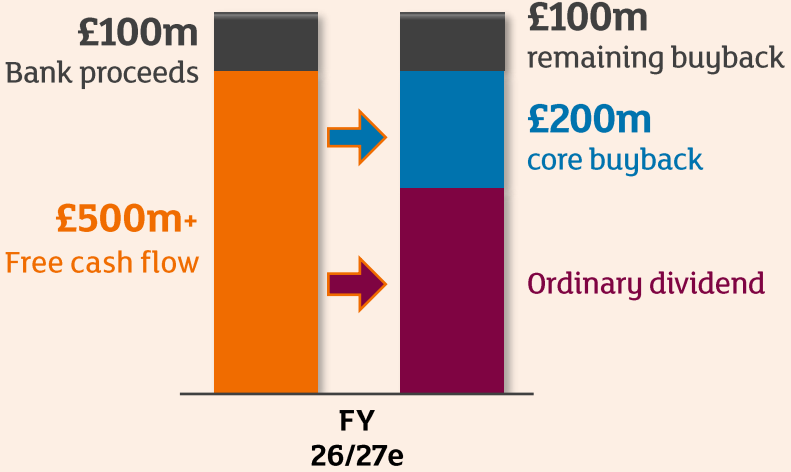
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Shareholder returns

Interim Dividend per Share



Shareholder Returns 26/27



2026/27
Guidance

- We have completed £200 million of the previously announced £300 million share buyback, with the remaining £100 million to be completed in the second half

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Summary

What we've delivered
in H1 26/27

- **Underlying operating profit growth**
  in a more competitive grocery market
- **Free cash flow generation**
  in line with expectations
- **Enhanced cash returns to shareholders**
  £200 million buyback completed in H1
- **Agreed sale of Argos to Swift Partners**

Looking ahead

- Sustaining our strong competitive position
- Underlying operating profit of between **£1,025 million** and **£1,065 million**
- More than **£500 million free cash flow**
- Shareholder returns:
- **£100 million** remaining share buyback in H2