

Financial highlights

Bláthnaid Bergin
Chief Financial Officer



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

+

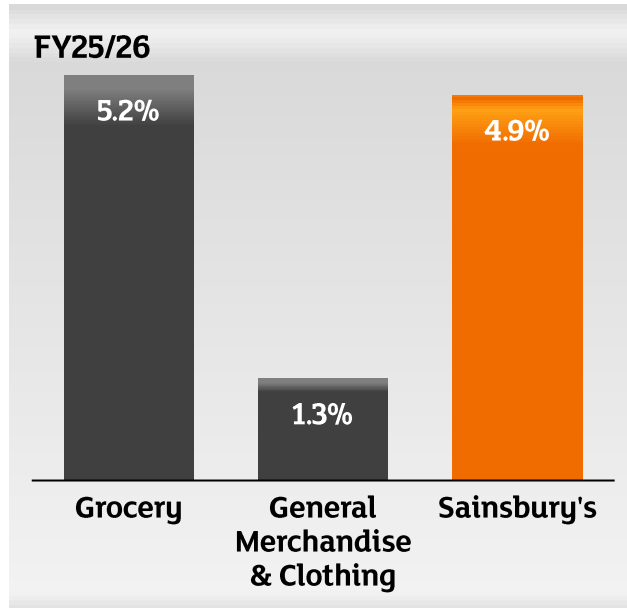
Focused capital allocation

=

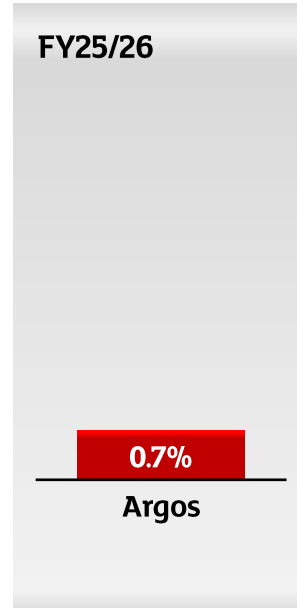
**Enhanced
shareholder returns**

Retail sales growth by category

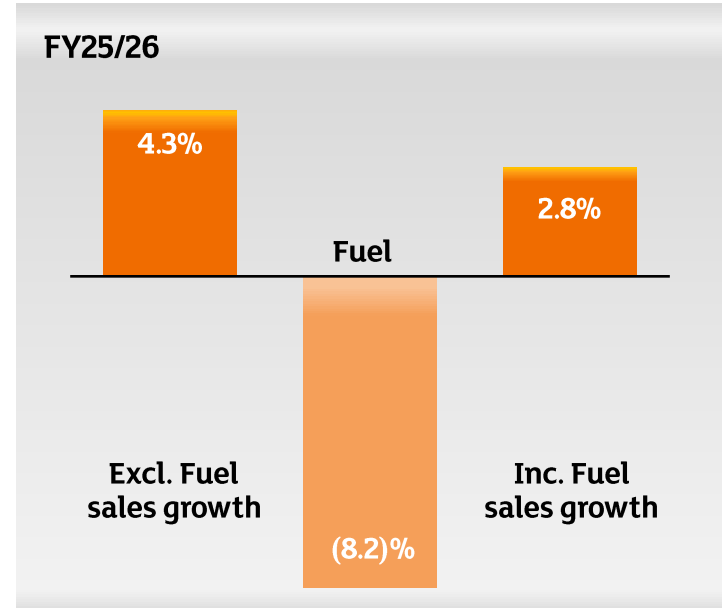
Sainsbury's¹



Argos¹

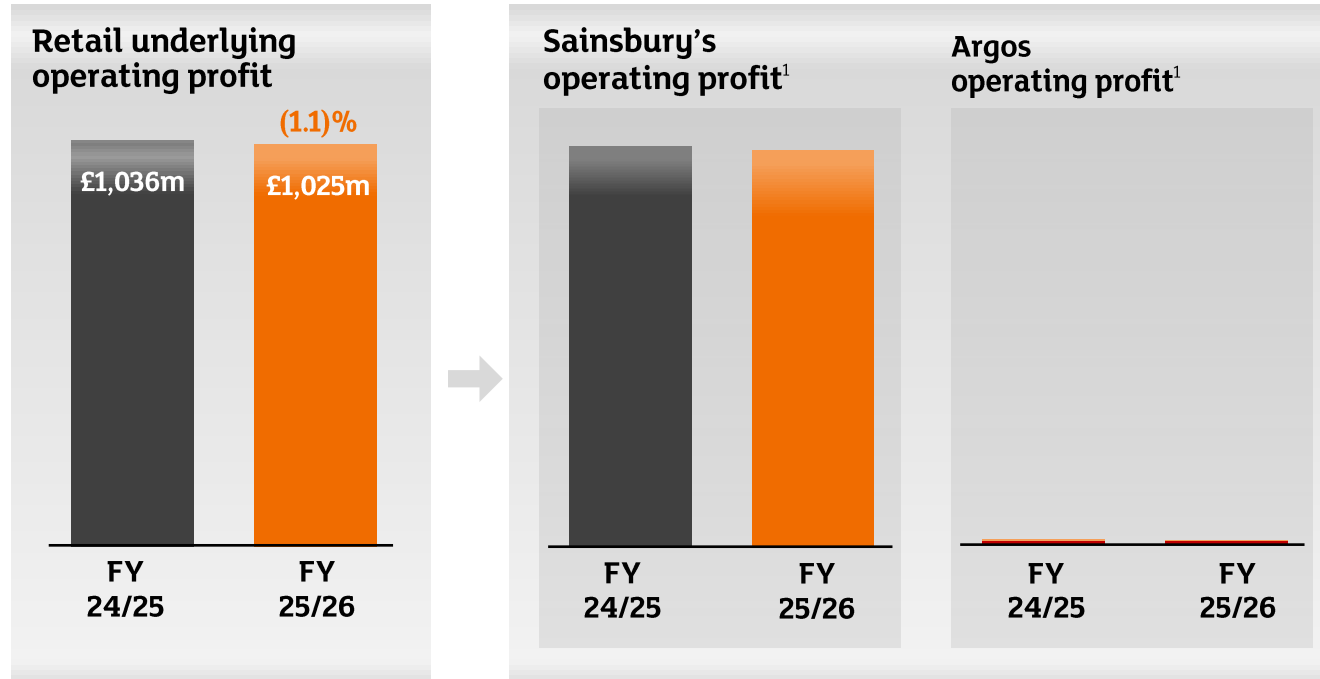


Total Retail sales growth



1. Excl. VAT, excl. Fuel

Retail underlying operating profit



2026/27 Guidance

We expect to deliver Total underlying operating profit of **between £975 million and £1,075 million**

1. Operating profit post-allocation of group costs, pre-allocation of store-in-store concession rent costs to Argos

Argos operating profit


Argos operating profit¹



1. Operating profit post-allocation of group costs, pre-allocation of store-in-store concession rent costs to Argos

Financial Services

Financial Services withdrawal and future strategy

-  Completed the sale of Sainsbury's Bank personal loan, credit card and retail deposit portfolios to NatWest Group in May. All migrations completed
-  NewDay Group acquired beneficial title to Argos Financial Services to create a new Argos-branded digital credit proposition, which went live in February 2026
-  Agreement with Allianz UK on car and home insurance
-  Commission income stream deals with:
 - NoteMachine for ATM managed services
 - Fexco Group for Travel Money
-  New partnership with NatWest announced in April 2026, providing loans, savings products and a new NatWest Nectar credit card

Financial Services ¹	2025/26	2024/25
Underlying revenue	£96m	£142m
Underlying operating profit / (loss)	£0m	£(22)m

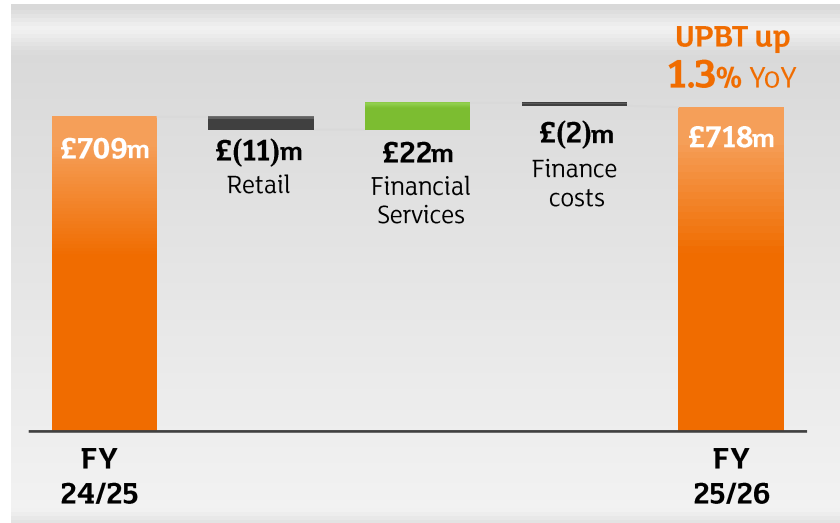
Guidance

- Following completion of the exit from core banking, Financial Services will no longer be reported as a separate operating segment
- Ongoing Financial Services contribution will be generated from Argos Care, commission income from Insurance, Travel Money, ATMs, and white label banking products, alongside income from the NewDay Argos Pay partnership

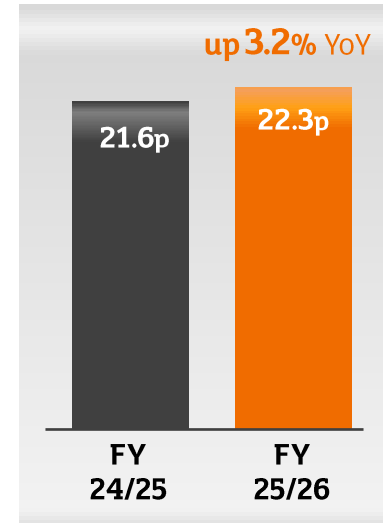
1. Prior year restatement: Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results. In July 2025, we agreed the sale of the Travel Money business to Fexco Group, with the sale completing in January 2026. The Travel Money business is presented as a discontinued operation in both the current and comparative periods.

Underlying profit before tax

UPBT YoY movement¹



Earnings per Share^{1,2,3}



2026/27 Guidance

We expect an underlying tax rate of **around 29 per cent**.

We expect underlying net finance costs to be **around £320 million** in 2026/27.

1. Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results. In July 2025, we agreed the sale of the Travel Money business to Fexco Group, with the sale completing in January 2026. The Travel Money business is presented as a discontinued operation in both the current and comparative periods.

2. Underlying basic eps

3. The comparative period has been restated to reflect the deferred tax impact of an increased proportion of assets qualifying for tax allowances.

Items excluded from underlying pre-tax results

£m	FY 2025/26	FY 2024/25
Financial Services phased withdrawal	(8)	(16)
Retail restructuring programmes	(74)	(128)
IAS 19 pension income	33	28
Other	(50)	14
Items excluded from underlying results - continuing operations	(99)	(102)
Financial Services gain/(loss) on disposal ¹	12	(141)
Financial Services phased withdrawal ^{2,3}	(41)	(82)
Items excluded from underlying – discontinued operations	(29)	(223)
Total items excluded from underlying results	(128)	(325)

2026/27 Guidance

We expect to incur non-underlying cash costs relating to Retail restructuring programmes of **around £50 million** in 2026/27.

We expect to incur total non-underlying cash costs relating to our Next Level Sainsbury's strategy implementation of **around £150 million** over the three year programme.

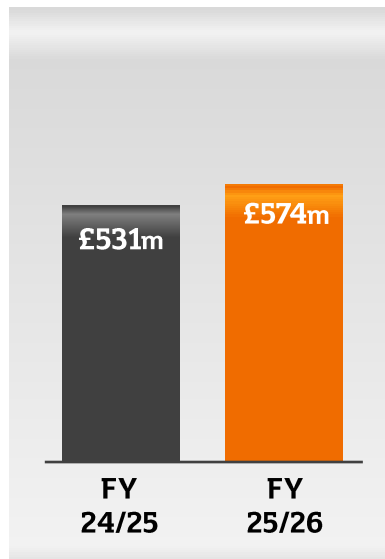
1. A pre-tax gain on disposal of £12m (2024/25 pre-tax loss on disposal of £141m) was recognised in relation to Financial Services

2. Discontinued financial services phased withdrawal includes pre-tax operating loss of £16 million (2024/25: £52 million operating profit) and restructuring costs and impairment of £25 million (2024/25: £134 million)

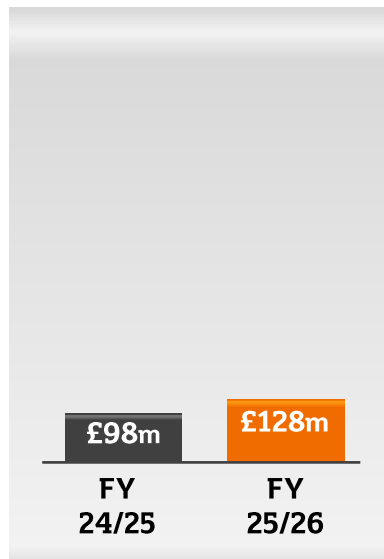
3. Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results. In July 2025, we agreed the sale of the Travel Money business to Fexco Group, with the sale completing in January 2026. The Travel Money business is presented as a discontinued operation in both the current and comparative periods.

Cash flow metrics

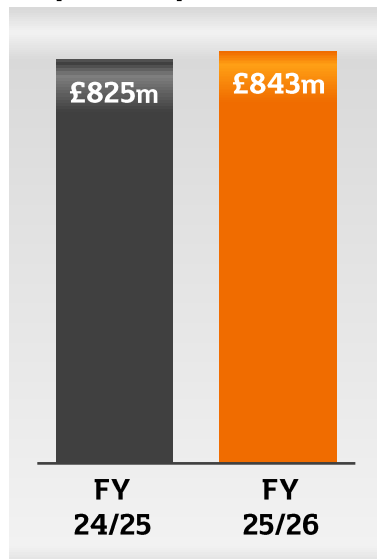
Retail Free Cash Flow



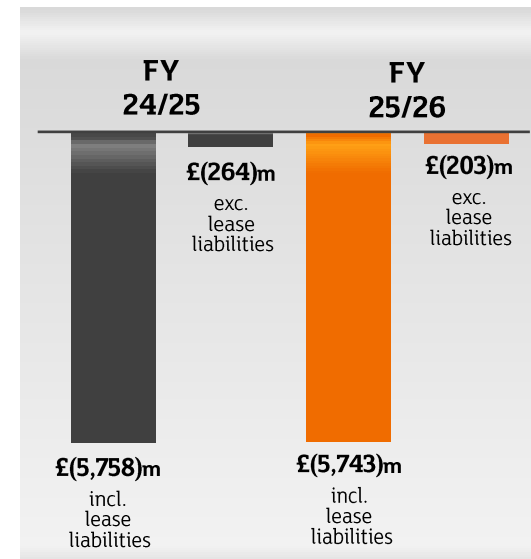
Working Capital movement



Capital expenditure



Net debt¹



1. Net debt is defined as Retail net debt

Net debt and Retail free cash flow

£m	FY 2025/26	FY 2024/25
Net cash from operating activities	1,865	1,805
<i>of which working capital movements</i>	128	98
<i>of which pension cash contributions</i>	(27)	(45)
Capital expenditure	(843)	(825)
Disposal proceeds, Interest income	64	72
Lease repayments ¹	(512)	(521)
Retail free cash flow	574	531
Dividends paid on ordinary shares	(316)	(308)
Share buyback ²	(251)	(200)
Special dividend paid	(250)	-
Proceeds from Financial Services phased withdrawal	400	-
Financial Services Strategic Review	(59)	(52)
Other ³	(83)	(175)
Movement in net debt	15	(204)
Opening net debt⁴	(5,758)	(5,554)
Closing net debt⁴	(5,743)	(5,758)
<i>of which Lease liabilities</i>	<i>(5,540)</i>	<i>(5,494)</i>
<i>of which Net debt exc. lease liabilities⁴</i>	<i>(203)</i>	<i>(264)</i>

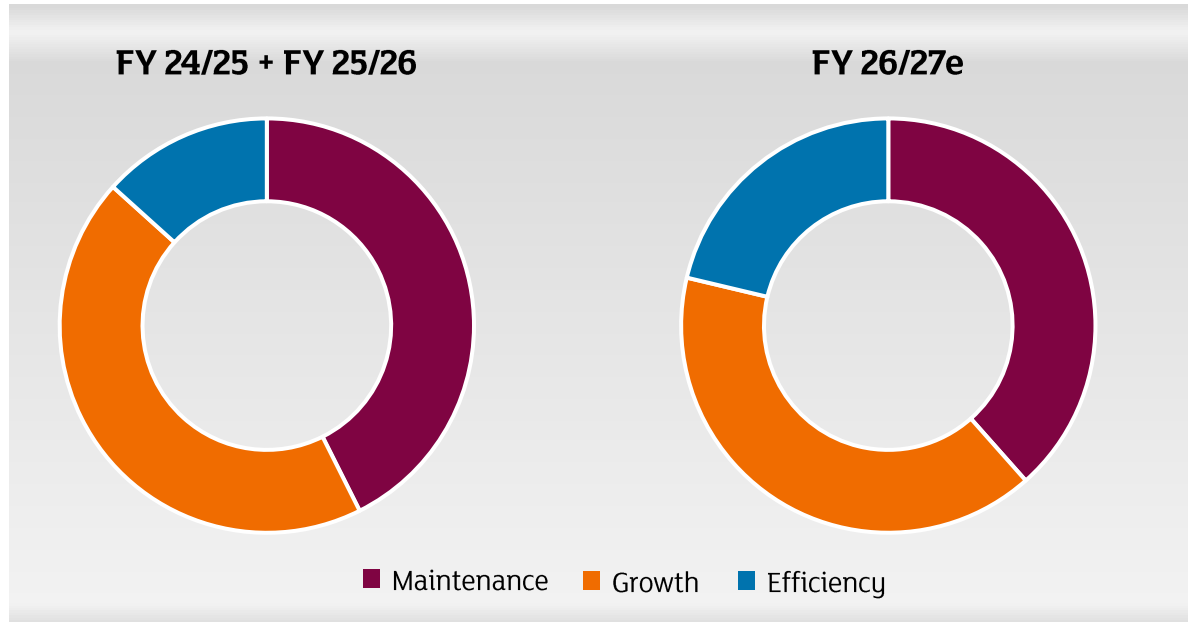
2026/27 Guidance

We expect to generate more than **£500 million** of retail 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.

The latest triennial valuation was completed in March 2026. We expect total defined benefit pension scheme cash contributions to be **around £27 million** in 2026/27.

1. Includes initial direct costs on right-of-use assets
2. Includes directly attributable costs on the purchase of own shares for cancellation
3. 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. In FY25 one-off impacts on the lease liability resulting from the new head office and store acquisitions from Homebase and Co-Op were disclosed separately but have been combined in the comparatives.
4. Net debt definition excludes derivatives not linked to borrowings. Net debt is defined as Retail net debt.

Capital expenditure

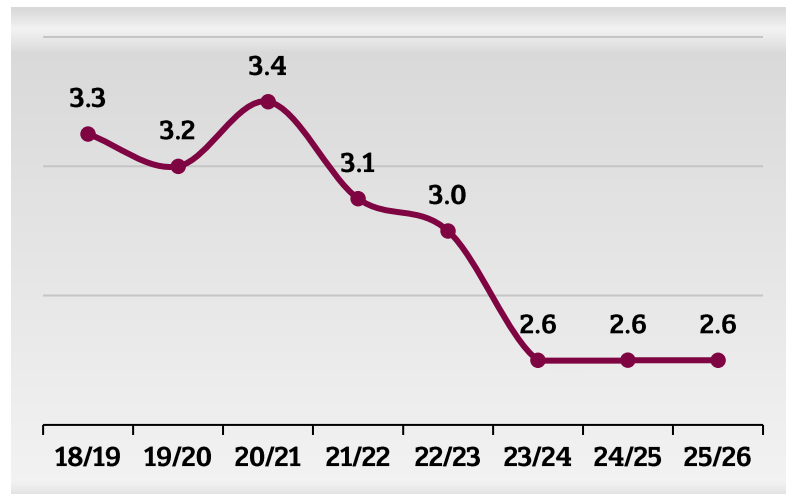


2026/27 Guidance

We expect core retail cash capital expenditure in 2026/27 to be between **£800 million and £850 million.**

Balance sheet metrics

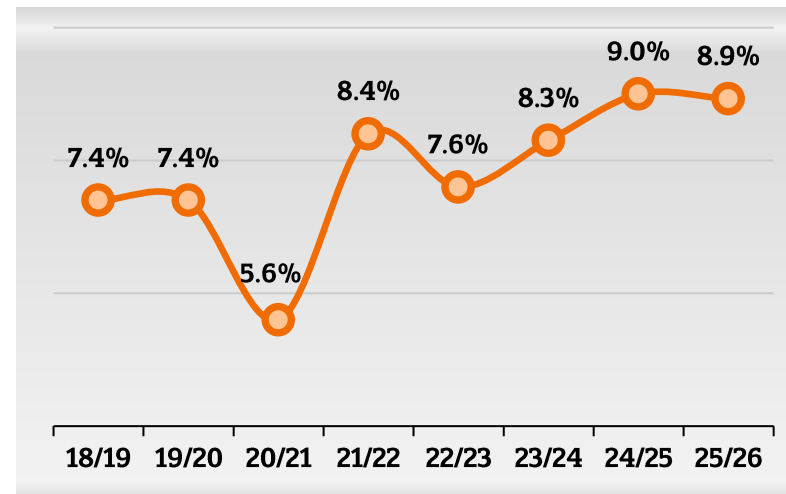
Net debt / EBITDA¹



Guidance

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

Return on capital employed²

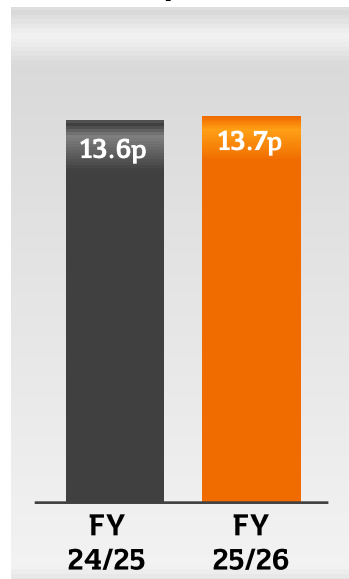


FY 25-27 commitment:
Higher return on capital employed

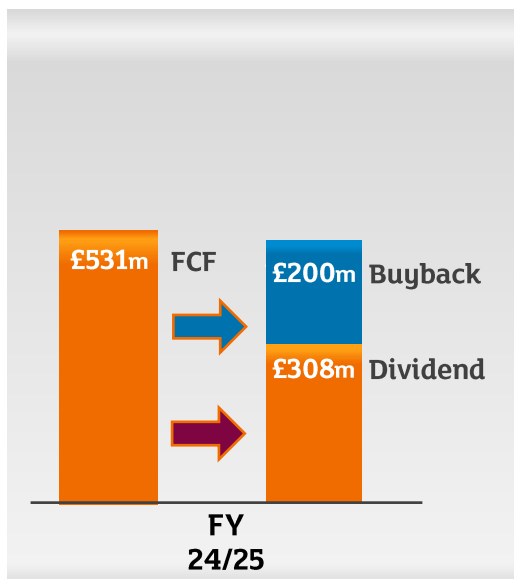
1. 2025/26 net debt including leases of £5,743 million divided by Group underlying EBITDA of £2,211 million based on a 52 week rolling basis. Net debt is defined as Retail Net Debt.
2. Return is defined as a 52 week rolling underlying profit before interest and tax. Capital employed is defined as group 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

Shareholder returns

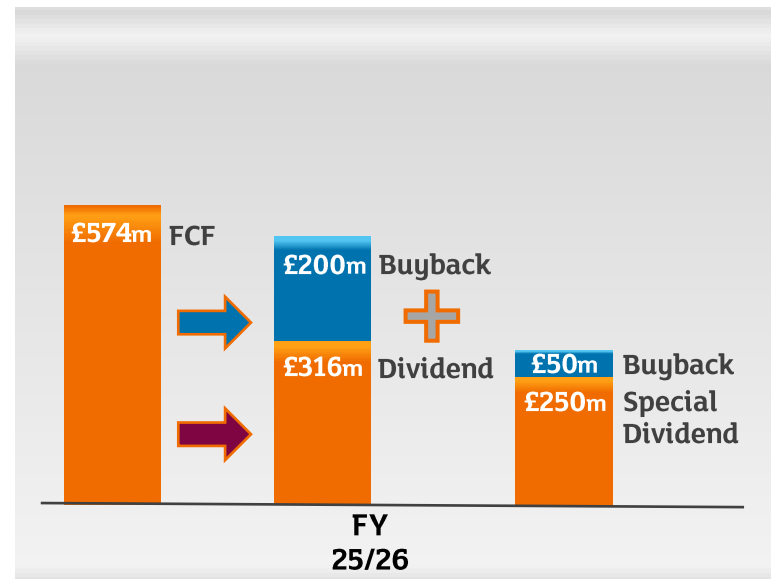
Dividend per Share



Shareholder Returns 24/25



Shareholder Returns 25/26



2026/27 Guidance

- £200m will be returned to shareholders via a core buyback
- We will also return an additional £100m of bank proceeds in 2026/27, alongside the £300m returned in 2025/26, amounting to a total of £400m of net bank proceeds returned to shareholders

Summary

What we've delivered in FY 25/26

- Grocery volume growth / continued market outperformance
- Strong free cash flow generation
- Completion of the disposal of our banking operations
- Enhanced cash returns to shareholders

Looking ahead

- Total operating profit of between £975 million and £1,075 million
- Sustaining our strong competitive position
- More than £500 million retail free cash flow
- Shareholder returns:
 - £200m core buyback
 - £100m additional share buyback from the bank disposal