

Registered Number 01081551

Argos Limited
Annual Report and Financial Statements

For the 52 weeks ended
1 March 2025

Argos Limited
Strategic report
for the 52 weeks ended 1 March 2025

Principal activities

Argos Limited (the “Company”) is a retailer of general merchandise products for the home, which are available on its website www.argos.co.uk. Customers can purchase products through its network of stores and online, with the option of picking them up from a store or having them delivered to their home. The Company is one of the main operating companies within the J Sainsbury plc group (the “Group”).

A full review of the business, strategy and the business model can be found in the 2025 Annual Report and Financial Statements of J Sainsbury plc (the “Group Annual Report”), the ultimate parent undertaking, on the following website: www.about.sainsburys.co.uk/investors/results-reports-and-presentations/results-reports-and-presentations.

Review of the business and future developments

The Company sells general merchandise and products for the home and is recognised for choice, value and convenience. The Company is a multi-channel retailer in that it offers its customers a number of convenient ways in which they can purchase their products. The Company is taking advantage of developments in technology that have brought about a fundamental and permanent shift in the way its customers shop. The successful internet and mobile channels help make the Company a market leader in multi-channel retailing. This is supported with a national network of 664 stores, including 461 stores in Sainsbury’s, and a total of 1,107 points of presence, which provide customers with local pick-up points, giving the Company both digital leadership and local presence. This allows us to maintain competition with the pure-play internet competitors. The results and dividends are discussed on page 8.

Revenue for the company decreased by 2% to £4,134.2 million (2024: £4,225.4 million), which was driven by a subdued and highly competitive general merchandise market. In the first half of the financial year, a significant reduction in online traffic and cooler and wetter summer weather meant Argos sales were behind expectations. Whilst remaining highly promotionally driven, sales strengthened in the second half as the online traffic trend improved and Argos returned to year-on-year growth in the fourth quarter. The company generated underlying loss before tax of £73.2 million (2024: loss of £13.5 million). This was driven by lower general merchandise margins, reflecting higher promotional sales participation in tough trading conditions and the impact of margins of lower sales in higher margin seasonal categories. Loss before tax of the Company is £223.2 million (2024: profit of £37.3 million) and loss after tax for the year is £197.4 million (2024: profit of £29.0 million).

Net assets of the Company were £265.1 million (2024: £453.7 million). The decrease was predominantly as a result of the loss incurred in the year.

Following this slow start to the financial year and within a General Merchandise market that remains highly competitive, our focus is on encouraging customers to shop with us more often and with bigger baskets. To this end, we are driving change in our digital and commercial proposition, and we have made some good progress strengthening the Argos offer. We have also continued to reduce the complexity of the Argos operating model, whilst still providing market-leading convenience for customers.

Section 172 Statement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 1 March 2025. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company is a wholly-owned subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the Group’s governance. During the year, the Directors continued to focus on engagement with the Company’s stakeholders, most notably the Group, customers, colleagues and suppliers. It is the day-to-day responsibility of individual Directors to engage with stakeholders relevant to their roles in the Group.

Further details on how the Group engaged with its stakeholders, can be found on pages 24 to 30 of the Group Annual Report

Argos Limited
Strategic report (continued)
for the 52 weeks ended 1 March 2025

Wates Corporate Governance Principles

The Company's governance and business decisions are integrated with the Group. For the year ended 1 March 2025, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles"). The Company's ultimate parent company, J Sainsbury plc, has complied in full with the Principles and Provisions of the UK Corporate Governance Code 2018.

Set out below is how we have applied the Principles over the past year.

Principle 1 - Purpose and leadership

The Company has adopted the Group's purpose and values which have been embedded throughout the business of the Group and Company. Details of the strategic priorities and the Group's progress against them can be found on pages 10 to 19 of the Group Annual Report. Feedback from stakeholders was taken into account when determining the Group's strategic priorities, details of which can be found on pages 25 to 30 of the Group Annual Report.

Principle 2 - Board composition

The day-to-day management and governance of the Argos business is integrated within the Group governance structure. The Board currently consists of three directors who are also members of the Group Operating Board.

The Group Operating Board concentrates on the day-to-day management of the Group, including the business of the Company, and the execution of strategy set out by the Board of J Sainsbury plc. It also oversees the business of the Company, providing constructive challenge and ensure efficient decision-making. The Company's Board size, structure and succession planning is constantly reviewed to ensure it aligns with the Group's needs and the needs of our stakeholders.

Diversity and inclusion

Our vision is to be the most trusted retailer, where people love to work and shop. That means harnessing talent, creativity and diversity of colleagues in an environment where everyone can thrive. We are committed to being a truly inclusive employer where all our colleagues are treated fairly and with respect and are encouraged to develop their skills and fulfil their potential.

The Group's CEO and the Operating Board provide clear and committed leadership and accountability of our inclusion agenda, with members of the Operating Board acting as sponsors across wellbeing, diversity and inclusion, and our Colleague Networks. The governance of diversity, equity and inclusion is a regular part of the Operating Board agenda to ensure ongoing progress and focus.

Principle 3 - Director Responsibilities

The current Directors of the Company are Bláthnaid Bergin, Graham Biggart and Mark Given. Their responsibilities are detailed in their biographies on our website <https://about.sainsburys.co.uk/about-us/our-management#operating-board>.

To support its work the Group Board relies upon certain Group Committees, each of which has approved Terms of Reference setting out its areas of responsibility. The Committees include the Group Operating Board, Business Performance Review, Group Data Governance Committee, Group Safety Committee, Plan for Better Steering Committee and the Customer, Commercial and Channels Forum. For more information about these Group Committees, see page 77 of the Group Annual Report.

Principle 4 - Opportunity and Risk

Details of the Group's business model can be found on pages 2 and 3 of the Group Annual Report. The risk management process is embedded through the Group and is supported by the bottom-up risk process within divisions and governance forums. For more information on the Group's Principal Risks and Uncertainties, see pages 54 to 62 of the Group Annual Report.

The internal controls framework encompasses controls relating to financial reporting, operations, compliance, and risk management. More information can be found on page 103 of the Group Annual Report.

Argos Limited
Strategic report (continued)
for the 52 weeks ended 1 March 2025

Principle 5 - Remuneration

Pay and benefits for colleagues across the business is integrated within the Group's remuneration structure. The Group's objective is to have a fair, equitable and competitive total reward package that encourages colleagues to serve and help every customer, drives profitable sales and provides opportunities for colleagues to share in Sainsbury's success.

The Group Board determines the pay and benefits for colleagues across the business and the Group Remuneration Committee is responsible for:

- Determining and agreeing with the Group Board a transparent Remuneration Policy which supports the Company's strategy and promotes long-term sustainable success
- Setting the Group Remuneration Policy and individual remuneration arrangements for the Chair, Executive Directors and Operating Board Directors
- Reviewing and noting remuneration trends and reward policies applying to all colleagues, considering alignment to culture and taking these into account when determining executive pay
- Approving the service agreements of each Executive Director, including termination arrangements
- Considering the achievement of the performance conditions under annual and long-term incentive arrangements

For more information on the work of the Group Remuneration Committee during the year, see pages 104 to 121 of the Group Annual Report.

Principle 6 - Stakeholders

The Group Board has always deeply engaged with the Group's purpose, vision, values and goals recognising that they underpin everything we do as a business and help us strengthen relationships with our key stakeholders. It is the day-to-day responsibility of individual Directors to engage directly with stakeholders relevant to their roles and to provide this feedback to the Group and Company Boards at each meeting.

The disclosure below provides further detail on how the Board has engaged with stakeholders.

Who are our stakeholders?	How do we engage with them?
The Group	Through the Group Operating Board and other Group Committees detailed in the Group Annual Report on page 77.
Customers Within Argos, we have 19.5 million active customers, and the website is the third most visited online retailer in the UK.	The Company's customer engagement activities are integrated within the Group activities. These include: <ul style="list-style-type: none"> • 2.9 million responses this year across all of our Sainsbury's and Argos customer feedback programmes. • Nectar data, which helps us understand how customers are shopping. • Store working and store visits. • Qualitative customer focus groups and quantitative surveys. • Social media listening. • Brand tracking, which assesses the performance and perception of our different brands. • I Care, a satisfaction survey which helps us understand the overall shopping experience for our customers.

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Strategic report (continued)
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Who are our stakeholders?	How do we engage with them?
<p>Colleagues Our colleagues include everyone who is employed by the business.</p>	<p>The Company’s colleague engagement activities are integrated within the Group activities. These include:</p> <ul style="list-style-type: none"> • Regular Non-Executive Director, Chief Executive and Operating Board meetings with our workforce advisory panel, the National Make It Better Together group, to directly understand the views of colleagues from across the business via their elected peers. • Operating Board Director listening sessions to provide an opportunity to hear directly from colleagues across the business. • Continual two-way communication through internal channels, including monthly live presentations, question and answer sessions and internal social media discussions with the Operating Board. • Honest, confidential colleague feedback on what it is like to work for the business through our annual We’re Listening colleague engagement survey, and regular pulse surveys. • Colleague feedback through topic-specific ‘temperature’ check surveys throughout the year, helping us to understand colleagues’ views and sentiments. • Regular updates provided to the Board and its Committees on culture, engagement, diversity, equity and inclusion, colleague pay and benefits and talent and succession.
<p>Suppliers Our GFR suppliers are fundamental to the quality and variety of products we sell and enable us to meet the high standards that we set ourselves.</p> <p>Our GNFR suppliers provide operational excellence and access to new technology and innovation that ensures we keep pace with the evolving and changing needs of our business.</p>	<p>The Company’s supplier engagement activities are integrated within the Group’s activities. These include:</p> <ul style="list-style-type: none"> • Supplier events to bring suppliers and senior decision-makers together and share progress. • Consistent communication and updates with our supply base through online supplier portals. • Taking part in annual, independent surveys which benchmarked us against other retailers and highlighted areas for improvement; these included the Supplier Advantage survey and the Groceries Supply Code of Practice supplier survey. • Clear requirements for suppliers through supplier sourcing manuals, including our Plan for Better requirements. <p>Publishing our Modern Slavery Statement to ensure suppliers understand the importance of preventing Modern Slavery and human trafficking to our business.</p>
<p>Communities As a responsible retailer, we want to support the communities that we serve in the UK and internationally.</p>	<p>The Company’s community activities are integrated within the Group’s activities. These include:</p> <ul style="list-style-type: none"> • Advocating for the extension of the Government’s Holiday Activities and Food (HAF) programme alongside Comic Relief and Feeding Britain. • Rallying customers and colleagues behind our efforts through fundraising and awareness campaigns. <p>Community champions in our stores and store support centres, who amplify our impact to ensure it is relevant to the communities we serve.</p>

Further details on how the Group engaged with its stakeholders, can be found in the Group Annual Report on pages 25-30.

Argos Limited
Strategic report (continued)
for the 52 weeks ended 1 March 2025

As per Section 54(1) of the Modern Slavery Act 2015, the Company's Slavery and Human Trafficking Statement is published annually on our Group website. The statement covers the activities of the Group and details the steps taken during the year ended 1 March 2025 to prevent modern slavery and human trafficking in our own operations and supply chains.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 54 to 62 of the Group Annual Report, which does not form part of this report.

Financial Risk Management

The Group operates a centralized treasury function which is responsible for managing the market risk (foreign exchange and interest rate risk), credit risk and liquidity risks associated with the Group's activities. These activities include those of the Company. The Group operates a structured risk management process which identifies, evaluated and prioritises risks and uncertainties.

The principal financial risks faced by the Company relate to liquidity risk, credit risk and market risk (foreign currency risk, interest rate risk and commodity risk).

The Group's treasury function seeks to reduce exposures to foreign exchange, interest rate and other financial risks, and to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Policies and procedures are subject to review and approval by the Group's Board of Directors as well as subject to internal audit review.

Market risk

The Company uses forward contracts to hedge foreign exchange and commodity exposures. The use of financial derivatives is governed by Board approved policies which prohibit the use of derivative financial instruments for speculative purposes.

a) Foreign currency risk

Currency risk is the risk of increased costs arising from unexpected movements in exchange rates impacting the Company's foreign currency denominated supply contracts. The Company is subject to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro.

The Company seeks to limit the impact of fluctuating exchange rates on the income statement by requiring highly probable foreign currency cash flows to be hedged. Highly probable future cash flows, which may be either contracted or un-contracted are hedged on a layered basis using foreign currency forward contracts and the Group's treasury function is responsible for managing the net position in each foreign currency.

b) Interest rate and credit risk

The Company's cash and borrowing requirements are managed centrally by the Group treasury function in order to manage the net interest income/expense for the Group as a whole. As a result, the Group's interest rate risk arises from the variance in market rate when deposits are made. The principal objective of the Group's interest rate risk management is to manage the trade-off between obtaining the most beneficial effective rates of interest whilst minimising the impact of Interest rate volatility on profits before tax.

The Company monitors its group receivable balances on an ongoing basis with any provision for impairments made as required.

The Company's treasury transactions are managed centrally by the Group treasury function. The Group's exposure to credit risk with regard to treasury transactions is managed by dealing only with major banks and financial institutions. Dealing activity is closely controlled and counterparty positions are monitored on a regular basis. Foreign exchange counterparty limits are set for each organisation on a scale based on credit rating and maturity period.

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Strategic report (continued)
for the 52 weeks ended 1 March 2025

Financial Risk Management (continued)

Further details of the Group cash management policy are set out in note 3.17 on page 152 of the Group Annual Report.

c) **Commodity risk**

Commodity risk is the risk of increased costs arising from unexpected movements in commodity prices impacting the Company's own use consumption of electricity, gas and diesel. The Company uses financial derivatives to hedge diesel exposures on a layered basis using contracts for difference.

Liquidity risk

Liquidity risk is the risk that the Company could be unable to meet its financial obligations as they fall due and is managed centrally by the Group Treasury function.

The principal operational cash flow of the Group is largely stable and predictable reflecting the low business risk profile of the food retail sector and the cyclical profile of the non-food retail sector. Cash flow forecasts are produced to assist management in identifying future liquidity requirements. The Group's liquidity policy sets a minimum funding headroom of £500 million in excess of forecast funding requirements over a rolling 12-month time horizon. The Group manages its liquidity risk by maintaining a core of long-dated borrowings, pre-funding future cash flow commitments and holding contingent committed credit facilities.

The Group has £1 billion unsecured committed facility in the form of a Revolving Credit Facility split into two Facilities, a £500 million Facility (A) and a £500 million Facility (B). Facility A with a maturity of December 2029 and Facility B with a maturity of December 2028. As at 1 March 2025, the Revolving Credit Facility was undrawn.

In January 2025 the Group issued £550 million of Investment Grade Corporate Bonds. The Bonds were split into two tranches, a £250 million tranche maturing in June 2030 and a £300 million tranche maturing in January 2035. The proceeds of the Bonds was used to repay in full the £575 million committed term loan facility.

Key performance indicators (KPIs)

The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 45 to 46 of the Group Annual Report, which does not form part of this report.

Non-financial and sustainability information statement

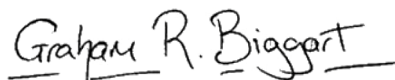
The Directors consider that the climate-related risks and opportunities of the Company, including how they are identified, assessed and managed, are integrated with those of J Sainsbury plc. The principal climate-related risks and opportunities for the Company are included in the Group's scenario analysis and are monitored by the Directors. The climate-related risks and opportunities of the Group, and its arrangements for managing them (including the related time periods and potential impacts on the Group's business model and strategy), are discussed on pages 31 to 44 of the Group Annual Report, which does not form part of this report.

Argos Limited
Strategic report (continued)
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Task Force on Climate-related Financial Disclosures

The Directors have committed to reduce Greenhouse Gas (GHG) emissions within our own operations to Net Zero by 2035 and reduce our Scope 3 emissions in-line with a 1.5°C trajectory. As signatories of the TCFD, we are committed to providing consistent information to our stakeholders and the Group disclosure can be found on pages 31 to 44 of the Group Annual Report.

By the order of the Board

A handwritten signature in black ink that reads "Graham R. Biggart". The signature is written in a cursive style with a horizontal line underneath the name.

Graham Biggart
Director
8 October 2025

Argos Limited
Directors' report
for the 52 weeks ended 1 March 2025

The Directors present their report and the audited financial statements of Argos Limited (the 'Company') for the 52 weeks ended 1 March 2025. The prior financial year's financial statements were for the 52 weeks ended 2 March 2024.

Registered number

The registered number of the Company is 01081551.

Directors

The Directors that held office during the year and up to the date of approval of the financial statements were as follows:

Bláthnaid Bergin
Graham Biggart
Mark Given

There were no other appointments or resignations in the year.

Secretary

Sainsbury's Corporate Secretary Limited

Dividends

The Directors do not recommend the payment of a final dividend (2024: £nil). The future developments and principal risks and uncertainties are discussed within the Strategic report on page 1.

Directors' indemnities

The Directors are indemnified to the extent permitted by the Articles of Association of the Company in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2024/25, which was renewed for 2025/26. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Directors' liability insurance

During the year and up to the date of approval of the financial statements the Company maintained liability insurance for its directors. The Group also maintains third party indemnification provisions for certain directors, under which the Group has agreed to indemnify those directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies. These indemnities are Qualifying Third Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Group during business hours on any weekday except public holidays.

Employment policies

The Company values the different perspectives, experiences and abilities of all our colleagues. We ensure that those living with a disability or long-term health condition are fully and fairly considered for employment with the Company through well-developed policies for the equal treatment of all. We have a workplace adjustments process in place for our colleagues who find themselves with a disability or long-term health condition; workplace adjustments can be made at any point during a colleague's employment with us. We are committed to providing equal opportunities for all colleagues and applicants through training, development and promotion. Further information on our diversity strategy can be found on pages 20 to 23 and 81 of the Group Annual Report, which does not form part of this report.

Argos Limited
Directors' report (continued)
for the 52 weeks ended 1 March 2025

Ethical policies

The Company takes bribery extremely seriously and is committed to ensuring compliance with laws and regulations. Colleagues are expected to abide by a set of clearly communicated formal policies, such as the Ethical Conduct Policy. Training in support of these policies is provided to colleagues especially in the commercial divisions, firstly during their induction into the Company and thereafter through annual refreshers.

Corporate responsibility and Sustainability

The Company's ultimate parent has developed a wide variety of projects and policies to meet the needs of stakeholders under the heading 'Corporate Responsibility and Sustainability Committee Report'. Further details can be found on pages 16 to 19 of the Group Annual Report, which does not form part of this report.

Political Donations

The Company has made no political donations and incurred no items of political expenditure during the year (2024: £nil).

Financial risk management

This is discussed in the Strategic Report on pages 5 and 6.

Going Concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from its ultimate parent Company, which confirmed their intention and ability to provide financial support to enable the Company to continue to trade for 12 months from the date of approval of these financial statements. Further information is included within note 2 of the financial statements.

The going concern assessment of the Company is linked to the Group's going concern and viability assessment which is included within the Group Annual Report on page 143. The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Disclosure of information to auditors

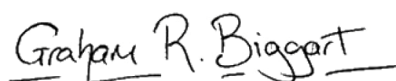
Each of the Directors has confirmed that, so far as they are aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act.

Independent Auditors

In accordance with Section 485 of the Companies Act 2006, the Company passed a resolution on 8 October 2025 to appoint PricewaterhouseCoopers as auditors of the Company with effect from 8 October 2025. The current auditors, Ernst and Young, have confirmed that they will not seek reappointment.

By order of the Board



Graham Biggart
Director
8 October 2025

Argos Limited

Statement of Directors' responsibilities for the 52 weeks ended 1 March 2025

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report and Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website.

Argos Limited
Statement of Directors' responsibilities (continued)
for the 52 weeks ended 1 March 2025

Each of the Directors, whose names are listed in the Directors' Report, confirms that, to the best of their knowledge:

- The financial statements, which have been prepared in accordance with the relevant financial reporting framework give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The Strategic Report contained in the financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the emerging and principal risks and uncertainties that it faces; and
- The financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Blathnaid Bergin

[Blathnaid Bergin \(Oct 8, 2025 10:21:46 GMT+1\)](#)

Bláthnaid Bergin
Director
8 October 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED

Opinion

We have audited the financial statements of Argos Limited for the period ended 1 March 2025 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 24, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 1 March 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included.

How we evaluated management's assessment

- We understood the process undertaken by the directors to assess going concern.
- The Company is reliant on support from its parent, J Sainsbury plc. We have obtained and inspected the letter of support issued by the directors of J Sainsbury plc to the directors of the Company confirming their support for the period of 12 months after the date of issue of these financial statements.
- We have obtained the annual report and accounts of J Sainsbury plc for the 52-week period ended 1 March 2025 and reviewed the latest market announcements, trading updates and management accounts to further corroborate the financial position of J Sainsbury plc.
- We have made inquiries of the EY audit team which audits J Sainsbury plc to assess the ability of J Sainsbury plc to provide financial support to the Company up to 12 months from the date of the approval of the financial statements. The Group audit team have performed the following procedures in relation to management's going concern assessment of J Sainsbury plc:
 - Obtained Group management's assessment prepared in September 2025 supporting their ability to provide the ongoing financial support pledged. This included assessing the adequacy of the going concern assessment up to 12 months from the date of the approval of the financial statements and considering the existence of any significant events or conditions beyond this period.
 - Assessed the completeness of the risks and uncertainties identified by Group management in relation to their going concern assessment. This included considering whether any new information had become available since the April 2025 assessment that may cast doubt on the Group's ability to continue as a going concern.
 - Confirmed the stress testing scenarios, and mitigation actions performed by management were still appropriate.
 - Performed additional audit procedures in respect of the period between 16 April 2025, the date of the audit opinion on the annual report and accounts of J Sainsbury plc for the 52-week period ended 1 March 2025, and the date of approval of these financial statements to determine whether there have been any changes that would require us to reconsider the conclusions of Group management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

- Considered the actual trading performance subsequent to the Group's period end and compared to the budget used in the year-end assessment.
- We reviewed the Company's going concern disclosures included in the financial statements, in order to assess whether the disclosures were appropriate and in conformity with reporting standards.

Our key observations

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue, given the ability to rely on parental support.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 10 to 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the UK Companies Act 2006.
- We understood how Argos Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making an assessment of the key fraud risks to the Company and the manner in which such risks may manifest themselves in practice, based on our previous knowledge of the Company as well as an assessment of the current business environment. We identified a risk in relation to management override of controls to recognise supplier income amounts and cut-off for fixed supplier income amounts. We also identified a fraud risk of management override of controls in relation to manual adjustments to revenue. Our audit procedures included testing, on a sample basis, agreements, settlements, and underlying calculations of arrangements with suppliers and testing appropriateness of journal entries meeting pre-defined criteria and impacting revenue.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing manual journals, with a focus on journals posted to revenue and journals indicating large or unusual transactions based on our understanding of the business, enquiries of legal counsel, Internal audit and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the account with all applicable reporting requirements. If any instances of non-compliance with laws and regulations were identified, we performed sufficient and appropriate audit procedures, as necessary.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Amy Winepress (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 October 2025

Argos Limited
Income statement
For the 52 weeks ended 1 March 2025

	52 weeks to 1 March 2025			52 weeks to 2 March 2024			
	Note	Underlying	Non- underlying items (Note 5)	Total	Underlying	Non- underlying items (Note 5)	Total
		£m	£m	£m	£m	£m	£m
Revenue		4,134.2	-	4,134.2	4,225.4	-	4,225.4
Cost of sales		(3,966.1)	(138.4)	(4,104.5)	(3,988.5)	(67.1)	(4,055.6)
Gross profit/(loss)		168.1	(138.4)	29.7	236.9	(67.1)	169.8
Administrative expenses		(231.1)	(24.0)	(255.1)	(242.8)	(4.8)	(247.6)
Other income		0.4	7.9	8.3	0.7	115.7	116.4
Operating (loss)/profit	6	(62.6)	(154.5)	(217.1)	(5.2)	43.8	38.6
Finance income	7	0.5	6.0	6.5	1.2	7.3	8.5
Finance costs	7	(11.1)	(1.5)	(12.6)	(9.5)	(0.3)	(9.8)
(Loss)/profit before tax		(73.2)	(150.0)	(223.2)	(13.5)	50.8	37.3
Income tax credit/(expense)	9	4.5	21.3	25.8	(5.2)	(3.1)	(8.3)
(Loss)/profit for the financial year		(68.7)	(128.7)	(197.4)	(18.7)	47.7	29.0

Statement of comprehensive income
For the 52 weeks ended 1 March 2025

	Note	52 weeks to 1 March 2025 £m	52 weeks to 2 March 2024 £m
(Loss)/profit for the financial year		(197.4)	29.0
Items that will not be subsequently reclassified to the income statement			
Remeasurement on defined benefit pension schemes	18	(13.2)	(85.7)
Cash flow hedges fair value movements – inventory hedges		14.0	(33.8)
Deferred tax relating to items not reclassified	9	3.3	18.8
		4.1	(100.7)
Items that may be subsequently reclassified to the income statement			
Cash flow hedges fair value movements - non-inventory hedges		(1.3)	(1.9)
Items reclassified from cash flow hedge reserve		0.6	3.5
Deferred tax on items that may be reclassified	9	(2.6)	4.7
		(3.3)	6.3
Total other comprehensive income/(loss) for the year (net of tax)		0.8	(94.4)
Total comprehensive loss for the year		(196.6)	(65.4)

The notes on pages 19 to 51 form an integral part of these financial statements.

Argos Limited
Statement of financial position
As at 1 March 2025

Registered Number: 01081551

	Note	1 March 2025 £m	2 March 2024 £m
Non-current assets			
Property, plant and equipment	10	157.0	180.3
Right-of-use assets	11	304.8	254.6
Intangible assets	12	56.1	54.1
Investments in subsidiaries	13	215.2	215.2
Trade and other receivables	15	796.8	805.0
Derivative financial assets		1.3	0.1
Net retirement benefit surplus	18	145.1	153.5
		1,676.3	1,662.8
Current assets			
Inventories	14	618.6	701.2
Trade and other receivables	15	521.5	507.5
Derivative financial assets		4.9	1.0
Cash and cash equivalents		83.5	128.6
		1,228.5	1,338.3
Total assets		2,904.8	3,001.1
Current liabilities			
Trade and other payables	16	(2,102.4)	(2,057.0)
Borrowings		(0.1)	(0.5)
Lease liabilities	11	(61.4)	(63.6)
Derivative financial liabilities		(4.8)	(12.9)
Taxes payable		(23.7)	(37.1)
Provisions	17	(39.5)	(36.4)
		(2,231.9)	(2,207.5)
Net current liabilities		(1,003.4)	(869.2)
Non-current liabilities			
Trade and other payables	16	-	(0.2)
Lease liabilities	11	(334.9)	(275.0)
Derivative financial liabilities		(1.2)	(1.3)
Deferred income tax liability	9	(20.3)	(7.5)
Provisions	17	(51.4)	(55.9)
		(407.8)	(339.9)
Total liabilities		(2,639.7)	(2,547.4)
Net assets		265.1	453.7
Equity			
Called up share capital	19	250.0	250.0
Share premium		51.7	51.7
Other reserves		0.6	(7.1)
Retained earnings		(37.2)	159.1
Total equity shareholders' funds		265.1	453.7

The notes on pages 19 to 51 form an integral part of these financial statements.

The financial statements on pages 16 to 51 were approved by the Board of Directors and were signed on their behalf by:

Blathnaid Bergin

[Blathnaid Bergin \(Oct 8, 2025 10:21:46 GMT+1\)](#)

Bláthnaid Bergin
Director
8 October 2025

Argos Limited
Statement of changes in equity
For the 52 weeks ended 1 March 2025

	Note	Called up share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 3 March 2024		250.0	51.7	(7.1)	159.1	453.7
Loss for the financial year		-	-	-	(197.4)	(197.4)
Other comprehensive income/(loss)		-	-	13.2	(13.2)	-
Tax relating to other comprehensive (loss)/income		-	-	(2.6)	3.3	0.7
Total comprehensive income/(loss)		-	-	10.6	(207.3)	(196.7)
Cash flow hedge gains transferred to inventory		-	-	(2.9)	-	(2.9)
Transactions with owners:						
Share-based payment	20	-	-	-	10.9	10.9
Tax on items charged to equity		-	-	-	0.1	0.1
At 1 March 2025		250.0	51.7	0.6	(37.2)	265.1

	Note	Called up share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total Equity £m
At 5 March 2023		624.6	51.7	6.9	(183.8)	499.4
Profit for the financial year		-	-	-	29.0	29.0
Other comprehensive (loss)		-	-	(32.2)	(85.7)	(117.9)
Tax relating to other comprehensive (loss)		-	-	4.7	18.8	23.5
Total comprehensive (loss)		-	-	(27.5)	(37.9)	(65.4)
Cash flow hedges losses transferred to inventory		-	-	13.5	-	13.5
Transactions with owners:						
Share-based payment	20	-	-	-	6.2	6.2
Share capital reduction		(374.6)	-	-	374.6	-
At 2 March 2024		250.0	51.7	(7.1)	159.1	453.7

Refer to Note 19 for further details regarding the Share Capital reduction.

The notes on pages 19 to 51 form an integral part of these financial statements.

Argos Limited
Notes to the financial statements
For the 52 weeks ended 1 March 2025

1. General information

Argos Limited (the "Company") is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. For the 52 weeks ended 1 March 2025 the Company's registered address was 33 Holborn, London EC1N 2HT, the registered address of the Company changed to 33 Charterhouse Street, London, EC1M 6HA with effect from 18 June 2025. The Company is part of the J Sainsbury plc group (the "Group").

The financial year represents the 52 weeks to 1 March 2025 (prior financial year 52 weeks to 2 March 2024).

2. Basis of Preparation and Accounting Policies

(a) Statement of compliance

The financial statements are prepared in accordance with United Kingdom Accounting standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the Financial Reporting Council and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of IAS 7 to present a cash flow statement.
- the requirements of paragraph 17 and 18A of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values.
- The requirement of IAS 1 to present comparative information in respect of property, plant and equipment and intangible assets.
- The requirements of IAS 36 to disclose assumptions, the effect of changes in assumptions and valuation techniques.
- The requirements of IFRS 15 to disclose the disaggregation of revenue.
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment

Where relevant, equivalent disclosures have been given in the consolidated financial statements of J Sainsbury plc into which the Company is consolidated. These are separate financial statements. The Company is exempt from preparing consolidated financial statements as it is wholly owned part of a Group whose consolidated financial statements are publicly available.

(b) Basis of preparation

The financial statements are presented in pound sterling, rounded to the nearest million, with a one decimal place rounding. The prior year financial statements were presented to the nearest thousand. The presentation change was made to align to other companies in the Group.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain derivative financial instruments, defined benefit scheme assets and share-based payments that are measured at fair value.

Significant accounting policies have been included in Note 4. Significant accounting policies have been applied consistently to all periods presented in the financial statements.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

2. Basis of Preparation and Accounting Policies (continued)

(b) Basis of preparation (continued)

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the year or have been published but are not yet effective, were either not relevant or had no, or no material impact on the Company's results or net assets other than disclosures.

In respect of IFRS 18: 'Presentation and Disclosure in Financial Statements' which was issued in June 2024 and, subject to UK endorsement, will first be effective for the Company for the financial year ending 2028, the impacts will be presentational only, but the Company is currently still assessing the full effects which currently are not yet practicable to quantify.

The accounting policies have remained unchanged from those disclosed in the Financial Statements for the financial year ended 2 March 2024.

(c) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue for a period of at least 12 months from the date of approval. The ultimate parent company, J Sainsbury plc, has confirmed its intention to provide financial support for a period of at least 12 months from the date of approval such that the Company is able to repay its liabilities as they fall due. Therefore the going concern assessment of the Company is linked to the Group's going concern and viability assessment which is included within the Group Annual Report on page 143.

In assessing the Company's ability to continue as a going concern, the Directors have considered the Group's most recent corporate planning and budgeting processes. This includes an annual review which considers profitability, the Group's cash flows, committed funding and liquidity positions and forecasted future funding requirements over three years, with a further two years of indicative movements.

In performing the above analysis, the Directors have made certain assumptions around the availability and effectiveness of the mitigating actions available to the Company. These include reducing any non-essential capital expenditure and operating expenditure on projects, bonuses, and dividend payments.

The Group's most recent corporate planning and budgeting processes incorporates assumed cashflows to address climate change risks, including those associated with the Group's Plan for Better commitment which include reducing environmental impacts and meeting customer expectations in this area, notably through reducing packaging and energy usage across the estate. Climate-related risks do not result in any material uncertainties affecting the Company's ability to continue as a going concern.

Whilst the Company was loss making in the year and at the balance sheet date the Company was in a net current liability position of £1,003 million, subsequent to the balance sheet date the Company reduced a current liability due to an intercompany party by £1,082 million (refer to note 24 for further details). As such, this brings the Company into a net current asset position. Additionally, the Directors have reviewed the forecast cashflows to be generated by the Company over the going concern assessment period, which imply that the Company will make positive cash contributions to the Group. As such, in addition to the fact that a letter of support has been received from the ultimate parent company, the Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence over the assessment period.

As a consequence of the work performed, the Directors considered it appropriate to adopt the going concern basis in preparing the Financial Statements with no material uncertainties to disclose.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies

3.1 Revenue

Revenue arises from the sale of goods and services in the course of the Company's ordinary activities, net of returns, related discounts and excluding Value Added Tax (VAT). Revenue is recognised when the Company has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation.

Sale of goods

Revenue from the sale of goods is recognised at point of sale or, where later, upon collection by, or delivery to, the customer as this is the point in which control has passed. Where consideration has been received in advance of the performance obligation being satisfied, a contract liability is recognised.

Other revenue items

Other revenue items comprise income from commissions.

Commission revenue relates to the sale of third-party products where it has been determined that the Company is acting as an agent. Sales commission from third parties is recognised when the related goods or services are sold.

Other income

Other income generally consists of dividend income from other Group entities.

3.2 Cost of sales

Cost of sales consists of all costs that are directly attributable to the point of sale including warehouse, transportation costs and all the costs of operating retail outlets.

Supplier incentives, rebates and discounts, collectively known as 'supplier arrangements', represent a material deduction to cost of sales and directly affect the Company's reported margin.

Income from supplier arrangements is recognised when earned by the Company when all obligations per the terms of the contract have been satisfied. Any supplier arrangements which are linked to inventory purchases are included within the cost of the related inventory, and therefore recognised within cost of sales once the inventory is sold. Unpaid amounts relating to supplier arrangements are recognised within trade and other receivables, unless there is a legal right of offset, in which case it is recognised within trade and other payables. Amounts which have been invoiced at the balance sheet date are categorised as supplier arrangements due and those not yet invoiced are categorised as accrued supplier arrangements.

3.3 Finance income and costs

Finance income and costs are recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

3.4 Taxation

Current tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.4 Taxation (continued)

Deferred tax

Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income respectively.

Deferred tax is provided on temporary differences associated with investments in subsidiaries, branches, and joint ventures except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3.5 Property, plant and equipment

a) Land and buildings

Land and buildings are held at historical cost less accumulated depreciation and any recognised provision for impairment as determined in accordance with note 3.8. Cost includes the original purchase price of the asset and the costs to bringing the asset to its working condition for intended use, including any directly attributable internal payroll-related costs for employees who are associated with projects in order to bring the assets into use. This includes capitalised borrowing costs.

b) Fixtures and equipment

Fixtures, equipment and vehicles are held at cost less accumulated depreciation and any recognised provision for impairment as determined in accordance with note 3.8. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and its intended use, including any directly attributable internal payroll-related costs for employees who are associated with projects in order to bring the assets into use.

c) Work in progress

Capital work in progress is held at cost less any provision for impairment.

d) Depreciation

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line basis over their useful economic life, using the following rates:

- Freehold buildings and leasehold improvements – 50 years, or the lease term if shorter
- Plant and equipment are depreciated over 3 - 10 years according to the estimated life of the asset
- Freehold land is not depreciated

Capital work in progress (which excludes land) is not depreciated prior to being available for its intended commercial use.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.5 Property, plant and equipment (continued)

e) Disposals and retirement

The gain or loss on disposal or retirement of an asset is determined by comparing proceeds less any associated costs of disposal with the asset's carrying amount and is recognised within operating profit.

f) Climate change impacts

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. This includes consideration over climate change-related risks which may impact the useful lives or residual values of the Company's assets, such as the impact of flood risks on store and non-store assets, changes in regulations related to carbon emissions and any anticipated replacement of existing assets with new technologies.

3.6 Leases

a) Company as lessee

The Company's lease portfolio is principally comprised of property leases of land and buildings in relation to stores and distribution centres, but also includes other assets such as motor vehicles. The leases have varying terms and often include break clauses or options to renew beyond the non-cancellable periods.

The Company presents additions to lease liabilities and right-of-use assets in line with the disclosure requirements of IFRS 16 Leases. In doing so, additions to right-of-use assets and lease liabilities in note 11 include the net impact of new leases, terminations, modifications, and reassessments.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e. the date of the lease, when the underlying asset is available for use). The cost of right-of-use assets comprises the amount of lease liabilities recognised, any initial direct costs incurred, lease payments made at or before the commencement date and less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any subsequent modifications which include terminations and reassessments which all represent a remeasurement of lease liabilities.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments and variable lease payments that depend on an index or a rate (using the relevant rate at the commencement date of the lease), less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. For agreements which contain both lease and non-lease components, such as cleaning and maintenance services, the non-lease component is excluded from the lease payments used to measure the lease liabilities.

The IBRs depend on the start date and term of the lease, and are determined based on a reference (risk free) rate and adjustments to reflect the Company's credit risk.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.6 Leases (continued)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease (a break clause), if it is reasonably certain not to be exercised.

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured when there is a change in the future lease payments due to a change in the lease term such as a recognition of an extension or break option, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered uniformly low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are expensed to the income statement.

b) Company as lessor

The Company leases out an owned property and sublets the leased property under a finance lease.

Subleases

Classification is assessed with reference to the head lease right-of-use asset. This assessment considers, among other factors, whether the sublease represents the majority of the remaining life of the head lease. The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, or analysis of square foot leased in the headlease and sublease where appropriate. This assessment takes into consideration whether the sublease/headlease are above or below market rate.

Finance leases

Amounts due under finance leases are recorded as a receivable at an amount equal to the net investment in the lease. This is initially calculated and recognised using the IBR prevalent in the underlying headlease at the recognition date. Any difference between the derecognised right-of-use asset and the newly recognised amounts due for leases under finance leases is immediately recognised in the income statement. The Company recognises finance income over the lease term, reflecting a constant periodic rate of return on the Group's net investment in the lease.

3.7 Intangible assets

a) Goodwill

Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is considered to have an indefinite useful life. Goodwill is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment.

b) Computer software

Software and licences which are capitalised include costs incurred to acquire the assets as well as any external and internal costs incurred in the development of software. External and internal costs are external direct costs, as well as directly attributable internal payroll-related costs for employees who are associated with projects in order to bring the assets into use. Costs associated with internally generated software are recognised as an intangible asset only if they can be separately identified, it is probable that the asset will generate future economic benefits which exceed one year, and the cost can be measured reliably. Software under development is not amortised, but held at cost less any impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software are recognised as an expense as incurred.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.7 Intangible assets (continued)

c) Amortisation

Amortisation is calculated to write down the cost of the assets to their residual values, on a straight-line basis over their useful economic life, using the following rates:

- Goodwill not amortised
- Computer software – 5 to 10 years

Capital work in progress is not amortised prior to being available for its intended commercial use.

3.8 Impairment

a) Non-financial assets

Property, plant and equipment (PPE), right-of-use assets, and intangible assets are assessed on an ongoing basis to determine whether there is an indication that the net book value is no longer supportable. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to dispose and its value-in-use (VIU), is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is impaired to its recoverable amount.

Identification of a cash-generating unit

CGUs are deemed the smallest group of assets that independently generate cash inflows and are independent of the cash flows generated by other assets and are identified within the respective reportable operating segments.

Retail

CGUs are deemed to be corporate-level business units, trading stores, or, a cluster of stores with the defined catchment of a Local Fulfilment Centre

PPE, intangible assets and right-of-use assets are allocated to the store CGU they are associated with. For non-store assets, including depots and IT assets, these are allocated to store CGUs where it can be done on a reasonable and consistent basis, otherwise these are allocated to the CGU corporate level to which they relate.

Where there has been a change in the estimates used to determine the recoverable amount and an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, although not to exceed the carrying amount that would have been determined had no impairment loss been recognised. Any impairment loss or reversal of impairment is recognised in the income statement.

Goodwill is assessed annually by measuring the recoverable amount of the CGU, calculated as the higher of fair value less cost to dispose and VIU. Where the carrying value of the CGU exceeds the recoverable amount, an impairment loss is recognised in the income statement. The impairment charge is allocated first against goodwill and then pro rata against other assets within the CGU by reference to the carrying amount of each remaining asset in the CGU. Impairment losses recognised for goodwill are not subsequently reversed.

3.9 Inventories

Inventories comprise goods held for resale and are valued on a standard cost or weighted average cost basis which approximates to actual cost and is carried at the lower of cost or net realisable value.

Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or damaged items where appropriate.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.10 Investments

Investments in subsidiaries are carried at cost less any impairment loss in the financial statements of the Company.

At each reporting period, the Company considers impairment of its investment in subsidiaries by estimating the recoverable amounts of the investments, which are based on either the net assets of the subsidiary, or value-in-use calculations. Where a value-in-use calculation is used, discounted cash flows have been derived from Board approved cash flow projections for four years and then extrapolated into perpetuity with an assumed growth rate of 2.0%, discounted at a pre-tax rate of 11%. Any impairment loss is immediately recognised in the income statement.

3.11 Trade and other receivables

Trade and other receivables are non-interest bearing and are on commercial terms. They are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9, with adjustments for factors specific to each receivable.

3.12 Trade and other payables

The Company's policy on the payment of creditors is to agree the terms of payment prior to commencing trade with a supplier and to abide by those terms on the timely submission of satisfactory invoices.

Trade payables are initially recognised at fair value, which is typically the invoiced amount and then held at amortised cost. They are shown net of supplier arrangements due where there is a contractual right of offset.

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and where the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Property provisions

Where the Company no longer operates from a leased property, onerous property contract provisions are recognised for the least net cost of exiting from the contract. The amounts provided are based on the Company's best estimates of the likely committed outflows and site closure dates. These provisions do not include rent in accordance with IFRS 16, however do include unavoidable costs related to the lease such as service charges and insurance.

Property provisions also include provisions for dilapidations which are recognised where the Company has the obligation to make-good its leased properties, which is when a decision to exit a lease has been made. This is the point at which a reliable estimate of the expected cost for dilapidations can be made. These provisions are recognised based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amounts expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

Where the Company is able to exit lease contracts before the expiry date or agree sublets, this results in the release of any associated property provisions. Such events are subject to the agreement of landlords, therefore the Company makes no assumptions on the ability to either exit or sublet a property until a position is agreed. Utilisation of the above amounts is expected to be incurred in conjunction with the profile of the leases to which they relate.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.13 Provisions (continued)

Insurance provisions

The provision relates to the Company's outstanding insurance claims liabilities in relation to public and employer's liability claims, and third-party motor claims. Claims provisions are based on assumptions regarding past claims experience and on assessments by an independent actuary and are intended to provide a best estimate of the most likely or expected outcome.

Restructuring provisions

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Other provisions

Predominantly comprises warranty provisions.

3.14 Financial Instruments

The Company classifies all of its financial assets as either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The business model assessment reflects how the Company manages the risks relating to the underlying financial assets, including whether the Company's principal objective is to collect the contractual cash flows arising from the instruments (amortised cost), to sell the financial instruments (FVTPL) or a combination thereof (FVOCI).

a) Financial instruments at amortised cost

Financial assets that are principally held for the collection of contractual cash flows and which pass the SPPI test are classified as amortised cost. For the Company this includes cash and receivables. The Company has no intention of trading these assets. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures these financial assets at fair value plus transaction costs. Subsequently these assets are carried at amortised cost less impairment using the effective interest rate method. Income from these financial assets is calculated on an effective interest rate basis and is recognised in the income statement.

b) Impairment of financial assets

Loan loss impairments are accounted for using a forward-looking expected credit loss (ECL) approach in line with IFRS 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For trade receivables, the Company establishes provisions against trade receivables to reflect the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.14 Financial Instruments (continued)

c) Financial liabilities

The Company recognises all of its financial liabilities at amortised cost and all derivative financial liabilities are classified as FVPL.

Financial liabilities costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Interest-bearing bank loans, overdrafts and other deposits are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

d) Fair value estimation

The fair values of financial assets and liabilities are based on prices available from the market on which the instruments are traded. Where market values are not available, the fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values of short-term deposits, trade receivables, other receivables, overdrafts and payables and lease liabilities are assumed to approximate to their book values.

e) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.15 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and commodity risks. All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates. Where derivatives do not qualify for hedge accounting, any changes in the fair value of the derivative financial instrument are recognised in the income statement as they arise.

To qualify for hedge accounting, the Company documents, at the inception of the hedge, the hedging risk management strategy, the relationship between the hedging instrument and the hedged item or transaction, the nature of the risks being hedged and an assessment of the effectiveness of the hedging relationship to ensure it is highly effective on an ongoing basis.

Where a derivative does qualify for hedge accounting, any changes in fair value are recognised depending on the nature of the hedge relationship and the item being hedged as follows:

Cash flow hedges

Hedge relationships are classified as cash flow hedges where the derivative financial instruments hedge the Company's exposure to variability in cash flows resulting from a highly probable forecasted transaction. These include the exchange rate risk of inventory purchases denominated in foreign currency, interest rate risk and commodity risk on purchases of power and fuel. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.15 Derivative financial instruments and hedge accounting (continued)

If a cash flow hedge is hedging a firm commitment or forecast transaction that results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability. This applies to the Company's foreign currency hedges in relation to inventory purchases.

3.16 Cash and cash equivalents

Cash and bank balances comprise cash in hand and at bank, deposits at central banks, investments in money market funds and deposits and other short-term highly liquid investments.

To be classified as cash and cash equivalents, an asset must:

- Be readily convertible into cash;
- Have an insignificant risk of changes in value; and
- Have a maturity period of typically three months or less at acquisition.

3.17 Employee benefits

IFRIC 14

Under IFRIC 14, a company is required to measure any economic benefits available to it in the form of refunds or reductions to future contributions at the maximum amount that is consistent with the terms and conditions of the pension scheme. These are regarded as available to a company if it has an unconditional right to realise them at some point during the life of the pension scheme or when all benefits are finally settled. Such an unconditional right would not exist when the availability of the refund or the reduction in future contribution would be contingent upon factors beyond the company's control.

Management is of the view that it has an unconditional right to a refund of surplus under IFRIC 14 in relation to the Argos section of the Sainsbury's Pension Scheme. As such no adjustment has been made for potential additional liabilities. In forming this conclusion management has considered whether the Company can control the run-off of the Argos section of the Scheme until there are no liabilities left, consistent with IFRIC 14. For example, if the Trustee has a unilateral power to wind up the Scheme while there are liabilities remaining, then it is viewed that the Company cannot access surplus through this route. Management have assessed that the Company can control run-off until no liabilities remain by complying with its obligations under the Scheme rules and pensions legislation, and there will therefore be a gradual settlement of the planned liabilities over the life of each section.

The Scheme Rules list certain situations under which the Trustee can wind up the Scheme; however, whilst there is gradual settlement of the Scheme's liabilities, these are concluded to be within the control of the Company. As a result, it is concluded that the Trustee does not have a unilateral power to wind up the Scheme nor augment benefits while the Scheme is ongoing.

a) Retirement benefit surplus/obligations

The surplus or deficit recognised in the balance sheet for defined benefit schemes represents the difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is actuarially calculated on an annual basis using the projected unit credit method.

Actuarial gains and losses are reported in the statement of other comprehensive income as incurred, and comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

The income statement charge consists of a financing charge, which is the net of interest cost on pension scheme liabilities and interest income on plan assets and defined benefit pension scheme expenses.

The financing charge is determined by applying the discount rate used to measure the defined benefit obligation to the pension scheme liabilities and plan assets at the beginning of the financial year.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

3. Material Accounting Policies (continued)

3.17 Employee benefits (continued)

b) *Long service awards*

The costs of long service awards are accrued over the period the service is provided by the employee when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

c) *Share-based payments*

The Company provides benefits to employees (including Directors) of the Company in the form of equity-settled and cash-settled share-based payment transactions, whereby employees render services in exchange for shares, rights over shares or the value of those shares in cash terms.

For equity-settled share-based payments, the fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, excluding the impact of any non-market vesting conditions. All share options are valued using an option-pricing model (Black-Scholes). This fair value is charged to the income statement over the vesting period of the share-based payment scheme with a corresponding increase in equity.

For cash-settled share-based payments, the fair value of the employee services rendered is determined at each balance sheet date and the charge recognised through the income statement over the vesting period of the share-based payment scheme, with a corresponding increase in accruals.

The value of the charge is adjusted in the income statement over the remainder of the vesting period to reflect expected and actual levels of options vesting, with the corresponding adjustments made in equity and accruals.

3.18 Foreign currency

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

4. Significant accounting judgements, estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Non-underlying items

In order to provide shareholders with additional insight into the year-on-year performance of the business, an adjusted measure of profit (underlying profit before tax) is provided to supplement the reported IFRS numbers, which reflects how the business measures performance internally. This adjusted measure excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods.

Determining which items are to be adjusted requires judgement, in which the Company considers items which are significant either by virtue of their size and/or nature, or that are non-recurring. The same assessment is applied consistently to any reversals of prior non-underlying items.

Underlying profit is not an IFRS measure and therefore not directly comparable to other companies. Analysis of the composition of non-underlying items is set out in note 5.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

4. Significant accounting judgements, estimates and assumptions (continued)

Lease terms

The inclusion of a lease extension period or lease break period in the lease term is a key judgement for the Company and considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. Any changes to the Company's judgement over lease terms will impact both the right-of-use asset and lease liability.

Sources of estimation uncertainty

The areas where estimates and assumptions are significant to the financial statements are as listed below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

a) Impairment of non-financial assets

Non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance. The recoverable amount is sensitive to the discount rate used for the value in use model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b) Post-employment benefits

Assets

The Scheme holds some private market assets as they are expected to deliver a more favourable risk/return profile than public market equivalents. These assets are relatively illiquid (likely to be realised over c.5 years) but the Scheme holds sufficient liquid assets (cash, gilts and other liquid securities) to be confident that it can meet its pension and collateral obligations over time.

Liabilities

The present value of the scheme's liabilities recognised at the balance sheet date and the net financing charge recognised in the income statement are dependent on the discount rate applied which is derived from the expected yields on high quality corporate bonds over the duration of the Company's pension scheme. High quality corporate bonds are those which at least one of the main rating agencies considers to be at least AA (or equivalent).

Other key assumptions within this calculation are based on market conditions or estimates of future events, including mortality rates, as set out in note 18. The carrying value of the retirement benefit obligations will be impacted by changes to any of the assumptions used, however is most sensitive to changes in the discount rate. Sensitivities are included in note 18.

c) Lease liabilities

The discount rate used to calculate the lease liability is the rate implicit in the lease if it can be readily determined, or the Group's incremental borrowing rate (IBR) if not.

The IBRs depend on the start date and term of the lease, and are determined based on a number of inputs including a reference (risk free) rate and adjustments to reflect the Group's credit risk. The reference rates are based on UK overnight swap rates and the credit risk adjustments are based on the prices of instruments issued by the group and quoted credit default swaps ("CDS"). Note 11 (d) includes the impact that a reasonable possible change in the IBR would have had on the lease liability additions and modifications during the year.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

5. Non-underlying items

	2025					2024			
	Note	Restructuring and impairment	Pensions	Other	Total	Restructuring and impairment	Pensions	Other	Total
		5.1	5.2	5.3		5.1	5.2	5.3	
	£m	£m	£m	£m	£m	£m	£m	£m	
Cost of sales		(138.4)	-	-	(138.4)	(67.1)	-	-	(67.1)
Admin expense		(22.4)	(1.6)	-	(24.0)	(3.2)	(1.6)	-	(4.8)
Other income		-	-	7.9	7.9	-	-	115.7	115.7
Affecting operating (loss)/profit		(160.8)	(1.6)	7.9	(154.5)	(70.3)	(1.6)	115.7	43.8
Net finance income/(costs)		-	6.0	(1.5)	4.5	-	7.3	(0.3)	7.0
Affecting (loss)/profit before tax		(160.8)	4.4	6.4	(150.0)	(70.3)	5.7	115.4	50.8
Income tax credit/(expense)	9	-	-	-	21.3	-	-	-	(3.1)
Affecting (loss)/profit after tax		(160.8)	4.4	6.4	(128.7)	(70.3)	5.7	115.4	47.7

5.1 Restructuring Programmes and impairment

In the year ended 6 March 2021, the Group announced a restructuring programme to accelerate the structural integration of Sainsbury's and Argos and further simplify the Argos business; create a new supply chain and logistics operating model; and consider the Company's Store Support Centre ways of working. The majority of this programme has now completed, with costs of £31.6 million recognised in the current year (2024: £70.3 million) relating predominantly to the accelerated depreciation of fixed assets and property closure costs.

Separately, as part of the Group's Next Level Sainsbury's strategy implementation, launched in the current year, a multi-year restructuring programme has commenced, which will update central management structures to support faster decision-making and drive performance at Argos, creating fewer, bigger roles with clearer accountabilities. This led to costs of £24.2 million in the current year (2024: £nil) relating to consultancy and redundancy provisions.

Additionally, during the year the Group announced the sale of the Argos Financial Services cards portfolio. As a result, costs of £105.0 million (2024: £nil) have been incurred by the Company in relation to the phased withdrawal from Argos Financial Services, and these have been recognised within non-underlying items.

As the costs incurred facilitate future underlying cost savings, it was considered whether it was appropriate to report these costs within underlying profit. Whilst they arise from changes in the Company's underlying operations, they can be separately identified, are material in size and do not relate to ordinary in-year trading activity. In addition, the areas being closed or restructured no longer relate to the Company's remaining underlying operations and their exclusion provides meaningful comparison between financial years.

Included within Restructuring programmes in the current year are charges of £0.8 million (2024: £4.9 million) relating to the impairment of non-financial assets which have arisen as part of the Restructuring programmes.

5.2 Pensions

Such amounts relate to the Argos section of the Sainsbury's Pension Scheme, the defined benefit pension scheme (the "Scheme") and are treated as non-underlying owing to the Scheme being closed to future accrual and accordingly not forming part of ongoing operating activities. More detailed analysis is included in note 18.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

5. Non-underlying items (continued)

5.3 Other

		2025	2024
		£m	£m
Income from subsidiary entities	a)	7.9	115.7
Non-underlying finance movements	b)	(1.5)	(0.3)
		6.4	115.4

- a) Intercompany dividends are excluded from underlying items as they are not considered part of the day-to-day activities of the business.
b) Non-underlying finance movements include the amortisation of discount on restructuring provisions and lease-related interest charges associated with impaired non-trading sites, including store closures. Further detail on the provisions is provided in Note 7.

6. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting) the following items:

		2025	2024
	Note	£m	£m
Employee costs	8	484.9	490.6
Inventories recognised as an expense within cost of sales		3,894.1	3,876.0
Write down of inventories		51.4	88.9
Depreciation	- Property, plant and equipment	42.4	39.7
	- Right-of-use assets	74.2	67.6
Amortisation	- Intangible assets	21.0	22.4
Impairment of non-financial assets		2.6	4.9
Loss on disposal	- Property, plant and equipment	2.3	0.3
Foreign exchange gains		(8.6)	(10.8)

Fees payable to the Company's auditor for the audit of the Company are £44,250 (2024: £44,250).

7. Finance income and costs

	2025			2024		
	Underlying	Non-	Total	Underlying	Non-	Total
	£m	underlying	£m	£m	underlying	£m
IAS 19 pension financing income	-	6.0	6.0	-	7.3	7.3
Finance income on net investment in leases	0.2	-	0.2	0.3	-	0.3
Interest on bank deposits	0.3	-	0.3	0.9	-	0.9
Finance Income	0.5	6.0	6.5	1.2	7.3	8.5
Lease liabilities	(11.1)	(0.1)	(11.2)	(9.5)	(0.3)	(9.8)
Provisions - amortisation of discount	-	(1.4)	(1.4)	-	-	-
Finance costs	(11.1)	(1.5)	(12.6)	(9.5)	(0.3)	(9.8)

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

8. Employee costs

	2025	2024
	£m	£m
Wages and salaries, including bonus and termination benefits	437.5	452.4
Social security costs	24.9	22.4
Pension costs – defined contribution schemes	11.6	9.6
Share-based payments expense	10.9	6.2
	484.9	490.6

Employee numbers

	2025	2024
	'000	'000
Average number of employees		
Full-time	3.4	4.6
Part-time	6.4	7.4
	9.8	12.0
Full-time equivalent	6.1	7.7

All of the Directors are employees of the ultimate parent company, J Sainsbury plc or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

9. Income tax expense

	2025	2024
	£m	£m
Current tax		
UK corporation tax	(39.2)	0.2
Under provision in prior years	-	3.2
	(39.2)	3.4
Deferred tax		
Origination and reversal of temporary differences	1.2	4.7
Under provision in prior years	12.2	0.1
Adjustment from change in applicable rate of deferred tax	-	0.1
	13.4	4.9
Total income tax (credit)/expense in income statement	(25.8)	8.3
Analysed as:		
Underlying tax	(4.5)	5.2
Non-underlying tax	(21.3)	3.1
Total income tax (credit)/expense in income statement	(25.8)	8.3
Underlying tax rate	6.1%	(38.5)%
Effective tax rate	11.6%	22.3%

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

9. Income tax expense (continued)

The effective tax rate of 11.6% (2024: 22.3%) is lower than (2024: lower than) the standard rate of corporation tax in the UK of 25% (2024: 24.6%). The differences are set out below:

	Underlying £m	Non-underlying £m	2025 Total £m	Underlying £m	Non-underlying £m	2024 Total £m
(Loss)/profit before tax	(73.2)	(150.0)	(223.2)	(13.5)	50.8	37.3
Income tax at UK corporation tax rate of 25% (2024: 24.6%):	(18.3)	(37.5)	(55.8)	(3.3)	12.5	9.2
Expenses not deductible for taxation purposes	1.0	0.6	1.6	0.7	0.5	1.2
Non-taxable dividends received	-	(2.0)	(2.0)	-	(28.4)	(28.4)
Group relief surrendered for nil consideration	-	-	-	14.2	18.9	33.1
Transfer pricing adjustment	(9.3)	-	(9.3)	(10.8)	-	(10.8)
Other (a)	3.1	24.4	27.5	1.0	(0.4)	0.6
Under/(over) provision in prior years	19.0	(6.8)	12.2	3.3	-	3.3
Revaluation of deferred tax balances	-	-	-	0.1	-	0.1
	(4.5)	(21.3)	(25.8)	5.2	3.1	8.3

- (a) During the period, the Argos section of the Sainsbury's Pension scheme reached its funding target and has been permanently switched off (see note 18). The switch off triggers a taxable clawback in Argos in relation to the initial capital contribution to the scheme which has not been paid over, as the funding target has been met. The net taxable non-trade loan relationship credit from the switch off is £24.4 million.

Income tax charged or (credited) to equity and/or other comprehensive income

	Current tax £m	Deferred tax £m	2025 Total £m	Current tax £m	Deferred tax £m	2024 Total £m
Share based payment reserve	(0.1)	0.1	-	(0.2)	0.2	-
Actuarial reserve	-	(3.3)	(3.3)	-	(18.8)	(18.8)
Cash flow hedge	-	2.6	2.6	-	(4.7)	(4.7)
	(0.1)	(0.6)	(0.7)	(0.2)	(23.3)	(23.5)

The current and deferred tax in relation to the Company's defined benefit pension scheme's remeasurements and cash flow hedge movements have been charged or credited through other comprehensive income where appropriate.

Movements in deferred tax (prior to offsetting balances in same tax jurisdiction)

	Accelerated capital allowances £m	Fair value movements £m	Retirement benefit obligations £m	Share-based payments £m	Other £m	Total £m
3 March 2024	17.6	2.4	(38.4)	1.1	9.8	(7.5)
Prior year adjustment to income statement	(4.0)	-	-	-	(8.2)	(12.2)
Credit/(charge) to income statement	0.9	-	(1.2)	(0.4)	(0.5)	(1.2)
(Charge)/credit to equity or other comprehensive income	-	(2.6)	3.3	(0.1)	-	0.6
1 March 2025	14.5	(0.2)	(36.3)	0.6	1.1	(20.3)
5 March 2023	18.8	(2.3)	(55.5)	1.3	11.8	(25.9)
Prior year adjustment to income statement	(0.1)	-	-	-	-	(0.1)
(Charge) to income statement	(1.1)	-	(1.7)	(0.2)	(2.0)	(5.0)
Prior year adjustment to other comprehensive income	-	-	(2.5)	-	-	(2.5)
Credit to equity or other comprehensive income	-	4.7	-	-	-	4.7
Revaluation adjustment to other comprehensive income	-	-	21.3	-	-	21.3
2 March 2024	17.6	2.4	(38.4)	1.1	9.8	(7.5)

	2025 £m	2024 £m
Total deferred income tax liabilities	(36.5)	(38.4)
Total deferred income tax assets	16.2	30.9
Net deferred income tax liability recognised in non-current liabilities	(20.3)	(7.5)

Argos Limited
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For the 52 weeks ended 1 March 2025

10. Property, plant and equipment

	2025		
	Land and buildings £m	Fixtures and equipment £m	Total £m
Cost			
At beginning of financial year	173.8	314.0	487.8
Additions	5.8	15.6	21.4
Disposals	(3.6)	(39.8)	(43.4)
Transfer to assets held for sale	(2.1)	(6.0)	(8.1)
At end of financial year	173.9	283.8	457.7
Accumulated depreciation and impairment			
At beginning of financial year	98.3	209.2	307.5
Depreciation expense	14.3	28.1	42.4
Impairment loss	0.8	1.0	1.8
Disposals	(3.6)	(39.3)	(42.9)
Transfer to assets held for sale	(2.1)	(6.0)	(8.1)
At end of financial year	107.7	193.0	300.7
Net book value at beginning of financial year	75.5	104.8	180.3
Net book value at end of financial year	66.2	90.8	157.0
Capital work-in-progress included above	-	3.4	3.4

11. Leases

a) Right-of-use assets

	2025			2024		
	Land and buildings £m	Equipment £m	Total £m	Land and buildings £m	Equipment £m	Total £m
Net book value						
At beginning of financial year	199.6	55.0	254.6	218.1	64.8	282.9
New leases and modifications	107.9	17.3	125.2	36.4	4.4	40.8
Impairment loss	(0.8)	-	(0.8)	(1.5)	-	(1.5)
Depreciation expense	(61.2)	(13.0)	(74.2)	(53.4)	(14.2)	(67.6)
Reclassification	18.8	(18.8)	-	-	-	-
At end of financial year	264.3	40.5	304.8	199.6	55.0	254.6

There has been a reclassification within right-of-use assets between the Land and buildings and Equipment categories following a review of the asset register. This reclassification has a net nil impact at a financial statement line item level.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

11. Leases (continued)

b) Lease liabilities

	2025	2024
	£m	£m
At beginning of financial year	338.6	378.1
New leases and modifications	129.0	41.5
Interest expense	11.2	9.8
Payments	(82.5)	(90.8)
At end of financial year	396.3	338.6

a) Maturity analysis

	2025	2024
	£m	£m
Contractual undiscounted cash flows		
Less than 1 year	68.9	70.0
1 to 2 years	61.0	53.7
2 to 3 years	50.5	46.2
3 to 4 years	43.8	37.7
4 to 5 years	36.3	26.3
Total less than 5 years	260.5	233.9
5 to 10 years	105.7	72.9
10 to 15 years	43.9	12.2
More than 15 years	75.1	36.6
Total undiscounted lease liability	485.2	355.6
Lease liability in the balance sheet	396.3	338.6
Analysed as:		
Current	61.4	63.6
Non-current	334.9	275.0

b) Sensitivity to changes in discount rates

	2025
	Increase/(decrease) in lease liability additions/modifications £m
Increase in IBR of 3pts	(6.2)
Decrease in IBR of 3pts	6.8

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

12. Intangible assets

	Goodwill £m	Computer software £m	Acquired brands £m	Total £m
Cost				
At beginning of financial year	38.5	138.0	22.5	199.0
Additions	-	24.2	-	24.2
Disposals	-	(15.9)	-	(15.9)
At end of financial year	38.5	146.3	22.5	207.3
Accumulated amortisation and impairment				
At beginning of financial year	37.0	85.4	22.5	144.9
Amortisation expense	-	21.0	-	21.0
Disposals	-	(14.7)	-	(14.7)
At end of financial year	37.0	91.7	22.5	151.2
Net book value at beginning of financial year	1.5	52.6	-	54.1
Net book value at end of financial year	1.5	54.6	-	56.1
Capital work-in-progress included above	-	6.0	-	6.0

The goodwill balance above relates to the Company's acquisition of the Index business and a number of its stores. The goodwill represents the excess of the fair value of the consideration paid to acquire new businesses over the fair value of the separately identifiable and separable net assets at the date of the acquisition. The CGU is deemed to be the chain of stores acquired.

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to dispose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The calculation of the Retail CGUs value in use is calculated on the cash flows expected to be generated by the stores using the latest budget data. This was then discounted at a pre-tax rate of seven per cent over the lease length of the stores. The discount rate is based on the Company's pre-tax weighted average cost of capital. Impairment losses recognised for goodwill are not subsequently reversed.

Based on the operating performance of the CGU, an impairment of £nil was identified in the current financial year (2024: £nil).

Argos Limited
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For the 52 weeks ended 1 March 2025

13. Investments in subsidiaries

	2025	2024
	£m	£m
Cost		
At beginning of financial year	240.0	379.3
Return of capital	-	(139.3)
At end of financial year	240.0	240.0
Impairment		
At beginning and end of financial year	(24.8)	(24.8)
Net book value at end of financial year	215.2	215.2

In the prior financial year, Argos Limited received a dividend from its wholly owned subsidiary, Argos Distributors (Ireland) Limited of £174.9 million. The dividend was classed as a return of capital and written down against the Company's investment in Argos Distributors (Ireland) Limited, resulting in the £139.3 million reduction in the value of the Company's investments in the prior year.

The investments in other companies above are stated at cost and include the following trading companies:

Entity	Country of registration or incorporation	Share of ordinary allotted capital and voting rights	Holding	Address
Argos Business Solutions Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
Argos Card Transactions Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
Argos Distributors (Ireland) Limited	ROI	100%	Direct	6th Floor, South Bank House, Barrow Street, Dublin 4, D04 TR29
Argos SURBS Investments Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
First Stop Stores Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
Home Retail Group (Finance) LLP	UK	99.9%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
Home Retail Group Holdings (Overseas) Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA
Jungle.com Holdings Limited	UK	100%	Direct	33 Charterhouse Street, London, England, EC1M 6HA

A full list of the Company's subsidiaries is detailed in note 23.

14. Inventory

	2025	2024
	£m	£m
Gross finished goods	663.9	765.2
Inventory provision	(45.3)	(64.0)
	618.6	701.2

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

15. Trade and other receivables

	Non-current	Current	2025	Non-current	Current	2024
	£m	£m	Total	£m	£m	Total
			£m			£m
Trade receivables	-	21.0	21.0	-	17.4	17.4
Less provision for expected credit losses	-	(0.9)	(0.9)	-	(1.8)	(1.8)
Amounts owed by Parent Company	794.0	-	794.0	794.0	-	794.0
Amounts owed by other Group entities	-	419.7	419.7	4.4	408.6	413.0
Other receivables	2.3	7.7	10.0	4.8	7.5	12.3
Prepayments and accrued income	0.5	74.0	74.5	1.8	75.8	77.6
	796.8	521.5	1,318.3	805.0	507.5	1,312.5

The non-trading balances owed by group undertakings are unsecured, repayable on demand and bear no interest.

Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet its obligations. This is assessed by considering the net asset position of the entity and whether the amounts owed to the Company are covered. No impairment losses were recognised in the year.

16. Trade and other payables

	Non-current	Current	2025	Non-current	Current	2024
	£m	£m	Total	£m	£m	Total
			£m			£m
Trade payables	-	509.0	509.0	0.2	503.0	503.2
Amounts owed to other Group entities	-	1,441.5	1,441.5	-	1,418.0	1,418.0
Other payables	-	18.2	18.2	-	20.5	20.5
Accruals and deferred income	-	133.7	133.7	-	115.5	115.5
	-	2,102.4	2,102.4	0.2	2,057.0	2,057.2

Trade and other creditors are non-interest bearing and the fair values are not considered to differ materially from the recognised book values. Other amounts owed to group entities at the year-end are unsecured, repayable on demand at amortised cost using the effective interest rate method.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

17. Provisions

	Property provisions £m	Insurance provisions £m	Restructuring programmes £m	Other provisions £m	Total £m
At 3 March 2024	51.4	5.8	31.5	3.6	92.3
Additional provisions	10.8	3.8	18.6	-	33.2
Unused amounts released	(10.3)	(0.4)	(1.3)	(0.8)	(12.8)
Utilisation of provision	(8.2)	(3.9)	(11.1)	-	(23.2)
Amortisation of discount	0.2	-	1.2	-	1.4
At 1 March 2025	43.9	5.3	38.9	2.8	90.9
Current	21.4	1.1	14.6	2.4	39.5
Non-current	22.5	4.2	24.3	0.4	51.4
At 5 March 2023	53.0	6.1	29.9	7.3	96.3
Additional provisions	11.4	3.8	11.2	-	26.4
Unused amounts released	(4.5)	(0.8)	(2.4)	(3.7)	(11.4)
Utilisation of provision	(8.5)	(3.3)	(7.8)	-	(19.6)
Amortisation of discount	-	-	0.6	-	0.6
At 2 March 2024	51.4	5.8	31.5	3.6	92.3
Current	24.5	1.2	7.5	3.2	36.4
Non-current	26.9	4.6	24.0	0.4	55.9

18. Retirement benefit obligations

Retirement benefit obligations relate to the Argos section of the Sainsbury's Pension Scheme plus unfunded pension liabilities for former senior employees of Home Retail Group.

This section holds the assets and liabilities of the former Home Retail Group Pension Scheme. The section's assets are segregated by deed and ring-fenced for the benefit of the members of that section. The Scheme is run by a corporate trustee with nine directors.

The section was closed to new employees in 2009 and to future accrual in January 2013. Pension benefits are based on service and final salary when leaving.

Triennial valuation

The Trustee's triennial valuation is used to determine the contributions required for the Scheme to pay all the benefits due, now and in the future. The Trustee must allow for a level of prudence resulting in these assumptions placing a relatively high value on the Scheme's liabilities. By contrast, IAS 19 'Employee Benefits' requires companies to value the liabilities on a 'best estimate' basis which places a lower value on the liabilities and therefore a more favourable financial position. As such, the accounting value is different to the result obtained using the Trustee's triennial valuation basis.

The most recent triennial valuation was as at 30 September 2021, resulting in an actuarial £101 million deficit in the Argos section on a technical provisions basis. An updated triennial funding valuation of the Scheme is currently being carried out with an effective date of 30 September 2024.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

Triennial valuation (continued)

The asset-backed contributions structure (ABC) established by Sainsbury's in July 2019 continues to deliver as planned. Under the ABC structure, properties with a valuation of £1,350 million were transferred into a newly formed property holding company – Sainsbury's Property Holdings Limited (Propco) from the Sainsbury's Property Scottish Partnership and other Sainsbury's Group Companies. The Propco is a wholly owned subsidiary of the Group and leases the transferred properties to other Group companies. Rental receipts facilitate payments of interest and capital on loan notes issued to the Partnership, in which the Scheme holds an interest.

The Partnership is controlled by Sainsbury's and its results are consolidated by the Group. The Scheme's investment in the Partnership does not qualify as a plan asset for the purposes of the Group's consolidated financial statements and is therefore not included within the fair value of plan assets.

The value of the properties transferred to the Propco remains in the Group's property, plant and equipment on the balance sheet, and the Group retains full operational flexibility to extend, develop and substitute them.

The Scheme's interest in the Partnership entitled it to annual distributions over up to 20 years initially through three payment streams:

- 1) Payments to the Sainsbury's section (£15 million per year) which stopped from December 2021
- 2) Payments to the Argos section (£20 million per year) which stopped from December 2024
- 3) Switching payment stream, paid to either the Sainsbury's section or Argos section (initially £23 million per year, increasing to £33 million by 2038)

The payments to the Sainsbury's and Argos sections (streams 1 and 2) would stop in 2030, or when the relevant section reached its funding target, if earlier.

The Sainsbury's section reached its funding target on 31 December 2021 and so the first payment stream was permanently switched off, even though the subsequent updating of assumptions under the 2021 triennial valuation resulted in a small deficit on this funding basis.

The Argos section (stream 2) reached its funding target on 31 December 2024 and so the second payment stream has been permanently switched off.

The switching stream (stream 3) was initially paid to the Sainsbury's section until it reached the funding target on 31 December 2021, when it switched to the Argos section. Now that the Argos section has reached the funding target, this stream will switch back to the Sainsbury's section. Payments continue until 2038 or until both sections have reached their funding targets, if earlier.

The level of security in the Propco reduces as the Scheme reaches the funding targets. The level of security was designed to reduce as the Scheme's funding level improves, as the risk of a Group insolvency to the Scheme reduces. Once a section reaches a specific funding target for three consecutive quarters, the level of security that the Scheme can access reduces at the following 31 March in line with the Residual Security Amount (RSA) caps set out in the ABC framework. The security is currently provided by properties in the ABC which are valued annually. If the value of the security is outside a corridor either side of the RSA, the Company must top up if the value is less, or can choose to remove property from the Propco if the value is higher; however, if a default event were to occur, the Scheme would only have rights over the security to the value of the RSA – any excess value would remain in the Propco and revert to the Company.

Unfunded pension liabilities

The unfunded pension liabilities are unwound when each employee either retires and draws their pension or the pension is taken as a lump sum on retirement or upon leaving.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

a) Income Statement

	2025	2024
	£m	£m
Excluded from underlying profit before tax:		
Interest cost on pension liabilities	a) (40.5)	(39.3)
Interest income on plan assets	46.5	46.6
Total included in finance income	6.0	7.3
Defined benefit pension scheme expenses	(1.6)	-
Total (excluded from underlying profit before tax)	4.4	7.3

a) Includes interest of £0.5 million (2024: £0.5 million) for the unfunded pension scheme.

b) Remeasurements included in other comprehensive income

	2025	2024
	£m	£m
Return on plan assets, excluding amounts included in interest	(80.0)	(70.3)
Actuarial gains/(losses) arising from changes in		
Finance assumptions	66.0	(2.0)
Demographic assumptions	0.4	16.0
Experience	0.4	(29.4)
Total actuarial gains/(losses)	a) 66.8	(15.4)
Total remeasurements	(13.2)	(85.7)

a) Includes £0.4 million gain the unfunded pension scheme (2024: £0.1 million loss).

c) Balance sheet

	2025			2024		
	Assets	Obligations	Net	Assets	Obligations	Net
	£m	£m	£m	£m	£m	£m
As at the beginning of the financial year	979.7	(826.2)	153.5	1,036.2	(803.6)	232.6
Interest income/(cost)	46.5	(40.5)	6.0	46.6	(39.3)	7.3
Remeasurement (losses)/gains	(80.0)	66.8	(13.2)	(70.3)	(15.4)	(85.7)
Pension scheme expenses	(1.6)	-	(1.6)	-	(1.6)	(1.6)
Benefits (paid)/received	(33.8)	34.2	0.4	(32.8)	33.7	0.9
As at the end of the financial year	910.8	(765.7)	145.1	979.7	(826.2)	153.5

d) Investment strategy and risks associated with defined benefit pension scheme

The investment strategy of the Scheme is determined by the Trustee. The Trustee considers that its primary responsibility in respect of investments is to ensure, for the duration of the Scheme, that funds will be available to meet the benefit payment obligations as they fall due. The Trustee continues to target being funded on a gilts +0.25% p.a. basis for the Argos Section, while limiting the downside risk associated with investment policy wherever possible. The investment objectives target a 50% or better chance of being fully funded on this basis by the end of 2029 for the Argos section.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

d) Investment strategy and risks associated with defined benefit pension scheme (continued)

On 25 July 2024, the Court of Appeal upheld the High Court’s decision in Virgin Media v NTL Pension Trustees. This case found that changes made between 1997 and 2016 to pension benefits from a contracted-out salary related scheme could be void where trustees do not have written Section 37 confirmation from the scheme actuary. In response, the UK Government announced on 5 June 2025 its intention to introduce legislation allowing schemes to retrospectively obtain the required actuarial confirmation for those changes. Based on a review of historical amendments and associated documentation, the Company does not consider any adjustments to the financial statements are required in respect of this matter.

The risks associated with achieving the above strategy are as follows:

Risk	Description	Mitigation
Investment Strategy and implementation	<p>Misalignment of the investment strategy relative to changes in liabilities reduces the future resources available to meet pension obligations.</p> <p>The strategy also includes addressing sustainability and ESG-related risks for the Scheme.</p> <p>Poor execution, attention to regulation or underperformance in applying the strategy could lead to lower funding levels.</p>	<p>Using an FCA regulated investment advisor, a liability-driven investment (LDI) framework has been adopted to generate excess asset returns aligned to liabilities by largely removing interest and inflation uncertainties.</p> <p>ESG and related risks are incorporated into the Statement of Investment Principles (SIP), and an annual TCFD report and Implementation Statement are published covering risk management and goals.</p> <p>Investment managers have signed up to international ESG principles and are requested to confirm that they operate in line with the Trustee’s policies on ESG.</p> <p>Investment mandates are monitored closely against portfolio benchmarks set out in investment guidelines. The Investment Committee will terminate consistently underperforming mandates and reallocate capital.</p>
Investment Liquidity	<p>Insufficient liquidity to meet cashflow requirements to make collateral top up requests to manage the Scheme’s derivative positions and member benefit payments.</p>	<p>The Scheme adopts a collateral sufficiency framework to ensure that sufficient liquid assets are maintained and imposes limits on short-term maturing repurchase contracts.</p> <p>The Investment Adviser liaises with the Scheme Actuary and Pensions Department to determine current and future cash flow requirements.</p>
Investment Counterparty	<p>Financial losses may be incurred due to failure of counterparties or inability to roll-over derivative positions.</p>	<p>Asset Managers manage credit limits for all their derivative counterparty exposures and monitor positions over derivative roll dates.</p>
Inflation	<p>Scheme obligations are linked to inflation whereby a higher long-term inflation rate leads to higher liabilities.</p>	<p>The Scheme’s LDI portfolio and inflation-linked investments reduce inflation risk by aligning assets movements to changes in inflation expectations. Inflation increases are subject to maximum caps.</p>
Interest rate	<p>Scheme liabilities are determined using discount rates linked to corporate bond and gilt yields for accounting and funding purposes, respectively. A decrease in yields increases liabilities.</p>	<p>The Scheme’s LDI portfolio reduces this risk on a funding basis. Whilst the accounting basis may differ because of divergence between corporate bond and gilt yields, other assets held in the portfolio help to provide an additional hedge.</p>

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

d) Investment strategy and risks associated with defined benefit pension scheme (continued)

Sustainability, including ESG and climate	Investment managers do not have appropriate policies and procedures in place to identify such risks and opportunities. A broad range of these risks exists across the activities of the entities in which the Scheme ultimately invests which include exposure to climate transition, a lack of diversity, equity and inclusion, or poor corporate governance.	ESG, stewardship and other related risks are incorporated into the Statement of Investment Principles. The Trustee publishes an annual TCFD report and an Implementation Statement which details how climate risks are managed. Day-to-day management of ESG risks is delegated to investment managers who are requested to confirm alignment with the Trustee's policies. A net zero carbon emission goal by 2050 has been adopted by the Trustee and follows new climate governance and reporting standards. The Scheme's investment managers have signed up to the UN Principles of Responsible Investment and have net zero targets.
Longevity	The Scheme pays benefits longer than expected due to members living longer than assumed.	Longevity risk is monitored with the aim of achieving sufficient funding levels which take account of the potential for increased life expectancy.
Cyber risk	The increasing threat of cyber-attack leads to data breaches and financial losses.	Robust cybersecurity measures have been implemented by the Trustee's custodian and administrators, including regular security assessments, employee training, and advanced IT systems. These measures aim to protect sensitive data and ensure the integrity and confidentiality of member information.

Since 2024, cyber risk has been separately reported for presentational purposes.

c) Analysis of plan assets

	Quoted	2025 Unquoted a)	Quoted	2024 Unquoted
	£m	£m	£m	£m
Liability matching assets	577	182	647	88
Growth assets				
Alternatives				
Real Estate	-	19	-	77
Private Debt	-	82	-	108
Diversified Growth	-	35	-	39
Cash and Cash equivalents	16	-	21	-
	593	318	668	312

a) Certain unquoted fixed interest securities, private equity and debt investments and property investments are stated at fair value. These fair values may differ from their realisable values due to the absence of liquid markets in these investments.

The Argos section adopts a liability-driven investment (LDI) framework to manage its funding risk and reduce volatility by largely removing the interest rate and inflation rate impacts of its liabilities. As a result, the value of the section's assets changes in a similar way to its liabilities, which helps maintain its ability to pay benefits and therefore member security over the long term.

Of the above assets, £904 million are denominated in pound sterling and £7 million are denominated in overseas currencies.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

e) Analysis of plan assets (continued)

The valuation of these assets is based on the audited accounts of the funds, where available, and net asset value statements from the investment managers where recent accounts are not available. For many of the investments, the valuations provided are at 30 September. The Company therefore performs a roll-forward for these valuations, adjusting for cash received or paid and applying the changes seen in relevant liquid indices as follows:

Index returns from 30 September 2024 to 2 March 2025

Asset Class	Returns
Global equity USD return	2.6%
Global High Yield Debt USD return	2.2%
US loans USD return	3.1%
UK REITS GBP return	-14.2%

The roll-forward has increased the valuation of illiquid assets by £1.3 million. A 1 per cent increase/decrease in the indices used would have caused a £1.3 million increase/decrease in the adjustment.

f) Assumptions

Principal actuarial assumptions

	2025	2024
	%	%
Discount rate	5.45	5.00
Inflation rate - RPI	3.15	3.20
Inflation rate - CPI	2.55	2.55
Future pension increases	1.95-2.95	1.95-3.00

Discount rate

The discount rate for the Scheme is derived from the expected yields on high quality corporate bonds over the duration of the Company's pension scheme and extrapolated in line with gilts with no theoretical growth assumptions. High quality corporate bonds are those for which at least one of the main ratings agencies considers to be at least AA (or equivalent).

Inflation

The Government's intention to amend the RPI calculation methodology to be aligned to that already in use for the calculation of the CPI (including housing) takes effect from 2030. As a result, the Group has assumed that RPI will be aligned with CPI post 2030, resulting in a single weighted average RPI-CPI gap of 0.60% p.a. up to 2030 (2024: 1.00% p.a.).

Mortality

The base mortality assumptions use the SAPS S3 tables for the Argos section, with adjustments to reflect the section's population.

Following the completion of the 2021 triennial valuation and consideration of the previous three years of mortality experience both in the Scheme and the UK as a whole, the Company updated the actuarial mortality base tables that determine the life expectancy assumptions to reflect a best-estimate adjustment derived from analysis carried out for the valuation. Future mortality improvements for the 2025 year-end are CMI 2023 projections with a long-term rate of improvement of 1 per cent p.a. Future mortality improvements for the 2024 year-end were CMI 2022 projections with a long-term rate of improvement of 1 per cent p.a.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 1 March 2025

18. Retirement benefit obligations (continued)

d) Assumptions (continued)

All IAS 19 calculations use the CMI model which measures potential changes to future mortality trends. The Group's policy is to use the available version as at the year-end which is CMI 2023 which was released in April 2024. The calibration process for CMI 2023 differs from previous years as the CMI have moved to a single calibration parameter which applies weighting to only the most recent years of post-pandemic mortality experience.

As such, zero per cent weighting is applied to 2020 and 2021 data and 100% weighting applied to 2023 data, to reflect the view that the sustained and less volatile mortality experience provides greater evidence of a change to future mortality trends.

The CMI has proposed significant and complex changes to CMI 2024 on which it is currently consulting. Our advisers have reviewed the consultation working paper and confirmed that the same mortality improvement assumption is retained for FY25 as it remains within a reasonable range for 'best estimate' purposes.

Life expectancy at age 65

	2025	2024
Members aged 65 at balance sheet date		
Male pensioner	19.8	19.7
Female pensioner	22.9	22.8
Members aged 45 at balance sheet date		
Male pensioner	20.7	20.7
Female pensioner	24.0	24.0

Sensitivities

The present value of the section's liabilities and the net financing charge are dependent on the discount rate. Other key assumptions are based on market conditions or estimates of future events, including mortality rates. The carrying value of the retirement benefit obligations is impacted by changes to any of the assumptions used.

The sensitivities are calculated using the same methodology used to calculate the retirement benefit obligation, by considering the impact for a given change in an assumption while holding all others constant, thus meaning that interdependencies between the assumptions have not been taken into account in the analysis. The sensitivities reflect the upper ends of a range of reasonably possible changes in principal assumptions.

Change in present value of funded obligations – Increase/(decrease) effect

Sensitivity analysis		£m	£m
Financial sensitivities			
Discount Rate	+/- 0.1%	(12)	12
Discount Rate	+/- 1.0%	(107)	134
Inflation Rate	+/- 0.1%	7	(11)
Inflation Rate	+/- 1.0%	90	(84)
Inflation rate for future pension increases	+/- 0.1%	3	(7)
Inflation rate for future pension increases	+/- 1.0%	45	(47)
Demographic sensitivities			
Life expectancy	+/- 1 year	(21)	23

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18. Retirement benefit obligations (continued)

e) Future benefit payments

The duration of liabilities is around 17 years for the Argos section.

Timing of benefit payments (undiscounted)

	2025	2024
	£m	£m
Within the next 12 months (next annual reporting period)	30	27
Between 2 and 5 years	140	134
Between 6 and 15 years	501	496
Between 16 and 25 years	550	567
Beyond 25 years	843	927
Total expected payments	2,064	2,151

19. Share capital

	2025	2024	2025	2024
	million	million	£m	£m
Called up share capital				
Allotted, called up and fully paid ordinary shares -25p each	1,000	1,000	250	250

In addition, the company has 400 (2024:400) deferred shares of 25p each all of which are authorised and fully paid and have the same rights as the ordinary shares.

On 28 February 2024, pursuant to section 641(1)(a) of the Companies Act 2006, the issued share capital of the Company was reduced from £624,559,930.75 to £250,000,000 (consisting of 1,000,000,000 issued ordinary shares of £0.25), by cancelling and extinguishing 1,498,239,323 of the existing issued ordinary shares. The amount by which share capital was reduced (£374,559,830.75) was credited to the Company's retained earnings.

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20. Share-based payments

a) Savings-Related Share Option Schemes (Sharesave)

The Group operates a Savings-Related Share Option Scheme, which is open to all UK employees with more than three months' continuous service. This is an approved HMRC scheme and was established in 1980. Under Sharesave, participants remaining in the Group's employment at the end of the three-year (and historically also five-year) savings period are entitled to use their savings to purchase shares in the Company at a pre-stated exercise price.

Employees leaving for certain reasons can use their savings to purchase shares within six months of their leaving.

b) Long-Term Incentive Plan

Under the Long-Term Incentive Plan, shares are conditionally awarded to senior leaders of the Company. Awards are calculated as a percentage of the participants' salaries and scaled according to grades.

Performance is measured at the end of the three-year performance period. If the required performance conditions, which are financial and non-financial non-market conditions, have been met, the awards vest and the participants are able to exercise 100% of the awards received. For 2020 awards and prior, recipients were only able to receive 50% of their awards after three years and 50% of their awards after four years. From 2021 onwards, schemes vest and participants are able to exercise after three years. Awards will expire five years from the grant date.

For Executive Directors, awards will normally be subject to a two-year holding period following the end of the three-year performance period. Awards will expire six years from the date of grant.

For awards granted in and before the year ended 4 March 2023, a core share award was granted which could grow by up to four times, dependent on the level of performance. For awards granted in the years ended 2 March 2024 and 1 March 2025, the maximum share award is allocated, and the award will vest between 0 per cent and 100 per cent based on performance against targets. Awards are structured as nil-cost.

Dividends will accrue on the shares that vest in the form of additional shares, except for certain colleagues who are unable to receive dividend equivalents due to Financial Services regulations.

c) Nil-Cost Share Award

The nil-cost share schemes include Bonus Share Awards and other Conditional Awards.

Senior leaders receive a percentage of their bonus award in shares. Before 2021, bonus awards had a three-year deferral period. However, awards granted from 2021 now have a deferral period of two years, except for certain colleagues who are subject to a longer deferral period due to Financial Services regulations.

Other conditional awards relate to the retention and recruitment of senior leaders as part of the wider reward strategy. Awards vest, typically between one and three years, subject to participants remaining in employment at the vesting date.

Dividends accrue on these shares and vest in the form of additional shares released at the end of the deferral period except for certain colleagues who are unable to receive dividend equivalents due to financial services regulations.

1,871,565 share options (2024: 1,592,848) were exercised during the year, with a weighted average share price at exercise of £2.63 per share (2024: £2.69).

Details for share options outstanding at the period end are as follows:

	2025	2024
Weighted average remaining contractual life for options outstanding	3.4 years	2.9 years
Range of exercise prices for options outstanding	£nil - £2.28	£nil - £2.60

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21. Capital commitments

	2025	2024
	£m	£m
Capital commitments contracted, but not provided for	3.0	1.1

22. Parent and Ultimate Controlling Entity

The Company's immediate parent undertaking is Argos Holdings Limited, a company registered in England and Wales, by its 100% shareholding in the Company.

The Company's ultimate parent and controlling party is J Sainsbury plc, a company registered in England and Wales. The largest and smallest group of undertakings for which group financial statements have been prepared was that of J Sainsbury plc. Copies of these financial statements are available from its registered office at 33 Charterhouse Street, London, United Kingdom, EC1M 6HA.

23. Subsidiaries and related undertakings

Undertaking	Address of the undertaking	Direct/ indirect holding	Interest
First Stop Stores Limited	A	Direct	100
Argos SURBS Investment Limited	A	Direct	100
Home Retail Group Holdings (Overseas) Limited	A	Direct	100
Argos Card Transactions Limited	A	Direct	100
Argos Business Solutions Limited	A	Direct	100
Argos Distributors (Ireland) Limited	6 th Floor, South Bank House, Barrow Street, Dublin 4, D04 TR29	Direct	100
Home Retail Group (Finance) LLP	A	Direct	99.9
Jungle.com Holdings Limited	A	Direct	100
Argos (N.I.) Limited	Forestside Shopping Centre, Upper Galwally, Belfast, BT8 6FX	Direct	100
Sainsbury's Argos Asia Technical Limited	B	Indirect	37.5
Sainsbury's Argos Asia Commercial Limited	B	Indirect	37.5
Sainsbury's Argos Asia Sourcing Limited	B	Indirect	37.5
Sainsbury's Argos Asia Limited	B	Indirect	37.5
Sainsbury's Argos Commercial Consultancy (Shanghai) Limited	C	Indirect	37.5
Jungle.com Limited	A	Indirect	100
Software Warehouse Holdings Limited	A	Indirect	100
Jungle Online	A	Indirect	50

Addresses:

A: 33 Charterhouse Street, London, United Kingdom, EC1M 6HA. The address was changed from 33 Holborn, London, EC1N 2HT to 33 Charterhouse Street, London, EC1M 6HA, effective from 18 June 2025.

B: Unit 904 9/F Tower 2, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong

C: 26/F., Tower 1, Kerry Everybright City Phase III – Enterprise Centre, No 128 West Tian Mu Road, Ahzbei, Shanghai, 200070, Shanghai, People's Republic of China

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24. Post balance sheet events

Subsequent to the balance sheet date, Home Retail Group (Jersey) Limited, a directly owned subsidiary of the Company's immediate parent company Argos Holdings Limited, approved and undertook a reduction of capital by way of the solvency statement procedure under Article section 61A of the Companies (Jersey) Law 1991. The nominal value of Home Retail Group (Jersey) Limited's 100,000,000 £1 ordinary shares was reduced to £0.00000001 each and share premium of £746,643,000 was cancelled to nil. £846,642,999 was subsequently credited to its retained earnings.

Following this, the following intercompany transactions occurred:

- The amount owed by Argos Limited to Home Retail Group (Jersey) Limited of £1,082 million was swapped to Argos Holdings Limited.
- Argos Limited and Argos Holdings Limited net settled their gross intercompany receivable of £794 million, leaving a net intercompany payable from Argos Limited to Argos Holdings Limited of £288 million.
- Argos Holdings Limited formally released Argos Limited from its intercompany payable.

The overall impact to Argos Limited as a result of these transactions was a reduction in non-current receivables of £794 million, a reduction in current payables of £1,082 million, and an increase in retained earnings of £288 million. These transactions will be reflected in the financial statements of Argos Limited for the period ended 28 February 2026.