

Interim Results for the 28 weeks ended 13 September 2025
Winning combination of value, quality and service driving continued market share gains

Simon Roberts, Chief Executive of J Sainsbury plc, said: "We started this year with one clear priority - to sustain the strong competitive position we have built over the last five years. We have delivered on this in the first half, with focused and effective investment to ease cost-of-living pressures, keeping price inflation behind the wider market and delivering our winning combination of great value, trusted quality and leading service. This has driven continued grocery volume growth ahead of the market for a fifth consecutive year and a profit performance ahead of our expectations.

"We planned for a strong Summer and we really delivered, with leading product innovation and outstanding fresh food availability when demand was highest throughout the hot weather. At Argos we delivered a good seasonal performance, grew market share and improved profitability. A huge thank you to all our hard working and dedicated colleagues, suppliers and farmers who make this possible every day.

"We're investing where it matters most with Aldi Price Match on everyday essentials and bringing personalised Your Nectar Prices to all supermarket customers. Customers saved an average of £14 on an £80+ big weekly shop with Nectar Prices. Value perception is improving across supermarkets, convenience stores and online. We've continued to invest in innovation too, including launching our new Taste the Difference Discovery ranges for restaurant quality food at home. In its 25th year, more and more customers are shopping Taste the Difference, driving the biggest premium own-label share gains in the market.

"Our offer has never been stronger. So while we expect the market to remain highly competitive, our momentum gives us real confidence as we head into Christmas and we have strengthened our profit guidance today."

Financial Highlights

- Sainsbury's sales (excluding fuel) up 5.2%, with Grocery sales growth of 5.3% and Sainsbury's General Merchandise & Clothing sales up 3.3%. Argos sales up 2.3%, Fuel sales down 11.3%
- Retail underlying operating profit £504m, ahead of our expectations and in line with last year, with strong trading and cost savings delivery enabling focused investments in value, customer service and quality and offsetting higher employment and regulatory costs and disruption from space reallocation activity
- Statutory profit after tax £165m (HY 2024/25: £76m). Non-underlying items of £(72)m on a post-tax basis predominantly relate to Retail restructuring costs and the phased withdrawal from Financial Services
- Retail free cash flow £310m. On track to exceed £500m for the full year
- Bank disposal proceeds will now exceed £400m, higher than originally expected. £400m will be returned to shareholders via a £250m special dividend and £150m incremental share buyback. Of the £150m, £50m will be added to the previously announced £200m buyback in financial year 2025/26 and the remaining £100m will be added to the core buyback in financial year 2026/27
- Interim dividend of 4.1 pence per share, up 5%
- Total cash returns to shareholders in financial year 2025/26 now expected to exceed £800m

H1 Financial Summary	2025/26	2024/25	YoY
Business performance			
Retail sales (excl. VAT, excl. fuel)	£15,577m	£14,865m	4.8%
Retail underlying operating profit	£504m	£503m	0.2%
Financial services underlying operating profit/(loss) ¹	£2m	£(29)m	-
Underlying profit before tax ¹	£340m	£309m	10%
Underlying basic earnings per share ¹	10.3p	9.2p	12%
Interim dividend per share	4.1p	3.9p	5.1%
Retail free cash flow	£310m	£425m	£(115)m
Net debt (inc. lease liabilities) ²	£(5,527)m	£(5,584)m	£57m
Non-lease net debt ²	£(81)m	£(152)m	£71m
Return on capital employed ³	9.0%	8.5%	50bps
Statutory performance			
Group revenue (excl. VAT, inc. fuel) ⁴	£17,581m	£17,107m	2.8%
Profit after tax	£165m	£76m	117%
o/w Continuing operations ⁴	£185m	£175m	5.7%
o/w Discontinued operations ⁴	£(20)m	£(99)m	80%
Total basic earnings per share	7.2p	3.2p	125%
Net cash generated from operating activities – continuing ⁴	£265m	£577m	(54)%

2025/26 Outlook

Our focused and effective investment in value, quality and service in the first half further strengthened our customer proposition relative to competitors and helped deliver a sales and profit performance ahead of our expectations. This means that, while we will continue to make balanced choices to invest and sustain the strength of our competitive position through the most important trading period of the year, we now expect Retail underlying operating profit of more than £1 billion. We continue to expect to deliver Retail free cash flow of more than £500 million.

Enhanced cash returns: Special dividend, Ordinary dividend and Share buyback

We now expect net cash proceeds from the disposal of our banking operations to exceed £400 million, reflecting very good progress with our phased withdrawal from core Banking products. As previously announced, we will return £250 million of these proceeds to shareholders via a special dividend of 11.0 pence per share. This will be paid on 19 December 2025 to shareholders on the Register of Members at the close of business on 14 November 2025. We are no longer proposing a share consolidation alongside payment of the special dividend.

We will additionally return £150 million of bank disposal proceeds through share buybacks, with £50 million to be added to the core £200 million buyback in financial year 2025/26 and £100 million to be added to the core buyback in financial year 2026/27.

We announced in April 2025 that we would buy back £200 million of shares in the financial year 2025/26. We bought back c.57 million shares with an aggregate purchase price of £158 million in the period between 22 April 2025 and 12 September 2025. We will complete the remaining £42 million of this programme by the end of the 2025/26 financial year as well as the additional £50 million announced today.

The Board has recommended an increased interim dividend of 4.1 pence per share (HY 2024/25: 3.9 pence). Consistent with prior years, this represents 30 per cent of the prior year's full year dividend per share. This will be paid on 19 December 2025 to shareholders on the Register of Members at the close of business on 14 November 2025.

Balanced choices delivering strong momentum

Halfway through the three-year plan that we set out in February 2024, we are making good progress against our commitments, further strengthening our customer proposition relative to competitors whilst navigating high levels of operating cost inflation. This is delivering continued strong momentum as more and more customers are trusting us to consistently deliver great value alongside the outstanding quality and service they have always expected from Sainsbury's.

We continue to strengthen our capabilities, having made key appointments across retail, clothing, technology and data as well as accelerating the Argos transformation through dedicated leadership. We have invested further in hourly colleague pay and made two pay increases in March and August of this year while investments in technology and automation are driving sustained benefits in stores and logistics. We have a healthy pipeline of new initiatives to deliver future efficiency improvements.

We have invested in growing our food footprint in existing supermarkets and through new store openings in key target locations to ensure that more customers are able to access the best of our ranges, building on our competitive advantages in product range and quality. We continue to grow long-term strategic relationships with key food suppliers, ensuring resilience and quality of supply and support for ongoing product innovation and sustainability improvements. We are capitalising further on the strong foundations we have built across Nectar, extending access to personalised Your Nectar Prices to more customers and launching Nectar360 Pollen, our world class retail media platform that will deliver outstanding results for clients and strong revenue growth for Nectar360.

Our investment in the business is supported by the strength of our balance sheet and consistent cash generation. This additionally allows us to deliver healthy returns to shareholders. We anticipate returning more than £800 million to shareholders this financial year through dividends and share buybacks.

Across the business, we remain confident on delivering on the eight commitments that we made in February 2024 over the life of the Next Level Sainsbury's plan:

- **Food volume growth** ahead of the market
- **Customer satisfaction** higher 26/27 vs 23/24
- **Colleague engagement** higher 26/27 vs 23/24
- Deliver our **Plan for Better commitments**
- **Deliver profit leverage** from sales growth
- **£1bn of cost savings** over three years to 26/27
- **£1.6bn+ Retail free cash flow** over three years to 26/27
- **Higher return on capital employed**

Our progress against these commitments will be driven by our four strategic outcomes: First choice for food, Loyalty everyone loves, More Argos, more often and Save and invest to win.

First choice for food

Focused investment in our winning combination of value, quality and service delivered our strongest ever customer offer this Summer, resulting in our fifth consecutive year of market outperformance⁵. We have built a unique position from which we are consistently balancing great value and trusted quality for customers, whilst delivering leading service⁶. As a result,

we continue to benefit from switching gains from competitors across the whole market⁷ as more and more customers choose Sainsbury's for their big trolley, main shopping mission⁸. We now have nearly one million more loyal primary customers than four years ago, with primary customer growth significantly ahead of key competitors⁹. We are well set to continue to build on our Grocery momentum, with strong plans in place to deliver for customers through the peak Christmas period.

Consistently building a stronger Sainsbury's: focused and effective investment in our customer offer driving continued momentum and market share gains

- Our focus on great value for customers, wherever they choose to shop with us, is delivering. We have strengthened our competitive position over the first half¹⁰, inflating behind the market¹¹, and our value perception is improving in supermarkets, convenience and online¹²
- We extended Aldi Price Match to around 800 of the products that customers buy most often and delivered more personalised value to more customers through the extension of Your Nectar Prices to all supermarket checkouts (previously only available on Groceries Online and SmartShop)
- Over the summer we amplified our value messaging alongside a Taste the Difference brand campaign that celebrated 'everyday trade ups', delivering a very positive customer response¹³ with more and more customers shopping with us for their full trolley⁸. 65 per cent of customers shopped both Aldi Price Match and Taste the Difference products in the same basket during the half¹⁴

Further strengthening our leading reputation for delivering outstanding quality at affordable prices

- Our food quality and innovation sets our offer apart. We are widening the gap versus competitors on quality perception¹⁵ as we work ever more closely with suppliers to develop new ranges. We launched more than 600 new products this Summer, around half of which were Taste the Difference
- We outperformed the market during key Summer occasions¹⁶, with leading innovation and a great value three for £8 across our Summer deli ranges. This contributed to Taste the Difference fresh sales growth of 18 per cent and the biggest Premium Own Label share gains in the market¹⁷
- We have recently launched our new Taste the Difference Discovery ranges of expertly-created, restaurant quality meals and premium speciality ingredients including British Wagyu and Aberdeen Angus steaks and artisan meats, cheeses and wines. Customer favourites include the Hot Chicken Tikka Masala in our range of Modern Indian ready meals and the Poachers Pie in our Modern Classics range. Since launch, premium dine in sales have grown by almost 40 per cent and we are excited about expanding these ranges as we head into the festive period
- We reinvented our food-to-order business 'Occasions by Sainsbury's' in March, combining this service with our groceries online platform so that customers can shop made-to-order items alongside their everyday groceries, helping drive bigger online shopping baskets

Growing food space and bringing more of our range to more customers

- We are growing our food space through reallocation of space in existing supermarkets, selective addition of supermarkets in key target locations and continued growth of our convenience store portfolio. This will be an increasing contributor to market share growth as new space matures and the benefits of space reallocation build while disruption eases
- During the first half, we opened six new supermarkets, including Cromer and Lowestoft (the first of our 13 Homebase conversions) and two Co-op conversions in Felixstowe and Brightlingsea. Sales in these new stores are on average almost 20 per cent ahead of expectations and are on track to deliver the returns projected. We additionally opened 12 new convenience stores. Subject to final planning consents, we expect to open another six supermarkets (including three Homebase conversions) in the second half and around 18 more convenience stores. Next year we anticipate opening up to 12 new supermarkets, of which eight will be the remaining Homebase conversions, and at least 25 new convenience stores
- We have invested selectively in our existing supermarkets, adapting our refit and space reallocation plans to the trading profile and potential of different supermarkets and rolling out rapidly the most successful elements. We have improved the prominence of Nectar Prices and the look and feel of our centre aisles, extended range, re-located and enhanced presentation in Beers, Wines and Spirits and have made our Food to Go fixtures more compelling and easier to shop
- We are pleased with the results in the stores we have invested in, with higher food sales, higher trading intensity and a strong customer response to the range improvement. By the end of this financial year we expect to have invested in 70 of our existing supermarkets
- In total we expect space reallocation together with new supermarkets and convenience stores to have added around one million square feet of grocery space by the end of next year, an increase of around six per cent over three years
- Convenience¹⁸ sales increased 5.2 per cent, primarily driven by like for like sales growth, reflecting a strong performance through the warm and dry Summer months, benefits of range improvements made last year and a growing contribution from OnDemand sales
- Groceries Online¹⁹ sales increased 11.4 per cent, with continued acceleration of OnDemand sales and a strong underlying volume performance

Playing a leading role in creating a more sustainable food system

- We are working to tackle food poverty in our communities. Through our partnership with Comic Relief, we raised over £2.6 million this summer, which will fund one million meals for children and families experiencing food poverty during the school holidays and we have funded more than 100,000 holiday club places across the UK since March. We are also donating £3 million to Comic Relief to help distribute over five million meals during the winter months through charities such as FareShare, City Harvest and the Felix Project
- We are supporting farmers and suppliers by giving them greater stability through long-term partnerships and cost of production models. Our Dairy Development Group has recently agreed a new financial model in response to rising costs and upcoming environmental regulation, including over £9 million of investment from Sainsbury's to support 150 dairy farms
- This year we have switched all our by Sainsbury's black tea to Fairtrade and as a result we are now the biggest UK grocery retailer of Fairtrade tea. Farmers will receive a guaranteed price and over £1 million a year in Fairtrade Premiums. We've also launched a Resilience Building Initiative with our key tea producers and are working to expand this to coffee and bananas to further strengthen our supply chains and support communities
- In collaboration with our coffee supplier, we have supported a collective of women farmers in Colombia to adopt a new growing model that uses low-carbon fertiliser, water recycling and native tree planting to build greater resilience in our coffee supply chain

Improving performance in the products and services that sit alongside our food offer

- Tu Clothing sales grew 7.8 per cent in H1, outperforming the market for the fifth consecutive quarter²⁰, driven by range and availability improvements, strong online growth and our best ever Back to School performance. Our customer offer now combines great value with quality design and on-trend desirability, driving improved customer perception metrics²¹. This has helped deliver an improvement in full price sales
- General Merchandise sales declined in line with expectations as we reduce General Merchandise space in our stores to support our More for More Food plan. This has improved trading intensity and profitability
- Smart Charge, our ultra-rapid electric vehicle (EV) charging network, delivered strong sales and profit growth, with sales per site increasing, reflecting our industry leading reliability score²² and improved customer offer. We operated in 79 locations at the end of the first half, giving customers access to more than 650 EV charging bays

Stronger than expected proceeds from Bank disposal process, good progress on future Financial Services income streams

- We have made very good progress with our phased withdrawal from core Banking products, with stronger than anticipated net proceeds from divestments alongside the establishment of a number of arrangements with dedicated, specialist financial services partners. These will allow us to benefit from long-term financial services income streams that have a stronger connection to our retail offer. Profits from these income streams will build from next year and we continue to expect Argos Financial Services income, together with commission income from ongoing Care, insurance, travel money and ATM arrangements, to deliver sustainable annual profit of at least £40 million by February 2028
- During the first half we completed the sale of Sainsbury's Bank core banking products to NatWest, migrated the ATM business to NoteMachine, signed an agreement with Allianz UK on car and home insurance and agreed the sale of the Sainsbury's Bank Travel Money business to Fexco Group. Together with the Argos Financial Services card portfolio, Travel Money has now been classified as a discontinued operation¹, reflected in the restatement of Financial Services underlying operating profit and a change to our short term profit guidance, where we now expect Financial Services underlying operating profit contribution to be broadly breakeven in 2025/26

Loyalty everyone loves

Connecting with our customers through Nectar is more important than ever and we remain focused on delivering more personalised, rewarding and integrated loyalty. Nectar is at the centre of how customers get great value at Sainsbury's. Our unique combination of Nectar Prices across nearly 10,000 products, Your Nectar Prices on up to 10 personalised items each week, Nectar Points and Nectar Offers means that customers can save more than £450 a year with Nectar, as well as collecting over £170 worth of Points.

This is supporting the growth of our loyal, primary customer base, in turn benefiting our Nectar360 retail media business, enabling us to support over 900 clients and media agencies with the delivery of more tailored and targeted marketing to customers. Within a fast-growing UK retail media market, Nectar360 continues to stand out as a market leader and we are ahead of our plan to deliver at least £100 million incremental profit over the three years to March 2027.

Nectar is transforming the way that customers maximise value at Sainsbury's

- We have rolled out Your Nectar Prices across all our supermarket checkouts, making personalised savings accessible to millions more customers. Customers increasingly recognise personalised savings as a key reason to shop with Sainsbury's
- Nectar Prices are a vital component of our value offer. More and more customers are shopping Nectar Prices, with customers saving an average of £14 on an £80+ big weekly shop

- We are using interactive challenges on the Nectar app to nudge customers towards healthier food choices. Over the summer we ran a Healthy Choice challenge where customers were incentivised to shop products with a healthy choice logo, supporting increased recognition of the logo and delivering an uplift in healthy choice sales

Investing at scale to accelerate Nectar360 and revolutionise retail media

- We have started the roll-out of our new unified platform Nectar360 Pollen, giving clients and agencies the ability to access the full potential of our retail media network. Designed and built in-house, Pollen brings all elements of running an omnichannel retail media campaign into one seamless platform. It brings together AI-driven planning, real-time optimisation and integrated measurement tools, empowering marketers to build more impactful campaigns, driving better return on advertising spend and stronger customer engagement. Early feedback from clients is extremely positive, calling out the usability of the platform and the benefits of greater visibility and control
- We are scaling our connected retail digital screen network – connecting our customers with their favourite brands in-store. We are on track to roll out centre aisle screens to 200 stores by the end of this year, at which point we will have over 2,500 screens connected through a single content management system, which will in time be integrated into Pollen. Our large format in-store screens are already delivering around eight per cent brand sales uplift, demonstrating the value of digital formats in-store as brands look to build awareness of their ranges
- The Nectar coalition continues to grow with the launch of a new partner in the charity sector, FareShare, whose mission is to address food waste and food poverty. Customers will be able to provide support through cash donations or by donating points, at the same time as earning 10 Nectar points for every £1 donation they make

More Argos, more often

We are making good progress with the Argos transformation plan, with higher sales, market share growth²³ and improved profitability, particularly against a second quarter last year where strategic clearance activity increased sales but diluted trading margins. Sales grew by 2.3 per cent, supported by warm and dry Summer weather in an otherwise subdued, competitive and deflationary market. We continue to strengthen our online offer, improving the digital customer journey and driving higher online traffic and basket size. We have a strong trading plan in place as we head into the important Black Friday and Christmas trading period.

Strategic progress

- We are delivering more inspiring choices for customers through extending our ranges and forming deeper brand partnerships with key suppliers. We continue to grow our Supplier Direct Fulfilled offer, introducing more than 6,000 new products so far this year, including new premium brands such as Oura, and have recently enabled customers to choose to collect in store
- Customers continue to trust Argos to deliver great value, with our Big Red events supporting improved value perception²⁴. Alongside this, we have increased the visibility of value-added services, including pre-order and trade-in, and we have launched a new partnership with Airtasker. We are also trialling Argos Plus, a 12-month subscription for free delivery on all orders greater than £20
- With around 80 per cent of all Argos sales now through digital channels, we are increasingly focused on personalisation within the Argos digital experience, providing customers with relevant recommendations based on their browsing behaviour and inspiration to support bigger basket shopping. Alongside this, we have upgraded the Argos App, including enhancing product pages and improving findability, enabling app exclusive offers and making it easier and faster for app customers to collect their products. More customers are using the app as a result, with positive customer feedback and strong revenue growth as we grow loyalty and encourage greater shopping frequency
- We are growing brand awareness and consideration of Argos as a destination for desirable, premium products, driving greater engagement through social channels and launching our own podcast
- Having focused in recent years on relocating the Argos estate from standalone stores to stores and collection points inside Sainsbury's, we are now focusing on optimising our 1,100 points of presence to provide the best customer journey at the same time as reducing cost to serve. We are improving the speed and ease of collection for customers, giving more self-service options and implementing an improved service model through modernising in-store technology
- We are additionally optimising our market-leading delivery to bring greater efficiency and modernising our supply chain through a new local fulfilment centre warehouse system

Save and invest to win

We are on track to deliver £1 billion of cost savings over the three years of the Next Level plan, with capital investments in high returning technology and infrastructure programmes and a strong pipeline of cross-functional savings activity driving structural cost reduction.

- In the first half we closed the remainder of our in-store cafes, hot food, pizza and patisserie counters and converted our in-store bakery operations to a bake-off model, delivering significant cost savings, improved bakery ranges and creating more space for fresh food
- We have finished the commissioning and testing of our physical large-scale automation and new warehouse management system in Daventry. This has now gone live and will ultimately house both Argos and Sainsbury's general

merchandise products from 2026. This will deliver significant savings through the previously announced closure of two regional warehouses in addition to increasing the capacity, productivity and throughput of the Daventry site

- We are further extending the benefits of our machine learning forecast platform within our supply chain, through introducing a supplier collaboration app. This streamlines and simplifies the supplier journey by automating supply chain interactions, providing greater visibility, self-service functionality and the capacity to access longer-term forecasts
- We are tackling shrink costs through the rollout of self-checkout video analytics across our supermarket store estate. This is currently in operation in more than 200 stores and is outperforming our expectations. We expect to be live in 400 stores by the end of the financial year
- We are committed to creating safe, secure and welcoming environments in our stores and we are doing everything possible to protect our colleagues and customers. In September we started a two store trial in partnership with Facewatch using facial recognition technology to identify serious offenders entering our stores. We will roll this technology out nationwide if the trial is successful
- We continue to invest in our digital infrastructure, enabling us to support a more digital store of the future and implement AI-driven efficiency opportunities in stores, including reduced energy consumption

Sales performance (exc. VAT)

Like-for-like sales performance	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	H1
Like-for-like sales (exc. fuel)	2.9%	4.3%	2.9%	4.0%	4.6% ²⁵	4.3%	4.5%
Like-for-like sales (inc. fuel)	2.6%	2.2%	0.3%	2.6%	2.2% ²⁵	2.8%	2.5%

Total sales performance (%)	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	H1
Sainsbury's	4.3%	5.2%	3.8%	4.2%	4.9%	5.5%	5.2%
<i>Grocery</i>	4.9%	5.5%	4.2%	4.1%	5.0%	5.7%	5.3%
<i>GM (Sainsbury's) + Clothing</i>	(4.5)%	2.0%	(0.4)%	6.4%	4.2%	2.1%	3.3%
Argos	(7.7)%	(1.4)%	(1.4)%	1.9%	4.0% ²⁵	0.1%	2.3%
Total Retail (exc. fuel)	2.6%	4.3%	2.9%	3.9%	4.8%²⁵	4.8%	4.8%
Fuel ²⁶	0.4%	(10.6)%	(17.4)%	(6.8)%	(13.6)%	(7.8)%	(11.3)%
Total Retail (inc. fuel)	2.3%	2.2%	0.3%	2.5%	2.4%²⁵	3.2%	2.7%

Total sales performance (£m)	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	H1
Sainsbury's	7,431	5,497	8,040	3,690	7,797	5,799	13,596
<i>Grocery</i>	6,995	5,155	7,426	3,484	7,342	5,450	12,792
<i>GM (Sainsbury's) + Clothing</i>	436	342	614	206	455	349	804
Argos	1,077	860	1,611	548	1,120 ²⁵	861	1,981
Total Retail (exc. fuel)	8,508	6,357	9,651	4,238	8,917²⁵	6,660	15,577
Fuel ²⁶	1,291	894	1,116	575	1,115	824	1,939
Total Retail (inc. fuel)	9,799	7,251	10,767	4,813	10,032²⁵	7,484	17,516

Notes

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

A webcast presentation and live Q&A will be held at 9:15 (GMT). This will be available to view on our website at the following link: <https://sainsburys-2025-26-interim-results.open-exchange.net/>

A recorded copy of the webcast and Q&A call, alongside slides and a transcript of the presentation will be available at www.about.sainsburys.co.uk/investors/results-reports-and-presentations following the event.

Sainsbury's will issue its 2025/26 Third Quarter Trading Statement at 07:00 (GMT) on 9 January 2026.

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1 Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased, and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results

2 Net debt is defined as Retail net debt. Refer to note A3.1 within Alternative Performance Measures on page 55

3 Return on capital employed: HY 2025/26 is now stated exclusive of discontinued operations, whereas no adjustment has been made to 2024/25, which remains as previously presented (on an inclusive of discontinued operations basis)

4 In July 2025, the Group announced that it has reached an agreement for the sale of its Travel Money business to Fexco Group. As a result, Travel Money results for the 28 weeks to 14 September 2024 have been restated to reclassify the operations as discontinued. Following the sale of Argos Financial Services (AFS) cards to NewDay on 28 February 2025, results to 14 September 2024 have been restated to reflect the AFS component as discontinued

5 Worldpanel by Numerator Panel (Kantar), City Read, Volume growth YoY, H1 21/22 to H1 25/26, 28 weeks to 14 September 2025

6 CSAT Supermarket Competitor Benchmarking data – Overall Supermarket Satisfaction H1 25/26 vs full-choice grocers. Note: H1 25/26 = P2 – P7 data as P1 data unavailable

7 Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery exc. Kiosk, Retailer to/from Volume net switching gains/losses, 28 weeks to 7 September 2025

8 Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery exc.Kiosk, Main Shop Buyers, 28 weeks to 14 September 2025

9 Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery exc.Kiosk, Primary shopper number growth (actual and %) H1 21/22 to H1 25/26, 28 weeks to 7 September 2025. Primary shopper is defined as any shopper who bought 40% or more of their groceries at particular retailer within the time period indicated

10 Value Reality, Week 28 25/26 vs Week 1 25/26; Acuity, internal modelling

11 Worldpanel by Numerator Panel (Kantar), City Read universe, ASP YoY % Growth, 28 weeks to 14 September 2025

12 CSAT Competitor Benchmarking data – Value for Money – Supermarkets, Convenience and Online – Q2 25/26 vs Q2 24/25

13 YouGov Brand Index – Sainsbury's Consideration (4 week average) – September 2025

14 Nectar / Groceries Online customers shopping both Aldi Price Match and Taste the Difference at least once during H1 25/26

15 YouGov Brand Index – Supermarket Quality perception metric net %, H1 25/26 average score

16 NielsenIQ EPOS, Total FMCG excl. Kiosk & Tobacco, Units growth YoY (event week trade adjusted)

17 Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery exc.Kiosk, Premium Own Label tier (excl. Premium Plus tier), Value market share gains YoY, 28 weeks to 14 September 2025.

18 Convenience includes sales through OnDemand channels

19 Grocery Online includes sales through Sainsburys.co.uk and sales through OnDemand channels

20 Worldpanel by Numerator Panel (Kantar), Total Clothing, Footwear and Accessories. YoY retailer spend growth vs the market – from 12 weeks to 15 September 2024 to 12 weeks to 14 September 2025

21 YouGov Brand Tracking: Value: Q2 25/26 vs Q2 24/25 and Quality: H1 25/26 vs H1 24/25

22 SmartCharge Reliability Score – Electric vehicle supply equipment data (inclusive of authorised exemptions) vs UK Government threshold and publicly available data from key competitors

23 BRC, Total NFNC exc. H&B & Stationary. Growth vs the Market: 24 weeks to 13 September 2025

24 Argos CSAT Survey – Value for Money - Q2 25/26 vs Q2 23/24

25 Argos Q1 sales have been restated following a reallocation of third party credit sales costs as a deduction to revenue. The restatement has no impact on profit

26 Fuel sales represent sales of fuel from our Petrol Filling Stations (PFS) and sales from our Ultra Rapid Electric Vehicle charging business, Smart Charge

Financial review for the 28 weeks to 13 September 2025

A number of Alternative Performance Measures (APMs) have been adopted by the Directors to provide additional information on the underlying performance of the Group. These measures are intended to supplement, rather than replace the measures provided under IFRS. Underlying performance within this financial review refers to the Group's performance on a continuing operations basis, unless where otherwise stated. Underlying performance measures are reconciled to their IFRS equivalents on the face of the income statement with non-underlying items set out in more detail in note 3 to the financial statements. Other APMs are defined and reconciled to the nearest IFRS measures in notes A1 to A4 on pages 51 to 56.

The comparative results have been restated and re-presented to reflect the reclassification of Argos Financial Services cards and Travel Money as discontinued following the respective sale in February 2025, and announced sale, in July 2025, as part of the strategic review of Financial Services. Discontinued operations have subsequently been reclassified to non-underlying^{a)}. Further details can be found in note 7 on page 32.

Summary income statement	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	Change %
Underlying group sales (excluding VAT)	17,581	17,107	2.8
Underlying operating profit			
Retail	504	503	0.2
Financial Services	2	(29)	-
Total underlying operating profit	506	474	6.8
Underlying net finance costs	(166)	(165)	(0.6)
Underlying profit before tax	340	309	10.0
Items excluded from underlying results	(69)	(51)	(35.3)
Profit before tax	271	258	5.0
Income tax expense	(86)	(83)	(3.6)
Profit after tax – continuing operations	185	175	5.7
Loss after tax – discontinued operations	(20)	(99)	79.8
Profit for the financial period	165	76	117.1
Underlying basic earnings per share	10.3p	9.2p	12.0
Underlying diluted earnings per share	10.2p	9.1p	12.1
Basic earnings per share	7.2p	3.2p	125.0
Diluted earnings per share	7.1p	3.2p	121.9
Interim dividend per share	4.1p	3.9p	5.1

a) Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased, and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results

In the 28 weeks to 13 September 2025, Underlying group sales grew by 2.8 per cent, with a 4.8 per cent increase in retail sales (excluding fuel) offset by an 11.3 per cent decrease in fuel sales as a result of both lower demand and lower forecourt prices year-on-year.

Underlying retail operating profit of £504 million was in-line with last year, with strong sales especially in seasonal lines and the continued delivery of our cost savings programme offsetting higher operating costs, including increased National Insurance Contributions and the impact of the new Extended Producer Responsibility (EPR) levy. Financial services contributed an underlying operating profit of £2 million (HY 2024/25 loss of £29 million), driven by reduced funding costs as a result of the ongoing strategic exit.

Underlying net finance costs of £166 million grew by 0.6 per cent leading to an underlying profit before tax of £340 million (HY 2024/25: £309 million). Underlying basic EPS increased to 10.3 pence (HY 2024/25: 9.2 pence), primarily due to an increase in underlying earnings and a reduction in the weighted average number of shares as a result of the share buyback programme.

Items excluded from underlying results of £69 million, largely driven by our retail restructuring programmes, led to a profit before tax of £271 million (HY 2024/25: £258 million). Statutory diluted EPS increased to 7.1 pence (HY 2024/25: 3.2 pence).

Group sales

Total sales (excluding VAT) performance by category	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	Change %
Sainsbury's	13,596	12,928	5.2
<i>Grocery</i>	12,792	12,150	5.3
<i>General Merchandise (Sainsbury's) and Clothing</i>	804	778	3.3
Argos	1,981	1,937	2.3
Retail (exc. Fuel)	15,577	14,865	4.8
Fuel sales ^{a)}	1,939	2,185	(11.3)
Retail (inc. Fuel)	17,516	17,050	2.7
Financial Services	65	57	14.0
Group sales	17,581	17,107	2.8

Retail like-for-like sales performance	28 weeks to 13 September 2025	28 weeks to 14 September 2024
Like-for-like sales (exc. fuel)	4.5%	3.5%
Like-for-like sales (inc. fuel ^{a)})	2.5%	2.4%

a) Fuel sales represent sales of fuel from our Petrol Filling Stations (PFS) and sales from our Ultra Rapid Electric Vehicle charging business, Smart Charge

Grocery sales increased by 5.3 per cent, with continued market share gains and favourable weather driving volume growth and inflation driven by higher operating costs, partly offset by our continued investment in value. Our Taste the Difference and Summer Eating ranges performed strongly alongside Aldi Price Match products, where we invested further in the products that customers buy most often.

General merchandise and Clothing sales increased by 3.3 per cent. Strong Clothing growth, driven by improved ranges and strong availability, were partially offset by lower general merchandise sales, reflecting reduced space allocation in stores and subdued consumer spending on discretionary items.

Argos sales increased by 2.3 per cent, driven by volume growth outperformance in a highly competitive, deflationary market. We were well positioned for the strong early seasonal weather in the first quarter and made further underlying progress in the second quarter against tough comparatives, when volumes last year were boosted by a high level of clearance activity.

Fuel sales decreased by 11.3 per cent as a consequence of both reduced demand and lower forecourt prices driven by falling commodity prices. In contrast, Smart Charge sales continue to grow, supported by our expanding offering and rising market demand. We operated in 79 Smart Charge locations at the end of the first half, giving customers access to 653 ultra-rapid charging bays.

Total sales growth (including VAT) performance by channel	28 weeks to 13 September 2025 %	28 weeks to 14 September 2024 %
Total sales fulfilled by supermarket stores	4.3	4.7
<i>Supermarkets (inc. Argos stores in Sainsbury's)</i>	3.1	3.7
<i>Groceries Online ^{a)}</i>	11.4	11.2
Convenience ^{b)}	5.2	4.9

a) Grocery Online includes sales through Sainsburys.co.uk and sales through OnDemand channels

b) Convenience includes sales through OnDemand channels

Supermarket sales increased by 3.1 per cent. We have continued to reallocate space in our supermarkets to increase our food offering; delivering a broader range, greater choice and improved availability.

Groceries online sales grew 11.4 per cent, reflecting higher order numbers and increased average basket size.

Convenience sales increased by 5.2 per cent, driven by new store openings and a continued increase in OnDemand sales.

Retail underlying operating profit

Retail underlying operating profit	Note ^{b)}	28 weeks to 13 September 2025	28 weeks to 14 September 2024	Change
Retail underlying operating profit (£m)	A1.2 a)	504	503	0.2%
Retail underlying operating margin (%)	A1.2 a)	2.88	2.95	(7) bps
Retail underlying EBITDA (£m)	A1.2 d)	1,136	1,119	1.5%
Retail underlying EBITDA margin (%)	A1.2 d)	6.49	6.56	(7) bps

b) Note references for reconciliations refer to the Alternative Performance Measures on pages 51 to 56

Retail underlying operating profit increased by 0.2 per cent to £504 million (HY 2024/25: £503 million), while retail underlying operating margin declined by 7 basis points to 2.88 per cent (HY 2024/25: 2.95 per cent). The first-half results include the full year charge for the EPR levy. This, together with operating cost inflation, was partially offset by volume growth in Sainsbury's, ongoing cost efficiencies and an improvement in Argos profitability.

Retail underlying EBITDA increased to £1,136 million (HY 2024/25: £1,119 million), although the underlying EBITDA margin decreased by 7 basis points to 6.49 per cent (HY 2024/25: 6.56 per cent), primarily due to cost inflation and the impact of the EPR charge recognised in the first half.

In 2025/26, we expect a retail underlying depreciation and amortisation charge of around £1.2 billion (2024/25: £1.2 billion), including £0.5 billion right-of-use asset depreciation.

We expect to deliver retail underlying operating profit of more than £1 billion in 2025/26.

Space

Store numbers and retailing space	As at 1 March 2025	New stores	Disposals / Closures	Reclassification / Extension	As at 13 September 2025
Supermarkets	599	6	-	-	605
<i>Supermarkets area '000 sq ft</i>	<i>20,930</i>	<i>93</i>	<i>-</i>	<i>22</i>	<i>21,045</i>
Convenience	855	12	(1)	-	866
<i>Convenience area '000 sq ft</i>	<i>2,054</i>	<i>30</i>	<i>(2)</i>	<i>1</i>	<i>2,083</i>
Sainsbury's total store numbers	1,454	18	(1)	-	1,471
Argos stores	203	1	(2)	-	202
Argos stores in Sainsbury's	461	2	-	-	463
Argos total store numbers	664	3	(2)	-	665
Argos collection points	443	12	(8)	-	447

Sainsbury's opened six new supermarkets and 12 new convenience stores in the first half and closed one convenience store. We opened two new Argos stores in Sainsbury's, opened one standalone Argos store and closed two. As at 13 September 2025, Argos had 665 stores, including 463 stores in Sainsbury's, and a total of 1,112 points of presence.

During 2024/25 we acquired 14 sites from Homebase and Co-Op and we have subsequently agreed terms on a further site. Four of these sites are included in the new supermarket openings in the first half.

Subject to final planning consent, we expect to open another six supermarkets in total (including three Homebase locations) before the end of the year. The remaining Homebase sites will be converted to Sainsbury's supermarkets by 2026/27, complementing our existing organic supermarket growth pipeline. In addition, we expect to open around 18 more convenience stores in the second half of the year. Overall, we expect a net space growth impact on retail sales of around 0.5 per cent in 2025/26.

Financial Services

During the year we successfully completed the sale of our Core Banking Products, migrated the Sainsbury's Bank ATM Business and agreed the future sale of our Travel Money business. These divestments, along with the previously sold Argos Financial Service Card portfolio, have been classified as discontinued operations and are now reported as items excluded from underlying results. Together they form part of the single, co-ordinated strategy to transition towards a distributed financial services model which was announced in January 2024.

In addition, we entered into an agreement with Allianz giving them the right to offer replacement Car and Home insurance policies to our current policy holders. These operations continue to be reported as part of the continuing operations, alongside our broader insurance offering across Pet, Life and Travel.

Financial Services results	6 months to 31 August 2025 £m	6 months to 31 August 2024 £m	Change %
Underlying revenue	65	57	14.0
Underlying operating profit	2	(29)	-

Financial Services underlying revenue increased by 14 per cent during the period, driven by higher income on treasury assets.

Underlying operating profit of £2 million increased by £31 million, reflecting reduced wholesale funding and deposit platform cost as we move to a distributed Financial Services model.

Following the reclassification of Core Banking Products into discontinued operations, we now expect Financial Services underlying operating profit to be around breakeven for 2025/26.

Underlying net finance costs

Underlying net finance costs	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	Change %
Non-lease interest costs	(35)	(41)	14.6
Non-lease interest income	11	14	(21.4)
Finance costs on lease liabilities	(142)	(138)	(2.9)
Total underlying net finance costs	(166)	(165)	0.6

Underlying net finance costs increased slightly to £166 million (HY 2024/25: £165 million). This includes £24 million of net non-lease cost (HY 2024/25: £27 million); with the reduction primarily driven by lower interest costs incurred on our inflation-linked amortising loan due in 2031. This was partly offset by a decline in interest income due to lower interest rates.

Net financing costs on lease liabilities rose to £142 million (HY 2024/245 £138 million), reflecting higher costs associated with equipment leases and property regears, which increased the lease liabilities.

We expect underlying net finance costs in 2025/26 of between £300 million and £310 million, including around £265 million of lease interest costs.

Items excluded from underlying results

To provide shareholders with insight into the underlying performance of the business, items recognised in reported profit before tax which, by virtue of their size and/or nature, do not reflect the Group's underlying performance are excluded from the Group's underlying results and shown in the table below.

Items excluded from underlying results	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m
Continuing Operations:		
Retail restructuring programmes	(58)	(37)
IAS 19 pension income	16	14
Property, finance and acquisition adjustments	(16)	(6)
Other	(9)	(12)
Financial Services phased withdrawal	(2)	(10)
Items excluded from underlying results from continuing operations	(69)	(51)
Discontinued Operations:		
Financial Services phased withdrawal	(26)	(127)
Items excluded from underlying – discontinued operations	(26)	(127)
Total items excluded from underlying results	(95)	(178)

Continuing operations

Retail restructuring programme costs of £58 million (HY 2024/25: £37 million) were recognised. Of this, £44 million (HY 2024/25: £37 million) related to the multi-year programme announced in November 2020. The majority of this programme has now been completed. We recognised £14 million (HY 2024/25: £nil) of costs associated with Sainsbury's Next Level strategy, launched in February 2024. We have now incurred £75 million of costs to date in relation to this three-year restructuring programme.

IAS 19 pension income remained consistent at £16 million (HY 2024/25: £14 million).

Property, finance and acquisition adjustments relate to £9 million amortisation of brands, £5 million of non-underlying finance costs, and a £2 million loss on fair value movements on fixed price power purchase arrangements (HY 2024/25: £9 million of brand amortisation and £5 million of non-underlying finance costs, offset by a £5 million gain on disposal of non-trading properties and a £3 million gain on fair value movements on fixed price power purchase arrangements).

Other costs relate to impairment on non-trading sites, reflecting rent reviews and consultancy costs in relation to corporate transaction activity, offset by income from a legal case in relation to European truck manufacturers (HY 2024/25: impairment on non-trading sites).

Costs associated with the phased withdrawal from Financial Services announced in January 2024 comprise £1 million of transaction costs associated with the withdrawal and £1 million of employee costs (HY 2024/25: £2 million of employee costs, £6 million of onerous contracts, and £2 million of consultancy fees).

Discontinued operations

This comprises a £5 million operating loss associated with discontinued Financial Services operations and £21 million of costs associated with the withdrawal, comprising; employee costs, transaction costs and loss on derivatives no longer classified in an effective hedge relationship (HY 2024/25: represents £47 million operating profit, £104 million loss on disposal and £70 million of costs associated with the withdrawal).

Taxation

The tax charge was £86 million (HY 2024/25: £83 million) and the effective tax rate was 31.7 per cent (HY 2024/25: 32.2 per cent). The underlying tax rate was 30.3 per cent (HY 2024/25: 29.8 per cent), based on an underlying charge of £103 million (HY 2024/25: £92 million).

The effective tax rate for the half year is higher than the headline tax rate primarily due to the effect of depreciation charged on assets which do not qualify for capital allowances.

We expect an underlying tax rate in 2025/26 of around 30 per cent.

Earnings per share

Statutory basic EPS increased to 7.2 pence (HY 2024/25: 3.2 pence) due to an increase in statutory earnings and a reduction in the weighted average number of shares as a result of the share buyback programme. Statutory diluted EPS also increased, to 7.1 pence (HY 2024/25: 3.2 pence).

Underlying basic EPS increased to 10.3 pence (HY 2024/25: 9.2 pence), due to an increase in underlying earnings and a reduction in the weighted average number of shares as a result of the share buyback programme. Underlying EPS increased to 10.2 pence (HY 2024/25: 9.1 pence).

Dividends and Share Buyback

The Board has recommended an interim dividend of 4.1 pence per share (HY 2024/25: 3.9 pence). Consistent with prior years, this represents 30% of the prior year's full year dividend per share. This will be paid on 19 December 2025 to shareholders on the Register of Members at the close of business on 14 November 2025.

Sainsbury's has a Dividend Reinvestment Plan (DRIP). This allows shareholders to reinvest their cash dividends in our shares. The last date that shareholders can elect for the DRIP is 28 November 2025.

We now expect net cash proceeds from the disposal of our banking operations to exceed £400 million. As previously announced, we will return £250 million of these proceeds to shareholders via a special dividend of 11.0 pence per share. This will be paid on 19 December 2025 to shareholders on the Register of Members at the close of business on 14 November 2025.

We will additionally return £150 million of bank disposal proceeds through share buybacks, with £50 million to be added to the core £200 million buyback in financial year 2025/26 and £100 million to be added to the core buyback in financial year 2026/27.

We announced in April 2025 that we would buy back £200 million of shares in the financial year 2025/26. We bought back 56,797,534 shares with an aggregate purchase price of £158 million in the period between 22 April 2025 and 12 September 2025. We will complete the remaining £42 million of this programme by the end of the 2025/26 financial year as well as the additional £50 million mentioned above.

Net debt and retail cash flows

Summary retail cash flow statement	Note ^{a)}	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Retail underlying operating profit	4	504	503	1,036
Adjustments for:				
Retail underlying depreciation and amortisation		632	616	1,156
Share-based payments and other		33	32	67
Adjusted retail underlying operating cash flow before changes in working capital		1,169	1,151	2,259
Decrease in underlying working capital		141	179	98
Retail non-underlying operating cash flows (excluding pensions)		(61)	(29)	(71)
Pension cash contributions		(13)	(23)	(45)
Retail cash generated from operations		1,236	1,278	2,241
Interest paid		(179)	(182)	(347)
Corporation tax paid		(37)	(22)	(89)
Retail net cash generated from operating activities		1,020	1,074	1,805
Cash capital expenditure		(475)	(394)	(825)
Repayments of lease liabilities		(245)	(243)	(487)
Initial direct costs on right-of-use assets		(3)	(34)	(34)
Proceeds from disposal of property, plant and equipment		1	7	45
Interest received		12	15	27
Retail free cash flow		310	425	531
Dividends paid on ordinary shares		(223)	(217)	(308)
Purchase of own shares – share buyback		(158)	(136)	(200)
Net repayment of borrowings		(28)	(22)	(79)
Other share-related transactions		6	(12)	(43)
Dividend received from Sainsbury's Bank		300	-	-
Financial Services strategic review		(50)	(10)	(52)
Net increase/(decrease) in cash and cash equivalents		157	28	(151)
Decrease in debt		273	265	566
Other non-cash and net interest movements ^{b)}		(199)	(323)	(619)
Movement in net debt	12	231	(30)	(204)
Opening net debt	12	(5,758)	(5,554)	(5,554)
Closing net debt	12	(5,527)	(5,584)	(5,758)
Of which:				
Lease liabilities	12	(5,446)	(5,432)	(5,494)
Net debt excluding lease liabilities		(81)	(152)	(264)

a) Note references relate to the financial statements. Other figures are reconciled in Notes A2.1 and A2.2 of the APMs on pages 52 to 55.

b) Other non-cash movements relate to new leases, foreign exchange, the cancellation of own shares once purchased and fair value adjustments relating to derivatives

Retail free cash flow declined by £115 million year-on-year to £310 million (HY 2024/25: £425 million), driven by a reduction in working capital inflow and higher capital expenditure. We expect to generate more than £500 million of retail free cash flow in 2025/26, in line with our commitment to generate at least £1.6 billion of retail free cash flow over the three years to 2026/27.

Adjusted retail underlying operating cash flow before changes in working capital increased by £18 million year-on-year to £1,169 million (HY 2024/25: £1,151 million), driven by higher underlying EBITDA.

Cash inflow from reduced working capital of £141 million (HY 2024/25: £179 million) was driven primarily by food sales growth. The £38 million year-on-year reduction primarily reflects timing differences and a lower level of inventory reduction year-on-year.

Retail non-underlying operating cash costs were £61 million (HY 2024/25: £29 million). £55 million of this relates to retail restructuring cash costs, with £9 million related to the multi-year programme announced in November 2020 and £46 million associated with Sainsbury's Next Level strategy, launched in February 2024. We continue to expect total cash costs relating to the three-year Next Level Sainsbury's strategy restructuring programme of around £150 million, with £77 million incurred to date.

Pension cash contributions of £13 million (HY 2024/25: £23 million) reduced by £10 million year-on-year due to a funding level event occurring in 2024/25 leading to reduced contributions under the Asset Backed Contributions scheme. We expect pension cash contributions in 2025/26 to be around £26 million.

We paid corporation tax of £37 million in the period (HY 2024/25: £22 million).

Cash capital expenditure was £475 million (HY 2024/25: £394 million). The year-on-year increase of £81 million was primarily due to investment in new space and the rollout of Homebase stores acquired in the prior financial year. We continue to expect core retail cash capital expenditure (excluding Financial Services) in 2025/26 to be between £800 million and £850 million.

Dividends of £223 million were paid in the period, covered 1.4 times by free cash flow (HY 2024/25: 1.9 times).

On 22 April 2025 we commenced a share buyback programme of up to £200 million, of which we had bought back shares with an aggregate purchase price of £158 million by 12 September 2025. The programme will complete by the end of the 2025/26 financial year.

A dividend of £300 million was received by the Retail Group from Sainsbury's Bank and £50 million of costs were incurred by the Retail Group as part of the continued phased withdrawal from financial services.

As at 13 September 2025, net debt was £5,527 million (1 March 2025: £5,758 million), a decrease of £231 million. Excluding the impact of lease liabilities, non-lease net debt decreased by £183 million in the year, to £81 million (1 March 2025: £264 million). Both reductions were impacted by the net cash proceeds arising from the phased withdrawal from financial services.

Net debt includes lease liabilities which decreased by £48 million to £5,446 million (1 March 2025: £5,494 million).

Financial Ratios

Key financial ratios ^{a) b)}	As at 13 September 2025	As at 14 September 2024	As at 1 March 2025
Return on capital employed	9.0%	8.5%	9.0%
Net debt to EBITDA	2.5x	2.6x	2.6x
Fixed charge cover	2.8x	2.7x	2.8x

a) Reconciliations are set out in notes A4.1, A3.2 and A4.2 of the APMs on pages 55 to 56

b) Comparatives shown are as previously reported and have not been restated for changes to discontinued operations.

Return on capital employed (ROCE) improved 50 basis points, primarily driven by improved underlying retail operating profit across a rolling 52 week basis.

Sainsbury's continues to target leverage of 3.0x - 2.4x to deliver a solid investment grade balance sheet. Net debt to EBITDA remains stable within the targeted leverage range. Fixed charge cover is stable.

Defined benefit pensions

At 13 September 2025, the net defined benefit surplus under IAS 19 for the Group was £668 million (excluding deferred tax). This marks a decrease of £63 million from the year-end date of 1 March 2025 primarily due to a slight narrowing of AA credit spreads over the half year, and a change in demographic assumptions in particular using the latest CMI mortality projection model, both of which have led to an increase in obligations.

An updated triennial funding valuation of the Scheme is currently being carried out with an effective date of 30 September 2024.

For 2025/26, the total defined benefit pension scheme contributions are expected to be £26 million (2024/25: £45 million).

Retirement benefit obligations	Sainsbury's as at 13 September 2025 £m	Argos as at 13 September 2025 £m	Group as at 13 September 2025 £m	Group as at 1 March 2025 £m
Present value of funded obligations	(4,628)	(723)	(5,351)	(5,575)
Fair value of plan assets	5,172	869	6,041	6,329
Net funded pension plan asset	544	146	690	754
Present value of unfunded obligations	(12)	(10)	(22)	(23)
Net retirement benefit surplus	532	136	668	731
Deferred income tax liability	(163)	(36)	(199)	(218)
Net retirement benefit surplus (net of deferred tax)	369	100	469	513

Group income statement

28 weeks to 13 September 2025				28 weeks to 14 September 2024 (restated*)			
	Note	Underlying items £m	Non- underlying items (Note 3) £m	Total £m	Underlying items £m	Non- underlying items (Note 3) £m	Total £m
Continuing operations							
Revenue	4	17,581	-	17,581	17,107	-	17,107
Cost of sales		(16,398)	(50)	(16,448)	(15,969)	(34)	(16,003)
Gross profit/(loss)		1,183	(50)	1,133	1,138	(34)	1,104
Administrative expenses		(718)	(40)	(758)	(694)	(34)	(728)
Other income		41	6	47	30	5	35
Operating profit/(loss)		506	(84)	422	474	(63)	411
Finance income	5	12	22	34	15	18	33
Finance costs	5	(178)	(7)	(185)	(180)	(6)	(186)
Profit/(loss) before tax - continuing operations		340	(69)	271	309	(51)	258
Income tax (expense)/credit	6	(103)	17	(86)	(92)	9	(83)
Profit/(loss) after tax - continuing operations		237	(52)	185	217	(42)	175
Loss after tax - discontinued operations	7	-	(20)	(20)	-	(99)	(99)
Profit/(loss) for the financial period		237	(72)	165	217	(141)	76
Earnings per share	8	pence		pence	pence		pence
Basic - total		10.3		7.2	9.2		3.2
Diluted - total		10.2		7.1	9.1		3.2
Earnings per share - from continuing operations	8						
Basic - continuing				8.1			7.5
Diluted - continuing				7.9			7.3

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

Group income statement (continued)

52 weeks to 1 March 2025 (restated*)				
	Note	Underlying items £m	Non-underlying items (Note 3) £m	Total £m
Continuing operations				
Revenue	4	32,772	-	32,772
Cost of sales		(30,511)	(78)	(30,589)
Gross profit/(loss)		2,261	(78)	2,183
Administrative expenses		(1,302)	(99)	(1,401)
Other income		55	53	108
Operating profit/(loss)		1,014	(124)	890
Finance income	5	31	36	67
Finance costs	5	(336)	(14)	(350)
Profit/(loss) before tax - continuing operations		709	(102)	607
Income tax (expense)/credit	6	(212)	15	(197)
Profit/(loss) after tax - continuing operations		497	(87)	410
Loss after tax - discontinued operations	7	-	(168)	(168)
Profit/(loss) for the financial period		497	(255)	242
Earnings per share	8	pence		pence
Basic - total		21.3		10.4
Diluted - total		20.9		10.2
Earnings per share - from continuing operations	8			
Basic - continuing				17.6
Diluted - continuing				17.3

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

Group statement of comprehensive income

		28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated*)	52 weeks to 1 March 2025 (restated*)
	Note	£m	£m	£m
Profit for the financial period		165	76	242
Items that will not be reclassified subsequently to the income statement				
Remeasurement on defined benefit pension schemes	15	(93)	24	(33)
Cash flow hedges fair value movements – inventory hedges		(27)	(23)	1
Current tax relating to items not reclassified		-	-	(1)
Deferred tax relating to items not reclassified		30	(6)	9
		(90)	(5)	(24)
Items that may be reclassified subsequently to the income statement				
Movements on other financial assets at fair value through other comprehensive income		-	2	1
Items reclassified from other financial assets at fair value through other comprehensive income reserve		(1)	-	-
Cash flow hedges fair value movements - non-inventory hedges		(2)	(14)	13
Items reclassified from cash flow hedge reserve - non-inventory hedges		2	-	2
Deferred tax on items that may be reclassified		-	6	(4)
		(1)	(6)	12
Total other comprehensive loss for the financial period (net of tax)		(91)	(11)	(12)
Total comprehensive income for the financial period		74	65	230
Analysed as:				
Continuing operations		94	164	398
Discontinued operations	7	(20)	(99)	(168)
Total comprehensive income for the financial period		74	65	230

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations. Refer to note 2 for further details.

Group balance sheet

		13 September 2025	1 March 2025 (restated*)	14 September 2024 (restated*)
	Note	£m	£m	£m
Non-current assets				
Property, plant and equipment		9,355	9,358	9,178
Right-of-use assets		4,371	4,455	4,389
Intangible assets		819	807	811
Investments in joint ventures and associates		2	2	2
Other financial assets	10	126	769	1,030
Trade and other receivables		26	42	36
Amounts due from Financial Services customers and other banks	10	-	-	2
Derivative financial instruments	10	30	35	16
Retirement benefit surplus	15	690	754	776
		15,419	16,222	16,240
Current assets				
Inventories		2,023	1,946	1,926
Trade and other receivables		499	572	683
Amounts due from Financial Services customers and other banks	10	-	-	844
Other financial assets	10	197	612	248
Derivative financial instruments	10	7	15	43
Income taxes receivable		48	74	56
Cash and cash equivalents	11	1,271	2,777	1,591
		4,045	5,996	5,391
Assets of disposal group and non-current assets held for sale	7, 14	28	2,527	3,086
		4,073	8,523	8,477
Total assets		19,492	24,745	24,717
Current liabilities				
Trade and other payables		(5,580)	(5,489)	(5,353)
Amounts due to Financial Services customers and other deposits	10	(138)	(1,955)	(1,619)
Borrowings	13	(80)	(72)	(75)
Lease liabilities		(509)	(483)	(480)
Derivative financial instruments	10	(39)	(15)	(74)
Income taxes payable		(2)	(4)	-
Provisions		(198)	(230)	(65)
Financial liabilities	12	-	-	(14)
		(6,546)	(8,248)	(7,680)
Liabilities of disposal group held for sale	7, 14	-	(3,136)	(3,655)
		(6,546)	(11,384)	(11,335)
Net current liabilities		(2,473)	(2,861)	(2,858)
Non-current liabilities				
Trade and other payables		(20)	(24)	(15)
Amounts due to Financial Services customers and other deposits	10	-	(13)	(18)
Borrowings	13	(1,012)	(1,042)	(1,105)
Lease liabilities		(4,937)	(5,011)	(4,952)
Derivative financial instruments	10	(4)	(11)	(27)
Retirement benefit deficit	15	(22)	(23)	(25)
Deferred income tax liability		(429)	(429)	(368)
Provisions		(129)	(157)	(259)
		(6,553)	(6,710)	(6,769)
Total liabilities		(13,099)	(18,094)	(18,104)
Net assets		6,393	6,651	6,613
Equity				
Called up share capital		655	669	675
Share premium		1,464	1,448	1,447
Merger reserve		173	173	568
Capital redemption and other reserves		(14)	(54)	(85)
Retained earnings		4,115	4,415	4,008
Total equity shareholders' funds		6,393	6,651	6,613

*Certain line items in the comparative periods have been re-presented. Refer to note 2 for further details.

Group statement of changes in equity

		Called up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption and other reserves £m	Retained earnings £m	Total Equity £m
28 weeks to 13 September 2025	Note						
At 2 March 2025		669	1,448	173	(54)	4,415	6,651
Profit for the period		-	-	-	-	165	165
Other comprehensive loss (pre-tax)		-	-	-	(28)	(93)	(121)
Tax relating to components of other comprehensive loss		-	-	-	7	23	30
Total comprehensive (loss)/income		-	-	-	(21)	95	74
Cash flow hedges gains transferred to inventory		-	-	-	(2)	-	(2)
Transactions with owners:							
Dividends	9	-	-	-	-	(223)	(223)
Share-based payment		-	-	-	-	42	42
Purchase of own shares for share schemes		-	-	-	(12)	-	(12)
Shares allocated in respect of share option schemes		2	16	-	59	(59)	18
Purchase of own shares for cancellation	12	-	-	-	(158)	-	(158)
Cancellation of own shares	a)	(16)	-	-	174	(158)	-
Tax on items charged to equity		-	-	-	-	3	3
At 13 September 2025		655	1,464	173	(14)	4,115	6,393

- a) During the period, 56.8 million of the Company's own shares were purchased, and subsequently cancelled, for total consideration of £158 million inclusive of £1 million of directly attributable costs. £158 million has been transferred from the investment in own share reserve (within capital redemption and other reserves) to retained earnings and £16 million of share capital has been transferred to the capital redemption reserve owing to the cancellation.

		Called up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption and other reserves £m	Retained earnings £m	Total Equity £m
28 weeks to 14 September 2024	Note						
At 3 March 2024		678	1,430	568	955	3,237	6,868
Profit for the period		-	-	-	-	76	76
Other comprehensive (loss)/income (pre-tax)		-	-	-	(35)	24	(11)
Tax relating to components of other comprehensive (loss)/income		-	-	-	6	(6)	-
Total comprehensive income/(loss)		-	-	-	(29)	94	65
Cash flow hedges losses transferred to inventory		-	-	-	13	-	13
Transactions with owners:							
Transfer between reserves	a), b)	-	-	-	(1,029)	1,029	-
Dividends	9	-	-	-	-	(217)	(217)
Share-based payment		-	-	-	-	42	42
Purchase of own shares for share schemes		-	-	-	(32)	-	(32)
Shares allocated in respect of share option schemes		12	17	-	32	(42)	19
Purchase of own shares for cancellation	12	-	-	-	(150)	-	(150)
Cancellation of own shares		(15)	-	-	155	(140)	-
Tax on items charged to equity		-	-	-	-	5	5
At 14 September 2024		675	1,447	568	(85)	4,008	6,613

- a) The capital redemption reserve as at 3 March 2024 amounted to £680 million and was created upon the redemption of class B shares following shareholder approval at the Company's extraordinary general meeting held on 12 July 2004 to return £680 million of share capital. The final redemption date for such class B shares was 18 July 2007 with all transactions relating to the class B shares therefore completed. Following approval by the High Court registered on 31 July 2024, £680 million has been reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result has been transferred to retained earnings.
- b) During the period, £349 million has been transferred from Financial asset reserves (within capital redemption and other reserves) to retained earnings. This amount represented the fair value gains and losses on the Group's financial asset relating to its beneficial interest in a commercial property investment pool, which was held at fair value through other comprehensive income. Given the financial asset relating to the property pool has been derecognised, there is no longer a legally separable reserve for these fair value gains and losses and therefore the amount has been transferred to retained earnings.

Group statement of changes in equity (continued)

52 weeks to 1 March 2025	Note	Called up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption and other reserves £m	Retained earnings £m	Total Equity £m
At 3 March 2024		678	1,430	568	955	3,237	6,868
Profit for the period		-	-	-	-	242	242
Other comprehensive income/(loss) (pre-tax)		-	-	-	17	(33)	(16)
Tax relating to components of other comprehensive income/(loss)		-	-	-	(4)	8	4
Total comprehensive income		-	-	-	13	217	230
Cash flow hedges losses transferred to inventory		-	-	-	18	-	18
Transactions with owners:							
Transfer between reserves	a), b), c)	-	-	(395)	(1,035)	1,430	-
Dividends	9	-	-	-	-	(308)	(308)
Share-based payment		-	-	-	-	80	80
Purchase of own shares for share schemes		-	-	-	(63)	-	(63)
Shares allocated in respect of share option schemes		12	18	-	37	(44)	23
Purchase of own shares for cancellation	12	-	-	-	(200)	-	(200)
Cancellation of own shares		(21)	-	-	221	(200)	-
Tax on items charged to equity		-	-	-	-	3	3
At 1 March 2025		669	1,448	173	(54)	4,415	6,651

- a) The capital redemption reserve as at 3 March 2024 amounted to £680 million and was created upon the redemption of class B shares following shareholder approval at the Company's extraordinary general meeting held on 12 July 2004 to return £680 million of share capital. The final redemption date for such class B shares was 18 July 2007 with all transactions relating to the class B shares therefore completed. Following approval by the High Court registered on 31 July 2024, £680 million has been reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result has been transferred to retained earnings.
- b) During the period, £355 million has been transferred from Financial asset reserves (within capital redemption and other reserves) to retained earnings. This amount represented the fair value gains and losses on the Group's financial asset relating to its beneficial interest in a commercial property investment pool, which was held at fair value through other comprehensive income. Given the financial asset relating to the property pool has been derecognised, there is no longer a legally separable reserve for these fair value gains and losses and therefore the amount has been transferred to retained earnings.
- c) The merger reserve as at 3 March 2024 amounted to £568 million and was created following the issuance of 261 million shares in 2016 as part consideration for the acquisition of Home Retail Group plc. During the year, £395 million has been transferred to retained earnings and classified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 3.9 following an impairment being recognised in J Sainsbury plc over its subsidiary's investment in the acquisition holding company. The related impairment has no impact on Group results.

Group cash flow statement

		28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated*)	52 weeks to 1 March 2025 (restated*)
	Note	£m	£m	£m
Cash flows from operating activities				
Cash generated from operations - continuing operations	12	471	784	1,760
Interest paid		(185)	(188)	(359)
Corporation tax paid		(21)	(19)	(53)
Net cash generated from operating activities - continuing operations		265	577	1,348
Cash flows from investing activities				
Purchase of property, plant and equipment		(361)	(296)	(617)
Initial direct costs on new leases		(3)	(34)	(34)
Purchase of intangible assets		(114)	(98)	(208)
Proceeds from disposal of property, plant and equipment		1	7	45
Interest received		12	15	27
Net cash used in investing activities - continuing operations		(465)	(406)	(787)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		18	20	20
Proceeds from borrowings		-	-	544
Repayment of borrowings		(28)	(22)	(623)
Purchase of own shares for share schemes		(12)	(32)	(63)
Purchase of own shares for cancellation	12	(158)	(136)	(200)
Capital repayment of lease obligations		(245)	(243)	(487)
Dividends paid on ordinary shares	9	(223)	(217)	(308)
Net cash used in financing activities - continuing operations		(648)	(630)	(1,117)
Net (decrease)/increase in cash and cash equivalents				
Continuing operations		(848)	(459)	(556)
Discontinued operations	7	(638)	59	1,345
Total (decrease)/increase in cash and cash equivalents		(1,486)	(400)	789
Opening cash and cash equivalents		2,776	1,987	1,987
Closing cash and cash equivalents		1,290	1,587	2,776
Disclosed in the balance sheet:				
Cash and cash equivalents	11	1,271	1,591	2,777
Overdrafts	11	(2)	(4)	(1)
Cash within assets held for sale	7	21	-	-

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations. Refer to note 2 for further details.

1. General information

The Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by the auditors. Effective this financial year, PricewaterhouseCoopers LLP (PwC) were appointed as the external auditor, replacing Ernst & Young LLP (EY). The financial information presented herein does not amount to statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements 2025 have been filed with the Registrar of Companies. EY's auditor's report on those Financial Statements was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The financial period represents the 28 weeks to 13 September 2025 (comparative financial period 28 weeks to 14 September 2024; prior financial year 52 weeks to 1 March 2025). The financial information comprises the results of the Company and its subsidiaries (the 'Group') and the Group's interests in joint ventures and associates.

The Group's principal activities are Food, General Merchandise & Clothing Retailing and Financial Services.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The Interim Results, comprising the Condensed Consolidated Interim Financial Statements and the Interim Management Report, have been prepared in accordance with the Disclosure and Transparency Rules sourcebook of the UK's Financial Conduct Authority and with the requirements of UK adopted IAS 34 'Interim Financial Reporting'.

The financial information contained in the Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements 2025, which were prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Annual Report and Financial Statements 2025 have been filed with the Registrar of Companies.

Sainsbury's Bank plc and its subsidiaries have been consolidated for the six months to 31 August 2025 (14 September 2024: six months to 31 August 2024; 1 March 2025: twelve months to 28 February 2025). No significant transactions occurred in the period from 1 September 2025 to 13 September 2025 and therefore no adjustments have been made to reflect the difference in balance sheet dates.

The financial information has been prepared applying consistent accounting policies to those applied by the Group for the financial year ended 1 March 2025, and expected to be applicable for the year ending 28 February 2026.

Re-presentation of comparative periods - Balance sheet line items

Comparative period amounts of the following line items within the Group balance sheet have been re-presented, with no impact on net assets:

- Taxes payable, which was previously presented on a net basis, has been re-presented to separately disclose Income taxes receivable and Income taxes payable, and to present Other taxation and social security payables within Trade and other payables. Taxes payable has been re-presented from £(141) million to £(4) million at 1 March 2025 and from £(204) million to £nil at 14 September 2024; Trade and other payables within Current liabilities has been re-presented from £(5,278) million to £(5,489) million at 1 March 2025 and from £(5,093) million to £(5,353) million at 14 September 2024; and Income taxes receivable has been re-presented from £nil to £74 million at 1 March 2025 and from £nil to £56 million at 14 September 2024.
- Lease liabilities have been re-presented with £107 million of Current liabilities as at 1 March 2025 and £40 million as at 14 September 2024 reclassified as Non-current liabilities to correct the classification of certain balances. At 1 March 2025, Lease liabilities were previously £(590) million within Current liabilities and £(4,904) million within Non-current liabilities, and at 14 September 2024 Lease liabilities were previously £(520) million within Current liabilities and £(4,912) million within Non-current liabilities.
- The Net retirement benefit surplus has been re-presented to separately disclose the present value of unfunded obligations of £(23) million as at 1 March 2025 and £(25) million as at 14 September 2024 as Retirement benefit deficit, as the Group does not have the right to offset these amounts. Comparative amounts have, therefore, been re-presented whereby the Net retirement benefit surplus was previously £731 million and £751 million at 1 March 2025 and 14 September 2024 respectively.

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

Re-presentation of comparative periods - Discontinued operations and reclassification to non-underlying

Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay, and NoteMachine disposals, these activities are substantially ceased, and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results. As a result, underlying profit after tax - discontinued operations has reduced from £22 million to £nil for the 28 weeks to 14 September 2024 and £31 million to £nil for the 52 weeks to 1 March 2025.

In July 2025, the Group announced it had entered into an agreement to sell the Travel Money business to Fexco Group. As a result, Travel Money assets have been classified as held for sale and the results for the 28 weeks to 14 September 2024 and 52 weeks to 1 March 2025 have been restated to reclassify the operations as discontinued. Following the sale of AFS cards to NewDay on 28 February 2025, results for the 28 weeks to 14 September 2024 have been restated to reflect the AFS component as discontinued. This had already been reflected as discontinued operations within the results for the 52 weeks to 1 March 2025, and as such no further adjustment has been made for the AFS cards component.

As a result of the restatement for the above:

- Underlying profit after tax – continuing operations has been restated from £230 million to £217 million for the 28 weeks to 14 September 2024, and from £508 million to £497 million for the 52 weeks to 1 March 2025.
- Non-underlying loss after tax – continuing operations has been restated from £(56) million to £(42) million for the 28 weeks to 14 September 2024, and from £(88) million to £(87) million for the 52 weeks to 1 March 2025.
- Total loss after tax - discontinued operations has been restated from £(98) million to £(99) million for the 28 weeks to 14 September 2024, and from £(178) million to £(168) million for the 52 weeks to 1 March 2025.

2.2 Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of the Condensed Consolidated Interim Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The assessment period for the purposes of considering going concern is the 16 months to 27 February 2027.

In assessing the Group'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 year of indicative movements.

The Group manages its financing by diversifying funding sources, for example through the Investment Grade Corporate Bond markets and structuring core borrowings with phased maturities to manage refinancing risk, evidenced by the issuance in January 2025 of £550 million of Investment Grade Corporate Bonds, split into two tranches, a £250 million tranche maturing in June 2030 and a £300 million tranche maturing in January 2035. As at 13 September 2025, both facilities were fully drawn. In addition, the Group has in place an inflation-linked amortising loan with a principal of £410 million outstanding at the reporting date.

The Group also seeks to minimise liquidity risk and maintain sufficient levels of standby liquidity and a suitable level of undrawn additional funding capacity via the Revolving Credit Facility. The Revolving Credit Facility of £1,000 million comprises two £500 million tranches. Tranche A has a final maturity of December 2029, and Tranche B has a final maturity of December 2028. As at 13 September 2025, the Revolving Credit Facility was undrawn. No additional forms of financing are assumed in the assessment of the Group as a going concern.

In assessing going concern, severe but plausible scenarios in relation to the Group's principal risks have been considered by overlaying them into the corporate plan and assessing the impact on cash flows, net debt and funding headroom. The severe but plausible downside scenarios modelled are consistent with those modelled at year-end except the 'Data and legal breaches and regulatory changes scenario' which now models the risk of a potential cyber-attack, instead of a regulatory fine. The other severe but plausible scenarios included modelling inflationary pressures on both food and general recession-related risks and failure to deliver planned cost savings.

2. Basis of preparation and accounting policies (continued)

2.2 Going concern (continued)

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

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

Previously, additional consideration was given to the credit, liquidity and capital adequacy of the Bank given the phased withdrawal from Financial Services and transition to a distributed model. Following the completed sales with NatWest, NewDay and NoteMachine in the current and previous period, the current capital position and the progress made on transition, the Directors no longer deem this a material consideration in making an assessment over the Group's ability to continue as a going concern.

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.

2.3 Accounting judgements and estimates

The preparation of Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements and estimates made by management in applying the Group's accounting policies were the same as those that applied to the Consolidated Group Financial Statements for the year ended 1 March 2025.

2.4 New standards, interpretations and amendments adopted by the Group

Standards, interpretations and amendments effective in the current financial period have not had a material impact on the Condensed Consolidated Interim Financial Statements.

The Group has not applied any other standards, interpretations or amendments that have been issued but are not yet effective. The impact of the following is under assessment:

- IFRS 18 'Presentation and disclosure in financial statements', which will become effective in the Consolidated Group Financial Statements for the financial year ending 26 February 2028, subject to UK endorsement.

Other standards, interpretations and amendments issued but not yet effective are not expected to have a material impact.

2.5 Alternative performance measures (APMs)

In the reporting of financial information, the Directors use various APMs. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs.

The Directors believe that these APMs provide additional useful information for understanding the financial performance and health of the Group. They are also used to enhance the comparability of information between reporting periods (such as like-for-like sales and underlying performance measures) by adjusting for non-recurring factors which affect IFRS measures, and to aid users in understanding the Group's performance. Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes.

Non-underlying items

In order to provide shareholders with additional insight into the year-on-year performance of the business, underlying profit measures are provided to supplement the reported IFRS numbers and reflects how the business measures performance internally. These adjusted measures exclude items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. Underlying profit is not an IFRS measure and therefore not directly comparable to other companies.

2. Basis of preparation and accounting policies (continued)

2.5 Alternative performance measures (APMs) (continued)

Reconciliations to IFRS measures

The income statement shows the non-underlying items excluded from reported results to determine underlying results with a more detailed analysis of the non-underlying items set out in note 3. Other APMs are detailed in notes A1, A2, A3 and A4 of this report which includes further information on the definition, purpose and reconciliation to the closest IFRS measure.

Changes to APMs

The definition of the Group's Retail like-for-like sales APM has been updated during the period to exclude VAT. In prior periods, this measure was presented inclusive of VAT. The revised approach provides more relevant information by aligning more closely with amounts presented under IFRS. Accordingly, the comparative Retail like-for-like sales APM reconciliation has been re-presented to reflect this change.

3. Non-underlying items

		28 weeks to 13 September 2025					
		Financial Services model 3.1 £m	Retail restructuring programmes 3.2 £m	Impairment of non- financial assets 3.3 £m	Pensions 3.4 £m	Other 3.5 £m	Total £m
Continuing operations	Note						
Cost of sales		-	(47)	(1)	-	(2)	(50)
Administrative expenses		(2)	(10)	-	(5)	(23)	(40)
Other income		-	-	-	-	6	6
Affecting operating profit		(2)	(57)	(1)	(5)	(19)	(84)
Net finance (costs)/income		-	(1)	-	21	(5)	15
Affecting profit before tax - continuing operations		(2)	(58)	(1)	16	(24)	(69)
Income tax credit	6						17
Affecting profit after tax - continuing operations							(52)
Affecting profit after tax - discontinued operations	7						(20)
Affecting profit for the financial period							(72)
Being:							
Non-financial asset impairments:							
Property, plant and equipment		-	(6)	-	-	-	(6)
Right-of-use assets		-	-	(1)	-	-	(1)
		-	(6)	(1)	-	-	(7)
Accelerated depreciation of assets		-	(28)	-	-	(9)	(37)
Employee costs		-	(1)	-	-	-	(1)
Property closure provisions		-	(18)	-	-	-	(18)
Non-underlying finance (costs)/income		-	(1)	-	21	(5)	15
Fair value movements		-	-	-	-	(2)	(2)
Other net costs		(2)	(4)	-	(5)	(8)	(19)
Affecting profit before tax - continuing operations		(2)	(58)	(1)	16	(24)	(69)

The impact of non-underlying items on Retail cash generated from operations is presented in note A2.2.

3. Non-underlying items (continued)

		28 weeks to 14 September 2024 (restated*)					
		Financial Services model 3.1	Retail restructuring programmes 3.2	Impairment of non- financial assets 3.3	Pensions 3.4	Other 3.5	Total
Continuing operations	Note	£m	£m	£m	£m	£m	£m
Cost of sales		-	(26)	(12)	-	4	(34)
Administrative expenses		(10)	(10)	-	(4)	(10)	(34)
Other income		-	-	-	-	5	5
Affecting operating profit		(10)	(36)	(12)	(4)	(1)	(63)
Net finance (costs)/income		-	(1)	-	18	(5)	12
Affecting profit before tax - continuing operations		(10)	(37)	(12)	14	(6)	(51)
Income tax credit	6						9
Affecting profit after tax - continuing operations							(42)
Affecting profit after tax - discontinued operations	7						(99)
Affecting profit for the financial period							(141)

Being:

Non-financial asset impairments							
Right-of-use assets		-	-	(12)	-	-	(12)
		-	-	(12)	-	-	(12)
Accelerated depreciation of assets		-	(25)	-	-	(9)	(34)
Employee costs		(2)	(5)	-	-	-	(7)
Onerous contracts		(6)	-	-	-	-	(6)
Profit on disposal of fixed assets		-	-	-	-	5	5
Property closure provisions		-	(4)	-	-	-	(4)
Non-underlying finance income/(costs)		-	-	-	18	(5)	13
Fair value movements		-	-	-	-	3	3
Other net costs		(2)	(3)	-	(4)	-	(9)
Affecting profit before tax - continuing operations		(10)	(37)	(12)	14	(6)	(51)

		52 weeks to 1 March 2025 (restated*)					
		Financial Services model 3.1	Retail restructuring programmes 3.2	Impairment of non- financial assets 3.3	Pensions 3.4	Other 3.5	Total
Continuing operations	Note	£m	£m	£m	£m	£m	£m
Cost of sales		-	(64)	(16)	-	2	(78)
Administrative expenses		(16)	(58)	-	(8)	(17)	(99)
Other income		-	(4)	-	-	57	53
Affecting operating profit		(16)	(126)	(16)	(8)	42	(124)
Net finance (costs)/income		-	(2)	-	36	(12)	22
Affecting profit before tax - continuing operations		(16)	(128)	(16)	28	30	(102)
Income tax credit	6						15
Affecting profit after tax - continuing operations							(87)
Affecting profit after tax - discontinued operations	7						(168)
Affecting profit for the financial period							(255)

Being:

Non-financial asset impairments							
Property, plant and equipment		-	(4)	-	-	-	(4)
Right-of-use assets		-	-	(16)	-	-	(16)
		-	(4)	(16)	-	-	(20)
Accelerated depreciation of assets		-	(42)	-	-	(17)	(59)
Employee costs		(7)	(43)	-	-	-	(50)
Onerous contracts		(8)	-	-	-	-	(8)
Profit on disposal of fixed assets		-	-	-	-	57	57
Property closure provisions		-	(12)	-	-	-	(12)
Non-underlying finance income/(costs)		-	-	-	36	(12)	24
Fair value movements		-	-	-	-	2	2
Other net costs		(1)	(27)	-	(8)	-	(36)
Affecting profit before tax - continuing operations		(16)	(128)	(16)	28	30	(102)

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

3. Non-underlying items (continued)

3.1 Financial Services model

As part of the phased withdrawal from financial services, costs incurred associated with the exit that are directly attributable to the disposal group have been classified as discontinued operations as set out in note 7.

Costs which are not directly attributable to the disposal group but have specifically been incurred as part of the phased withdrawal, have been recognised within non-underlying items within continuing operations.

3.2 Retail restructuring programme

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 further rationalise/repurpose the Group's supermarkets and convenience estate. The programme also considered the Group's Store Support Centre ways of working.

Separately, as part of our Next Level Sainsbury's strategy implementation, we commenced a multi-year restructuring programme in the prior financial year which will update our central management structures to support faster decision making and drive performance at both Sainsbury's and Argos, creating fewer, bigger roles with clearer accountabilities. As previously announced, the programme also includes the closure of food counters, converting cafes to expert partners, and converting remaining scratch bakeries. Costs have continued to be incurred in the current period.

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 Group'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 Group's remaining underlying operations and their exclusion provides meaningful comparison between financial years.

For accelerated depreciation of assets, the remaining useful economic lives of corresponding sites have been reassessed to align with closure dates, resulting in an acceleration in depreciation of these assets. The existing depreciation of these assets (depreciation that would have been recognised absent a closure decision) is recognised within underlying expenses, whereas accelerated depreciation above this is recognised within non-underlying expenses.

Property closure provisions relate to dilapidations and strip out costs on sites that have been identified for closure, as well as business rates for sites the Group no longer operates from which are recognised as incurred.

Other costs comprise predominantly consultancy costs.

3.3 Impairment of non-financial assets

Separate from restructuring initiatives and property-related transactions, the Group has recognised £1 million (28 weeks ended 14 September 2024: £12 million; 52 weeks ended 1 March 2025: £16 million) of impairment in relation to certain non-trading sites whereby rent reviews at previously impaired sites caused an increase in the associated right-of-use assets, and, in prior periods, sub-tenant defaults.

3.4 Pensions

Such amounts relate to 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.

3.5 Other

Comprises:

- Acquisition adjustments relating to the unwind of non-cash fair value adjustments arising from the Home Retail Group acquisition.
- Non-underlying finance and fair value movements comprising £5 million (28 weeks ended 14 September 2024: £5 million; 52 weeks ended 1 March 2025: £12 million) of finance costs relating to lease interest on impaired non-trading sites, and £2 million loss (28 weeks ended 14 September 2024: £3 million gain; 52 weeks ended 1 March 2025: £2 million gain) within cost of sales relating to adverse (2025: favourable) movements on long-term, fixed price power purchase arrangements (PPAs) with independent producers. These are classified as derivatives which are not in a hedge relationship and owing to potentially significant fluctuations in value from external market factors are treated as non-underlying to enable consistency between periods.

3. Non-underlying items (continued)

3.5 Other (continued)

- Income recognised is in relation to a legal dispute whereby in the current period agreements were reached and settled in relation to a legal case involving European truck manufacturers.
- Consultancy costs in relation to corporate transaction activity.
- Property related transactions in the 52 weeks ended 1 March 2025 predominantly relating to the profit on completion of the disposal of land associated with the Hendon Mixed Used Development Scheme, which included the closure of the existing supermarket and the recognition of a new supermarket asset within property, plant and equipment.

4. Segment reporting

The Group's operating segments have been determined based on the information regularly provided to the Chief Operating Decision Maker ("CODM"). In the current period, it has been reassessed that the CODM is considered to be the Group PLC Board, which use the information regularly provided to make optimal decisions on the allocation of resources and assess performance.

Additionally in the current period, to ensure appropriate focus on both the Sainsbury's and Argos businesses, the operating results of these two businesses are now regularly reviewed by the CODM to make decisions about the resources to be allocated to each. There are clear separate responsibilities for the commercial proposition across Sainsbury's (including grocery, general merchandise and clothing) and Argos respectively.

As such, during the current period, the CODM has been presented information for the following operating segments:

- Retail – Sainsbury's
- Retail – Argos
- Financial Services

This differs from the prior year, whereby the CODM was presented with information for Food; General Merchandise and Clothing; and Financial Services respectively.

In determining the Group's reportable segments, management have considered the economic characteristics, in particular average gross margin, similarity of products, production processes, customers, sales methods and regulatory environment of its two Retail segments. Given the similar economic characteristics between them, these two segments have been aggregated into one 'Retail' segment within the financial statements as this provides users with the financial information needed to evaluate the business and the environment in which it operates.

The Group's reportable operating segments have therefore been identified as follows:

- Retail; comprising the sale of food, household, general merchandise, clothing and fuel primarily through store and online channels.
- Financial Services; comprising banking and insurance services through Sainsbury's Bank and Argos Financial Services.

The CODM uses underlying profit before tax as the key measure of segmental performance as it represents the ongoing trading performance with additional insight into year-on-year performance that is more comparable over time. As described in note 2.5, the use of underlying profit before tax aims to provide parity and transparency between users of the financial statements and the CODM in assessing the core performance of the business and performance of management.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities, including investments in associates and joint ventures, are not disclosed because they are not reported to, or reviewed by, the CODM.

Fuel revenue comprises sales from Petrol Filling Stations (PFS) and the Ultra Rapid Electric Vehicle charging business, (Smart Charge). In prior periods, revenue from Smart Charge was reported within Grocery, General Merchandise & Clothing. To better reflect the nature of these sales, Smart Charge revenue has been reclassified to Fuel revenue. As a result, comparative figures have been re-presented. Grocery, General Merchandise & Clothing revenue has been re-presented from £14,868 million and £28,762 million for the 28 weeks ended 14 September 2024 and the 52 weeks ended 1 March 2025, respectively. Fuel revenue has been re-presented from £2,182 million and £3,868 million for the same respective periods.

4. Segment reporting (continued)

4.1 Income statement

		28 weeks to 13 September 2025		
	Note	Retail £m	Financial services £m	Group £m
Continuing operations				
Revenue				
Grocery, General Merchandise & Clothing		15,577	-	15,577
Fuel		1,939	-	1,939
Interest receivable		-	46	46
Fees and commission		-	19	19
		17,516	65	17,581
Underlying operating profit		504	2	506
Underlying finance income		12	-	12
Underlying finance costs		(178)	-	(178)
Underlying profit before tax		338	2	340
Non-underlying items	3			(69)
Profit before tax - continuing operations				271
Income tax expense	6			(86)
Profit after tax - continuing operations				185
Loss after tax - discontinued operations	7			(20)
Profit after tax - total				165

		28 weeks to 14 September 2024 (restated*)		
	Note	Retail £m	Financial services £m	Group £m
Continuing operations				
Revenue				
Grocery, General Merchandise & Clothing		14,865	-	14,865
Fuel		2,185	-	2,185
Interest receivable		-	39	39
Fees and commission		-	18	18
		17,050	57	17,107
Underlying operating profit/(loss)		503	(29)	474
Underlying finance income		15	-	15
Underlying finance costs		(180)	-	(180)
Underlying profit/(loss) before tax		338	(29)	309
Non-underlying items	3			(51)
Profit before tax - continuing operations				258
Income tax expense	6			(83)
Profit after tax - continuing operations				175
Loss after tax - discontinued operations	7			(99)
Profit after tax - total				76

4. Segment reporting (continued)

4.1 Income statement (continued)

		52 weeks to 1 March 2025 (restated*)		
	Note	Retail £m	Financial services £m	Group £m
Continuing operations				
Revenue				
Grocery, General Merchandise & Clothing		28,754	-	28,754
Fuel		3,876	-	3,876
Interest receivable		-	103	103
Fees and commission		-	39	39
		32,630	142	32,772
Underlying operating profit/(loss)		1,036	(22)	1,014
Underlying finance income		31	-	31
Underlying finance costs		(336)	-	(336)
Underlying profit/(loss) before tax		731	(22)	709
Non-underlying items	3			(102)
Profit before tax - continuing operations				607
Income tax expense	6			(197)
Profit after tax - continuing operations				410
Loss after tax - discontinued operations	7			(168)
Profit after tax - total				242

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

5. Finance income and finance costs

	28 weeks to 13 September 2025			28 weeks to 14 September 2024			52 weeks to 1 March 2025		
	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
Continuing operations									
Finance income									
Interest on bank deposits and other financial assets	11	-	11	14	-	14	29	-	29
Finance fair value movements	-	1	1	-	-	-	-	-	-
IAS 19 pension financing income	-	21	21	-	18	18	-	36	36
Finance income on net investment in leases	1	-	1	1	-	1	2	-	2
	12	22	34	15	18	33	31	36	67
Finance costs									
Secured borrowings	(15)	-	(15)	(19)	-	(19)	(35)	-	(35)
Unsecured borrowings	(20)	-	(20)	(22)	-	(22)	(41)	-	(41)
Lease liabilities	(143)	(6)	(149)	(139)	(6)	(145)	(260)	(12)	(272)
Provisions - amortisation of discount	-	(1)	(1)	-	-	-	-	(2)	(2)
	(178)	(7)	(185)	(180)	(6)	(186)	(336)	(14)	(350)

6. Income tax expense

	28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated*)	52 weeks to 1 March 2025 (restated*)
	£m	£m	£m
Continuing operations			
Current year UK tax	50	42	120
Over provision in prior years	-	-	(34)
Total current tax expense	50	42	86
Origination and reversal of temporary differences	41	42	61
(Over)/under provision in prior years	(5)	(1)	54
Recognition of capital losses	-	-	(4)
Total deferred tax expense	36	41	111
Total income tax expense	86	83	197
Analysed as:			
Underlying tax	103	92	212
Non-underlying tax	(17)	(9)	(15)
Total income tax expense	86	83	197
Underlying tax rate	30.3%	29.8%	29.9%
Effective tax rate	31.7%	32.2%	32.5%

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details. Tax associated with discontinued operations is presented in note 7.

Tax charged within the 28 weeks ended 13 September 2025 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the period ending 28 February 2026 using rates substantively enacted by 13 September 2025 as required by IAS 34 'Interim Financial Reporting'.

The effective tax rate is higher than the standard rate of corporation tax in the UK of 25% primarily due to the impact of non-qualifying depreciation.

The Group is within the scope of global minimum tax ('GMT') under the OECD Pillar Two rules ('Pillar Two'). Pillar Two reporting requirements were enacted for the UK on 18 July 2023 and apply to the Group from the period ended 1 March 2025. Under these requirements, the Group is liable to pay a top up tax for any deficit between the minimum tax rate of 15% and the effective tax rate per jurisdiction. As a primarily UK focused group, there is no material impact of GMT.

Deferred tax assets have not been recognised in respect of capital losses of £389 million (1 March 2025: £399 million; 14 September 2024: £355 million) for which their use against chargeable capital gains is restricted. These capital losses have no date of expiry.

7. Discontinued operations

In January 2024 the Group announced that it had completed its strategic review of the Financial Services division, culminating in a single co-ordinated plan to move to a third-party distributed model. Owing to the complex nature of assets and liabilities that make up the separate major line of business, this has resulted in a phased withdrawal with components completing at various stages.

In the first half of the prior year, the Group announced that it had entered into an agreement for the sale of Sainsbury's Bank plc's personal loan, credit card and retail deposit portfolios to NatWest Group ("NatWest") and announced the sale of its ATM estate to NoteMachine. The results of these operations were presented as discontinued in the 28 weeks to 14 September 2024 and in subsequent periods to the date of disposal. Subsequently in the second half, the Group announced the sale of AFS cards to NewDay Group. Results for the 28 weeks to 14 September 2024 have been restated to reflect the AFS component as discontinued.

7. Discontinued operations (continued)

In July 2025, the Group announced it had reached an agreement for the sale of its Travel Money business to Fexco Group. The sale is expected to complete in the second half of this year. As a result, Travel Money assets have been classified as held for sale and results have been re-presented to reclassify the operations as discontinued in prior periods.

The loss for these operations is set out in note 7.1. Further costs associated with this phased withdrawal will be incurred as product migrations to respective buyers are executed following the sales and the phased withdrawal is completed. Loss on disposal is measured by reference to the fair value of portfolios at the balance sheet date, or by reference to the fair value of consideration received, as set out in note 7.2.

7.1 Discontinued operations loss after tax

		28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated)	52 weeks to 1 March 2025 (restated)
	Note	£m	£m	£m
Revenue				
Interest receivable		-	208	273
Fees and commission income		63	55	96
		63	263	369
Operating costs		(68)	(216)	(317)
Operating (loss)/profit		(5)	47	52
Restructuring and impairment costs		(21)	(70)	(134)
Net loss arising from disposals	7.2	-	(104)	(141)
Loss before tax		(26)	(127)	(223)
Income tax credit		6	28	55
Loss after tax		(20)	(99)	(168)

7.2 Discontinued operations net loss arising from disposals

		28 weeks to 13 September 2025	28 weeks to 14 September 2024	52 weeks to 1 March 2025
		£m	£m	£m
Fair value of consideration (payable)/receivable	a)	(273)	(536)	149
Fair value of net liabilities/(assets) disposed excluding provisions	b)	273	331	(218)
Reversal of net provisions held against assets disposed		-	153	-
Write down of net liabilities/loss on net assets disposed		-	(52)	(69)
Costs of disposal		-	(52)	(72)
Loss on disposal before tax		-	(104)	(141)
Income tax credit		-	23	35
Loss on disposal after tax		-	(81)	(106)

- a) Comprises consideration paid in relation to the Core Banking activities disposed based on pricing mechanisms set out in the sale agreement at the completion date of 1 May 2025. 28 weeks to 14 September 2024 and 52 weeks to 1 March 2025 comprises consideration payable on the Core Banking activities based on pricing mechanisms set out in the sale agreement measured at the respective reporting dates offset by £2 million related to the ATM assets. 52 weeks to 1 March 2025 includes £749 million received related to AFS cards and the debt instrument notes derecognised.
- b) 28 weeks to 13 September 2025: Comprises the fair value of assets and liabilities of the Core Banking portfolios at the completion date of 1 May 2025. Net liabilities were remeasured to fair value immediately prior to completion of the sale with associated fair value movements recognised within operating costs. 28 weeks to 14 September 2024 and 52 weeks to 1 March 2025 comprises the fair value of assets and liabilities of Core Banking portfolios held for sale, and ATM related assets. 52 weeks to 1 March 2025 also includes AFS cards assets disposed inclusive of £24 million of goodwill.

7. Discontinued operations (continued)

7.3 Assets and liabilities of disposal group and non-current assets classified as held for sale

		28 weeks to 13 September 2025 £m	52 weeks to 1 March 2025 £m	28 weeks to 14 September 2024 £m
	Note			
Non-current assets classified as held for sale				
ATM assets		-	1	2
Assets of disposal group classified as held for sale				
Unsecured balances		-	2,512	3,069
Cash and cash equivalents	a)	21	-	-
Total assets of disposal group and non-current assets classified as held for sale	14	21	2,513	3,071
Liabilities of disposal group classified as held for sale				
Customer deposits		-	(3,109)	(3,655)
Provisions for costs of disposal		-	(27)	-
Total liabilities of disposal group classified as held for sale	14	-	(3,136)	(3,655)
Net assets held for sale associated with discontinued operations		21	(623)	(584)

a) 28 weeks to 13 September 2025: Represents the cash and cash equivalents directly attributed to the travel money operations, primarily comprising foreign currencies.

7.4 Discontinued operations cash flow statement

		28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 (restated) £m	52 weeks to 1 March 2025 (restated) £m
Net cash flows from:				
Operating activities		(366)	59	595
Investing activities	a)	(272)	-	750
		(638)	59	1,345

a) Net cash flows used in investing activities relate to consideration paid in respect of Core Banking activities disposed. 52 weeks to 1 March 2025: Net cash flows generated primarily relate to proceeds received from the disposal of AFS cards and cash receipts from the sale of a debt instrument that formed part consideration under the arrangement.

8. Earnings per share

The calculations of basic and underlying basic earnings per share are based on profit after tax and underlying profit after tax for the financial period, respectively, divided by the weighted average number of Ordinary shares in issue during the year, excluding own shares held by the Employee Share Ownership Trust (ESOT).

Diluted and underlying diluted earnings per share are calculated on the same basis as basic and underlying basic earnings per share, but where the weighted average share numbers have also been adjusted for the weighted average effects of potentially dilutive shares. Such potentially dilutive shares comprise share options and awards granted to employees, where the scheme to date performance is deemed to have been earned.

	13 September 2025 million	14 September 2024 million	1 March 2025 million
Weighted average number of shares in issue for calculating basic earnings per share	2,291.9	2,346.3	2,330.6
Weighted average number of dilutive share options	37.8	41.6	43.5
Total number of shares for calculating diluted earnings per share	2,329.7	2,387.9	2,374.1

	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 (restated*) £m	52 weeks to 1 March 2025 (restated*) £m
Underlying profit after tax attributable to ordinary shareholders of the parent	237	217	497
Adjustment for non-underlying items after tax	(52)	(42)	(87)
Profit after tax attributable to ordinary shareholders of the parent - continuing operations	185	175	410
Loss after tax from discontinued operations	(20)	(99)	(168)
Profit after tax attributable to ordinary shareholders of the parent	165	76	242

	Pence per share	Pence per share (restated*)	Pence per share (restated*)
Basic – total	7.2	3.2	10.4
Diluted – total	7.1	3.2	10.2
Basic - discontinued operations	(0.9)	(4.3)	(7.2)
Diluted - discontinued operations	(0.8)	(4.1)	(7.1)
Basic – continuing operations	8.1	7.5	17.6
Diluted – continuing operations	7.9	7.3	17.3
Basic - underlying	10.3	9.2	21.3
Diluted - underlying	10.2	9.1	20.9

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

9. Dividends

	28 weeks to 13 September 2025 pence per share	28 weeks to 14 September 2024 pence per share	52 weeks to 1 March 2025 pence per share	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Amounts recognised as distributions to ordinary shareholders						
Financial year ended 2 March 2024						
- Final dividend	-	9.2	9.2	-	217	217
Financial year ended 1 March 2025						
- Interim dividend	-	-	3.9	-	-	91
- Final dividend	9.7	-	-	223	-	-
	9.7	9.2	13.1	223	217	308
Proposed interim dividend	4.1			93		
Proposed special dividend	11.0			250		

The proposed interim and special dividends were approved by the Board on 5 November 2025 and have not been included as a liability in these Condensed Consolidated Interim Financial Statements.

10. Financial instruments

	13 September 2025 £m	1 March 2025 (restated*) £m	14 September 2024 (restated*) £m
Measured at amortised cost			
Financial assets			
Cash and cash equivalents	688	1,623	1,092
Trade and other receivables	231	316	394
Amounts due from Financial Services customers and other banks	-	-	846
Financial liabilities			
Trade and other payables	(4,668)	(4,560)	(4,443)
Borrowings	(1,092)	(1,114)	(1,180)
Amounts due to Financial Services customers and other deposits	(138)	(1,968)	(1,637)
Lease liabilities	(5,446)	(5,494)	(5,432)
Measured at fair value through other comprehensive income			
Other financial assets	311	1,369	1,278
Cash and cash equivalents	25	915	30
Measured at fair value through profit or loss			
Other financial assets	12	12	-
Cash and cash equivalents	558	239	469
Derivative financial instruments	(6)	24	(42)
	(9,525)	(8,638)	(8,625)

*Cash and cash equivalents measured at amortised cost has been re-presented from £2,777 million to £1,623 million as at 1 March 2025 and from £1,591 million to £1,092 million as at 14 September 2024, to better reflect the nature of the balances of money market funds as measured at fair value through profit or loss of £239 million and £469 million, and other investment securities as measured at fair value through other comprehensive income of £915 million and £30 million, as at 1 March 2025 and 14 September 2024 respectively.

Trade and other payables have been restated from £(4,945) million to £(4,560) million as at 1 March 2025 and from £(4,744) million to £(4,443) million as at 14 September 2024 to exclude balances relating to employer rights and obligations arising from employee benefits, contract liabilities, and amounts payable in respect of taxes and social security contributions. Trade and other receivables have been restated from £377 million to £316 million as at 1 March 2025 and from £426 million to £394 million as at 14 September 2024 to exclude balances that do not meet the definition of a financial asset.

10. Financial instruments (continued)

10.1 Fair value estimation of amounts held at amortised cost

The fair value 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 cash and cash equivalents, trade receivables, other receivables, overdrafts, trade and other payables and lease liabilities are assumed to approximate to their book values.

	13 September 2025		1 March 2025		14 September 2024	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets						
Amounts due from Financial Services customers and banks	-	-	-	-	846	828
Financial liabilities						
Loans due 2031	(419)	(411)	(447)	(440)	(472)	(471)
Unsecured bonds	(553)	(555)	(550)	(552)	-	-
Term Loan	-	-	-	-	(583)	(575)
Tier 2 Capital	(125)	(139)	(124)	(142)	(124)	(141)
Amounts due to Financial Services customers and other deposits	(138)	(139)	(1,968)	(1,990)	(1,637)	(1,655)

The fair value of financial assets and liabilities held at amortised cost are within Level 2 of the fair value hierarchy, with the exception of the Tier 2 Capital, where the fair value is calculated using prevailing market prices and is therefore Level 1.

10.2 Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are recognised at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities at the balance sheet date. This level includes listed equity securities and debt instruments on public exchanges.
- Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments is determined by discounting expected cash flows at prevailing interest rates.
- Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	13 September 2025				1 March 2025 (restated*)			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial instruments at fair value through other comprehensive income								
Other financial assets	99	212	-	311	1,189	180	-	1,369
Cash and cash equivalents	25	-	-	25	831	84	-	915
Financial instruments at fair value through profit and loss								
Other financial assets	12	-	-	12	12	-	-	12
Cash and cash equivalents	558	-	-	558	239	-	-	239
Derivative financial assets	-	7	30	37	-	21	29	50
Derivative financial liabilities	-	(43)	-	(43)	-	(26)	-	(26)

10. Financial instruments (continued)

10.2 Fair value measurements recognised in the balance sheet (continued)

	14 September 2024 (restated*)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial instruments at fair value through other comprehensive income				
Other financial assets	1,218	60	-	1,278
Cash and cash equivalents	30	-	-	30
Financial instruments at fair value through profit and loss				
Cash and cash equivalents	469	-	-	469
Derivative financial assets	-	48	11	59
Derivative financial liabilities	-	(101)	-	(101)

*Financial instruments measured at fair value through other comprehensive income have been restated to include cash and cash equivalents of £915 million and £30 million as at 1 March 2025 and 14 September 2024 respectively. Amounts relate to other investment securities using Level 1 and Level 2 observable inputs. Financial instruments at fair value through profit and loss have been restated to include cash and cash equivalents of £239 million and £469 million as at 1 March 2025 and 14 September 2024 respectively. Amounts relate to money market funds using Level 1 observable inputs.

There have been no transfers of assets between Levels 1, 2 or 3 during the period.

10.3 Level 3 Financial assets

a) Power Purchase Agreements

The Group has entered into several long-term fixed and CPI linked price Power Purchase Agreements with independent producers and values these agreements as the net present value of the estimated future usage at the contracted fixed price less the market implied forward energy price discounted at the prevailing swap rate.

All Power Purchase Agreements are physical arrangements. Arrangements designated in hedging relationships are classified as hedging instruments, whereas those not designated in hedging relationships are not classified as hedging instruments. The credit risk exposure associated with the Power Purchase Agreements is considered immaterial.

Commodity derivative values

	13 September 2025	1 March 2025	14 September 2024
	£m	£m	£m
At beginning of financial year	29	9	9
(Charged)/credited to income statement – cost of sales	(2)	2	4
Credited/(charged) to other comprehensive income	3	18	(2)
At the end of the financial period	30	29	11

b) Sensitivity of Power Purchase Agreement derivatives

The fair value of Power Purchase Agreement derivatives is sensitive to changes in expected output volume and forward energy pricing, as illustrated in the sensitivity analysis below:

	Change in output volume +/-20.0% £m	13 September 2025 Change in forward pricing +/-20.0% £m
Not in a hedge relationship	2/(2)	6/(6)
Designated in a cash flow hedge relationship	4/(4)	30/(30)

10.4 Amounts due to Financial Services customers and other banks

	13 September 2025			1 March 2025		
	Non-current £m	Current £m	Total £m	Non-current £m	Current £m	Total £m
Other deposits	-	(138)	(138)	(13)	(1,955)	(1,968)

10. Financial instruments (continued)

10.4 Amounts due to Financial Services customers and other banks (continued)

	Non-current £m	14 September 2024 Current £m	Total £m
Other deposits	(18)	(1,619)	(1,637)

Included within the other deposits balance are £47 million of deposits obtained via deposit aggregators where the ultimate depositors are retail customers. A further £65 million relates to deposits from wholesale counterparties.

11. Cash and cash equivalents

11.1 Balance sheet

	13 September 2025 £m	1 March 2025 (restated*) £m	14 September 2024 (restated*) £m
Cash in hand and bank balances	309	439	638
Money market funds	558	239	469
Short-term deposits	55	141	-
Other investment securities	25	915	30
Deposits at central banks	324	1,043	454
Cash and bank balances as reported in the Group balance sheet	1,271	2,777	1,591
Bank overdrafts (within current borrowings)	(2)	(1)	(4)
Net cash and cash equivalents as reported in the Group cash flow statement	1,269	2,776	1,587
Restricted amounts included above			
For insurance purposes	3	3	8
Held within the Group's Employee Share Ownership Trust	-	-	5
	3	3	13

*Money market funds have been re-presented from £1,154 million to £239 million as at 1 March 2025 and from £499 million to £469 million as at 14 September 2024 to better reflect the nature of certain balances as other investment securities.

11.2 Cash flow statement

28 weeks to 13 September 2025

- Trade and other receivables: Cashflows differ from the movement in the balance sheet owing mainly to the presentation of cash flows as discontinued operations of £42 million.
- Trade and other payables: Cashflows differ from the movement in the balance sheet owing mainly to reclassifications to other lines in the cash flow statement of £85 million.

52 weeks to 1 March 2025

- Amounts due from Financial Service customers and other banks: Cashflows differ from the movement in the balance sheet owing mainly to £2,512 million transferred to assets held for sale on the balance sheet and £2,005 million cash inflows presented within discontinued operations in the cash flow statement.
- Amounts due to Financial Service customers and other deposits: Cashflows differ from the movement in the balance sheet owing mainly to £3,109 million transferred to liabilities held for sale on the balance sheet and £644 million cash outflows presented within discontinued operations in the cash flow statement.
- Trade and other receivables: Cashflows differ from the movement in the balance sheet owing mainly to cash inflows presented within discontinued operations in the cash flow statement.
- Provisions: Cashflows differ from the movement in the balance sheet owing mainly to cash outflows presented within discontinued operations in the cash flow statement.

11. Cash and cash equivalents (continued)

11.2 Cash flow statement (continued)

28 weeks to 14 September 2024

- Amounts due from Financial Service customers and other banks: Cash flows differ from the movement in the balance sheet owing mainly to the reclassification of these amounts to Assets of disposal group and non-current assets held for sale on the Balance Sheet of £3,708 million.
- Amounts due to Financial Service customers and other deposits: Cash flows differ from the movement in the balance sheet owing mainly to the reclassification of these amounts to Liabilities of disposal group held for sale on the Balance Sheet of £4,164 million.

12. Notes to the cash flow statement

12.1 Reconciliation of operating profit to net cash generated from continuing operations

	28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated*)	52 weeks to 1 March 2025 (restated*)
	£m	£m	£m
Operating profit	422	411	890
Depreciation	567	557	1,033
Amortisation	103	93	182
Net impairment loss/(reversal) on non-financial assets	7	(9)	22
Profit on sale of non-current assets and early termination of leases	(2)	(11)	(53)
Fair value movements	2	(3)	(2)
Share-based payments expense	40	39	73
Defined benefit scheme expense	5	4	8
Cash contributions to defined benefit scheme	(13)	(23)	(45)
Operating cash flows before changes in working capital	1,131	1,058	2,108
Changes in working capital			
(Increase)/decrease in inventories	(79)	13	-
Decrease/(increase) in other financial assets	1,056	(499)	(603)
Decrease/(Increase) in trade and other receivables	44	(26)	15
Increase in amounts due from Financial Services customers and other banks	-	(6)	-
Increase in trade and other payables	173	174	247
(Decrease)/increase in amounts due to Financial Services customers and other deposits	(1,809)	80	-
Decrease in provisions	(45)	(10)	(7)
Cash generated from operating activities - continuing operations	471	784	1,760

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations. Refer to note 2 for further details.

12. Notes to the cash flow statement (continued)

12.2 Analysis of net debt

	Cash Movements			Non-Cash Movements		
	1 March 2025 £m	Cash flows excluding interest £m	Net interest paid £m	Accrued Interest £m	Other non- cash movements £m	13 September 2025 £m
Retail						
Net derivative financial instruments	(1)	-	1	(1)	2	1
Borrowings (excluding overdrafts)	(989)	28	29	(31)	(2)	(965)
Lease liabilities	(5,494)	245	149	(149)	(197)	(5,446)
Arising from financing activities	(6,484)	273	179	(181)	(197)	(6,410)
Cash and cash equivalents	727	158	-	-	-	885
Bank overdrafts	(1)	(1)	-	-	-	(2)
Retail net debt	(5,758)	430	179	(181)	(197)	(5,527)
Financial Services						
Net derivative financial instruments	(2)	-	-	-	2	-
Borrowings (excluding overdrafts)	(124)	-	6	(6)	(1)	(125)
Arising from financing activities	(126)	-	6	(6)	1	(125)
Other financial assets at fair value through other comprehensive income	1,369	(1,056)	-	-	(2)	311
Cash and cash equivalents	2,050	(1,643)	-	-	(21)	386
Financial services net funds	3,293	(2,699)	6	(6)	(22)	572
Group						
Net derivative financial instruments	(3)	-	1	(1)	4	1
Borrowings (excluding overdrafts)	(1,113)	28	35	(37)	(3)	(1,090)
Lease liabilities	(5,494)	245	149	(149)	(197)	(5,446)
Arising from financing activities	(6,610)	273	185	(187)	(196)	(6,535)
Other financial assets at fair value through other comprehensive income	1,369	(1,056)	-	-	(2)	311
Cash and cash equivalents	2,777	(1,485)	-	-	(21)	1,271
Bank overdrafts	(1)	(1)	-	-	-	(2)
Group net debt	(2,465)	(2,269)	185	(187)	(219)	(4,955)

12. Notes to the cash flow statement (continued)

12.2 Analysis of net debt (continued)

	Cash Movements			Non-Cash Movements		
	3 March 2024 £m	Cash flows excluding interest £m	Net interest (received)/ paid £m	Accrued Interest £m	Other non- cash movements £m	1 March 2025 £m
Retail						
Net derivative financial instruments	-	-	(1)	-	-	(1)
Borrowings (excluding overdrafts)	(1,077)	79	76	(67)	-	(989)
Lease liabilities	(5,354)	487	272	(272)	(627)	(5,494)
Purchase of own shares for cancellation	-	200	-	-	(200)	-
Arising from financing activities	(6,431)	766	347	(339)	(827)	(6,484)
Cash and cash equivalents	877	(150)	-	-	-	727
Bank overdrafts	-	(1)	-	-	-	(1)
Less: Purchase of own shares for cancellation	-	(200)	-	-	200	-
Retail net debt	(5,554)	415	347	(339)	(627)	(5,758)
Financial Services						
Net derivative financial instruments	-	-	-	-	(2)	(2)
Borrowings (excluding overdrafts)	(122)	-	12	(12)	(2)	(124)
Arising from financing activities	(122)	-	12	(12)	(4)	(126)
Other financial assets at fair value through other comprehensive income	761	609	-	-	(1)	1,369
Cash and cash equivalents	1,110	940	-	-	-	2,050
Financial services net funds	1,749	1,549	12	(12)	(5)	3,293
Group						
Net derivative financial instruments	-	-	(1)	-	(2)	(3)
Borrowings (excluding overdrafts)	(1,199)	79	88	(79)	(2)	(1,113)
Lease liabilities	(5,354)	487	272	(272)	(627)	(5,494)
Purchase of own shares for cancellation	-	200	-	-	(200)	-
Arising from financing activities	(6,553)	766	359	(351)	(831)	(6,610)
Other financial assets at fair value through other comprehensive income	761	609	-	-	(1)	1,369
Cash and cash equivalents	1,987	790	-	-	-	2,777
Bank overdrafts	-	(1)	-	-	-	(1)
Less: Purchase of own shares for cancellation	-	(200)	-	-	200	-
Group net debt	(3,805)	1,964	359	(351)	(632)	(2,465)

12. Notes to the cash flow statement (continued)

12.2 Analysis of net debt (continued)

	Cash Movements			Non-Cash Movements		
	3 March 2024 £m	Cash flows excluding interest £m	Net interest (received)/ paid £m	Accrued Interest £m	Other non- cash movements £m	14 September 2024 £m
Retail						
Net derivative financial instruments	-	-	(1)	1	(2)	(2)
Borrowings (excluding overdrafts)	(1,077)	22	38	(38)	-	(1,055)
Lease liabilities	(5,354)	243	145	(145)	(321)	(5,432)
Purchase of own shares for cancellation	-	136	-	-	(150)	(14)
Arising from financing activities	(6,431)	401	182	(182)	(473)	(6,503)
Cash and cash equivalents	877	32	-	-	-	909
Bank overdrafts	-	(4)	-	-	-	(4)
Less: Purchase of own shares for cancellation	-	(136)	-	-	150	14
Retail net debt	(5,554)	293	182	(182)	(323)	(5,584)
Financial Services						
Net derivative financial instruments	-	-	-	-	1	1
Borrowings (excluding overdrafts)	(122)	-	6	(6)	(2)	(124)
Arising from financing activities	(122)	-	6	(6)	(1)	(123)
Other financial assets at fair value through other comprehensive income	761	505	-	-	-	1,266
Cash and cash equivalents	1,110	(428)	-	-	-	682
Financial services net funds	1,749	77	6	(6)	(1)	1,825
Group						
Net derivative financial instruments	-	-	(1)	1	(1)	(1)
Borrowings (excluding overdrafts)	(1,199)	22	44	(44)	(2)	(1,179)
Lease liabilities	(5,354)	243	145	(145)	(321)	(5,432)
Purchase of own shares for cancellation	-	136	-	-	(150)	(14)
Arising from financing activities	(6,553)	401	188	(188)	(474)	(6,626)
Other financial assets at fair value through other comprehensive income	761	505	-	-	-	1,266
Cash and cash equivalents	1,987	(396)	-	-	-	1,591
Bank overdrafts	-	(4)	-	-	-	(4)
Less: Purchase of own shares for cancellation	-	(136)	-	-	150	14
Group net debt	(3,805)	370	188	(188)	(324)	(3,759)

Other non-cash movements relate to new leases, foreign exchange, the cancellation of own shares once purchased, fair value adjustments relating to derivatives, and cash and cash equivalents reclassified as assets held for sale (refer to note 14 for further details).

12.3 Reconciliation of own shares purchased for cancellation

The table below presents the reconciliation of own shares purchased for cancellation between the Group statement of changes in equity and the Group cash flow statement:

	13 September 2025 £m	1 March 2025 £m	14 September 2024 £m
Included in the Group statement of changes in equity	(158)	(200)	(150)
Outstanding amount recognised as financial liabilities	-	-	14
Included in the Group cash flow statement	(158)	(200)	(136)

13. Borrowings

	13 September 2025			1 March 2025		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Loan due 2031	70	349	419	64	383	447
Unsecured bonds	4	549	553	3	547	550
Bank overdrafts	2	-	2	1	-	1
Sainsbury's Bank Tier 2 Capital	6	119	125	6	118	124
	82	1,017	1,099	74	1,048	1,122
Transaction costs	(2)	(5)	(7)	(2)	(6)	(8)
	80	1,012	1,092	72	1,042	1,114

	14 September 2024		
	Current £m	Non-current £m	Total £m
Loan due 2031	58	414	472
Term loan	8	575	583
Bank overdrafts	4	-	4
Sainsbury's Bank Tier 2 Capital	6	118	124
	76	1,107	1,183
Transaction costs	(1)	(2)	(3)
	75	1,105	1,180

13.1 Undrawn facilities

As at 13 September 2025, the Revolving Credit Facility of £1,000 million was undrawn.

14. Assets and liabilities of disposal group and non-current assets held for sale

As described in note 7, in July 2025, the Group announced it had entered into an agreement to sell the Travel Money business to Fexco Group. The sale of the Travel Money business is expected to complete in the second half of this year. Consequently, £21 million of cash and cash equivalents held in the disposal group have been classified as held for sale.

Non-current assets of £7 million comprise of retail related assets only. Proceeds from disposals of non-current assets held for sale for continuing operations have been presented within proceeds from disposal of property, plant and equipment in the Group cash flow statement.

14.1 Assets of disposal group and non-current assets held for sale

	28 weeks to 13 September 2025 £m	52 weeks to 1 March 2025 £m	28 weeks to 14 September 2024 £m
Opening balance	2,527	10	10
Classified as held for sale in the period	27	2,521	3,078
No longer classified as held for sale	(12)	-	-
Sold in the period	(2,514)	(4)	(2)
Closing balance	28	2,527	3,086
Of which			
Assets of disposal group held for sale	21	2,512	3,069
Non-current assets classified as held for sale	7	15	17
	28	2,527	3,086

14. Assets and liabilities of disposal group and non-current assets held for sale (continued)

14.2 Liabilities of disposal group held for sale

	28 weeks to 13 September 2025 £m	52 weeks to 1 March 2025 £m	28 weeks to 14 September 2024 £m
Opening balance	(3,136)	-	-
Classified as held for sale in the period	-	(3,136)	(3,655)
Sold in the period	3,136	-	-
Closing balance	-	(3,136)	(3,655)

15. Retirement benefit obligations

All retirement benefit obligations relate to the Sainsbury's Pension Scheme plus three unfunded pension liabilities relating to former senior employees of Sainsbury's and Home Retail Group.

The Sainsbury's Pension Scheme has two segregated sections: the Sainsbury's Section and the Argos Section.

The most recent triennial valuation was carried out as at 30 September 2021 resulting in an actuarial surplus of £130 million (comprising a surplus of £231 million in the Sainsbury's section and a £101 million deficit in the Argos section) on a technical provisions basis. The next triennial valuation as at 30 September 2024 is in progress.

The unfunded pension liabilities are unwound when each former employee reaches retirement and takes their pension from the Group payroll or is crystallised if the employee takes the provision as a one-off cash payment.

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 Group does not consider any adjustments to the financial statements are required in respect of this matter.

15.1 Balance sheet

	13 September 2025			1 March 2025		
	Sainsbury's £m	Argos £m	Group £m	Sainsbury's £m	Argos £m	Group £m
Present value of funded obligations	(4,628)	(723)	(5,351)	(4,820)	(755)	(5,575)
Fair value of plan assets	5,172	869	6,041	5,418	911	6,329
Net funded pension plan asset	544	146	690	598	156	754
Present value of unfunded obligations	(12)	(10)	(22)	(13)	(10)	(23)
Net retirement benefit surplus	532	136	668	585	146	731

Analysed in the Group balance sheet:

Retirement benefit surplus	544	146	690	598	156	754
Retirement benefit deficit	(12)	(10)	(22)	(13)	(10)	(23)
Net retirement benefit surplus	532	136	668	585	146	731

	14 September 2024		
	Sainsbury's £m	Argos £m	Group £m
Present value of funded obligations	(5,270)	(836)	(6,106)
Fair value of plan assets	5,912	970	6,882
Net funded pension plan asset	642	134	776
Present value of unfunded obligations	(14)	(11)	(25)
Net retirement benefit surplus	628	123	751

Analysed in the Group balance sheet:

Retirement benefit surplus	642	134	776
Retirement benefit deficit	(14)	(11)	(25)
Net retirement benefit surplus	628	123	751

15. Retirement benefit obligations (continued)

15.2 Movements in net surplus

	28 weeks to 13 September 2025 £m	52 weeks to 1 March 2025 £m	28 weeks to 14 September 2024 £m
At the beginning of the financial period	731	690	690
Net interest income	21	36	18
Remeasurement (losses)/gains	(93)	(33)	24
Pension scheme expenses	(5)	(8)	(4)
Contributions by employer	13	45	23
Benefits paid	1	1	-
At the end of the period	668	731	751

15.3 Valuation of plan private market assets

The Pension Scheme has circa £815 million of private market assets, split between private debt, private equity and property. The latest audited valuations of these assets are as at a range of dates and a roll-forward to 13 September 2025 has been performed (adjusting for cash received or paid and applying the changes seen in relevant liquid indices) which increased the valuation of these assets by £30 million. A 1% change in the indices used would have caused an £8 million change in the adjustment.

15.4 Actuarial assumptions for measuring funded obligations

	13 September 2025 %	1 March 2025 %	14 September 2024 %
Discount rate	5.85	5.45	4.80
Inflation rate – RPI	3.00	3.15	3.10
Inflation rate – CPI	2.40	2.55	2.50
Future pension increases	1.90 - 2.85	1.95 - 2.95	1.90 - 2.90

15.5 Sensitivities

The obligations are sensitive to the above assumptions as well as demographic factors whereby the main impacts of such changes are:

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

		£m	£m
Financial sensitivities			
Discount rate	+/- 0.1%	(68)	69
Discount rate	+/- 1.0%	(627)	760
Inflation rate	+/- 0.1%	48	(37)
Inflation rate	+/- 1.0%	419	(391)
Inflation rate for future pension increases	+/- 0.1%	30	(18)
Inflation rate for future pension increases	+/- 1.0%	221	(221)
Life expectancy	+/- 1 year	152	(158)

Any impact on the obligations at a future balance sheet date due to a change in the discount rate and/or inflation assumptions would be expected to be at least partially offset by a change in the value of hedged assets, and so any impact on the Scheme's surplus would be smaller than indicated above.

16. Contingent liabilities

The Group has a number of contingent liabilities in respect of disposed or exited businesses and guarantees in relation to disposed assets, which may expose the Group to a material liability. For disposed property assets, this could be if the current tenant and their ultimate parents become insolvent. No historical guarantees are expected to materialise.

Along with other retailers, the Group is currently subject to claims from current and ex-employees in the Employment Tribunal for equal pay under the Equality Act 2010 and/or the Equal Pay Act 1970. There are currently circa 19,500 equal pay claims from circa 13,700 claimants, in which the claimants are alleging that their work within Sainsbury's stores is or was, of equal value to that of colleagues working in Sainsbury's distribution centres, and that differences in terms and conditions relating to pay are not objectively justifiable. The claimants are seeking the differential back pay based on the higher wages in distribution centres, and the equalisation of wages and terms and conditions on an ongoing basis. The Group believes further claims will be served.

There are three stages in the tribunal procedure for equal pay claims of this nature, and the claimants will need to succeed in all three. The first stage is whether store claimants have the legal right to make the comparison with depot workers. Following European and Supreme Court decisions in other similar litigation, Sainsbury's has conceded this point. The second stage is the lengthy process to determine whether any of the claimants' roles are of equal value to their chosen comparators. A procedural timetable has now been established for Stage 2 of the litigation, and the Group anticipates that the Employment Tribunal will issue its judgment in respect of the second stage during the course of 2028. This judgment is expected to be subject to appeal proceedings.

In the event that any of the claimants succeed at the second stage, there will be a third stage comprising further hearings, in the following years, to consider material factor defences relating to non-discriminatory reasons for any pay differential. Both stages will involve contested hearings and appeals. It is not possible to predict a final date with any certainty.

If the group is unsuccessful at the end of the litigation the liability could be material but due to the complexity and multitudinous factual and legal uncertainties, we are not in a position to predict an outcome, quantum or impact at this stage.

Given that the outcome of the second and third stages in the litigation remains highly uncertain at this stage, the Group cannot make any assessment of the likelihood nor quantum of any outcome. No provision has therefore been recognised on the Group's balance sheet. There are substantial factual and legal defences to these claims, and the Group intends to continue to defend them vigorously.

Principal risks and uncertainties

Risk is an inherent part of doing business. The J Sainsbury plc Board has overall responsibility for the identification and management of the principal risks, emerging risks, and internal control of the Company. The Board has identified the following principal risks to the successful operation of the business. These risks - alongside events in the macroeconomic environment, as well as increased security incidents affecting colleague safety and contributing to loss - remain those most likely to affect the Group in the second half of the year.

- Business continuity, operational resilience and major incidents response
- Business strategy and change
- Colleague engagement, retention and capability
- Data security
- Environment and social sustainability
- Financial and treasury
- Safety and security
- Political and regulatory environment
- Product safety and sourcing
- Sainsbury's Bank
- Trading environment and customer expectations

The Principal Risks and Uncertainties remain those reported in detail in the Group's Annual Report and Financial Statements 2025. For more information on these risks, please refer to pages 54 to 62 of the J Sainsbury's plc Annual Report and Accounts 2025, a copy of which is available on the Group's corporate website corporate.sainsburys.co.uk/investors/.

Statement of Directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first 28 weeks of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining 24 weeks of the financial year; and
- material related-party transactions in the first 28 weeks of the financial year and any material changes in the related-party transactions described in the last annual report.

At the date of this statement, the directors are those listed in the J Sainsbury plc Annual Report 2025. A list of current directors is maintained on the Group's corporate website: corporate.sainsburys.co.uk/investors/corporate-governance/.

By order of the Board

Simon Roberts
Chief Executive
5 November 2025

Bláthnaid Bergin
Chief Financial Officer
5 November 2025

Independent review report to J Sainsbury plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed J Sainsbury Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results for the 28 weeks ended 13 September 2025 of J Sainsbury Plc for the 28 week period ended 13 September 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Group balance sheet as at 13 September 2025;
- the Group income statement and the Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results for the 28 weeks ended 13 September 2025 of J Sainsbury Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results for the 28 weeks ended 13 September 2025 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results for the 28 weeks ended 13 September 2025, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results for the 28 weeks ended 13 September 2025 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results for the 28 weeks ended 13 September 2025, including the interim financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results for the 28 weeks ended 13 September 2025 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 November 2025

Alternative performance measures (APMs)

In the reporting of financial information, the Directors use various APMs which they believe provide additional useful information for understanding the financial performance and financial health of the Group. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies who use similar measures.

A1 Income statement measures

A1.1 Revenue

a) Retail like-for-like sales (Closest IFRS equivalent: none)

Definition and purpose

Year-on-year growth in sales excluding VAT, excluding fuel and Financial Services, for stores that have been open for more than one year. The relocation of Argos stores into Sainsbury's supermarkets are classified as new space, while the host supermarket is classified like-for-like.

The measure is used widely in the retail sector.

Reconciliation

	28 weeks to 13 September 2025	28 weeks to 14 September 2024 (restated*)
Retail like-for-like (exc. Fuel, exc. VAT)	4.5%	3.5%
Underlying net new space impact	0.3%	(0.2)%
Retail sales growth (exc. Fuel, exc. VAT)	4.8%	3.3%
Fuel impact	(2.1)%	(1.0)%
Total retail sales growth (inc. Fuel, exc. VAT)	2.7%	2.3%

*Retail like-for-like sales APM has been restated to exclude VAT. Refer to note 2.5 for details.

A1.2 Profit

a) Retail underlying operating profit and margin (Closest IFRS equivalent: Profit before tax)

Definition and purpose

Profit before interest and tax for the retail segment excluding non-underlying items.

This is the lowest level at which the retail segment can be viewed from a management perspective, with finance costs managed for the Group as a whole.

Reconciliation

	Note	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Retail underlying operating profit	4	504	503	1,036
Retail sales	4	17,516	17,050	32,630
Retail underlying operating margin		2.88%	2.95%	3.17%

b) Underlying profit before tax (Closest IFRS equivalent: Profit before tax)

Definition and purpose

Profit before tax excluding non-underlying items.

Provides shareholders with additional insight into the year-on-year performance.

Reconciliation

Face of the income statement.

Non-underlying items as set out in note 3 to the consolidated condensed interim financial statements.

A1 Income statement measures (continued)

A1.2 Profit (continued)

c) Underlying basic and diluted earnings per share (Closest IFRS equivalent: Basic and diluted earnings per share)

Definition and purpose

Earnings per share using underlying profit as described above.

A key measure to evaluate the performance of the business and returns generated for investors.

Reconciliation

Note 8 to the consolidated condensed interim financial statements.

d) Retail underlying EBITDA (Closest IFRS equivalent: Profit before tax)

Definition and purpose

Retail underlying operating profit as above, before underlying depreciation, and amortisation.

Used to review the retail segment's profit generation and the sustainability of ongoing capital reinvestment and finance costs.

Reconciliation

		28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
	Note			
Retail underlying operating profit	4	504	503	1,036
Add: Retail underlying depreciation and amortisation	A2.1	632	616	1,156
Retail underlying EBITDA		1,136	1,119	2,192
Retail sales	4	17,516	17,050	32,630
Retail underlying EBITDA margin		6.49%	6.56%	6.72%

e) Underlying net finance costs (Closest IFRS equivalent: Finance income less finance costs)

Definition and purpose

Net finance costs before any non-underlying items that are recognised within finance income / expenses.

Provides shareholders with additional insight into the underlying net finance costs.

Reconciliation

Note 5 to the consolidated condensed interim financial statements.

f) Underlying tax rate (Closest IFRS equivalent: Effective tax rate)

Definition and purpose

Tax on underlying items, divided by underlying profit before tax.

Provides an indication of the tax rate across the Group before the impact of non-underlying items.

Reconciliation

Non-underlying tax is analysed in note 6 to the consolidated condensed interim financial statements.

A2 Cash flows and borrowings

A2.1 Retail cash flows (Closest IFRS equivalent: Group cash flows)

Definition and purpose

Retail cash flows identified as a separate component of Group cash flows.

Retail free cash flow: Net cash generated from retail operations, after cash capital expenditure and including payments of lease obligations, and cash flows from joint ventures and associates. Excludes capital injections to, dividends from, and any other exceptional cash movements with or on behalf of Sainsbury's Bank and its subsidiaries. This measures cash generation, working capital efficiency and capital expenditure of the retail business.

A2 Cash flows and borrowings (continued)

A2.1 Retail cash flows (Closest IFRS equivalent: Group cash flows) (continued)

Other retail cash flows: Individual cash flow line items segregated from Group cash flows to allow individual Retail cash flows to be identified. This enables management to assess the cash generated from its core retail operations, and to assess core retail capital expenditure in the financial year in order to review the strategic business performance.

Reconciliation

		28 weeks to 13 September 2025			28 weeks to 14 September 2024 (restated*)		
		Retail £m	Financial Services £m	Group £m	Retail £m	Financial Services £m	Group £m
Operating profit/(loss) – continuing		423	(1)	422	436	(25)	411
Depreciation and amortisation	- Underlying	632	-	632	616	-	616
	- Non-underlying	38	-	38	34	-	34
		670	-	670	650	-	650
Net impairment loss/(reversal) on non-financial assets	- Underlying b)	-	-	-	-	(21)	(21)
	- Non-underlying	7	-	7	12	-	12
		7	-	7	12	(21)	(9)
Profit on sale of non-current assets and early termination of leases	- Underlying b)	(2)	-	(2)	(4)	-	(4)
	- Non-underlying	-	-	-	(7)	-	(7)
		(2)	-	(2)	(11)	-	(11)
Fair value movements	- Underlying	-	-	-	-	-	-
	- Non-underlying	2	-	2	(4)	1	(3)
		2	-	2	(4)	1	(3)
Share-based payments expense	- Underlying b)	35	2	37	36	3	39
	- Non-underlying	3	-	3	-	-	-
		38	2	40	36	3	39
Defined benefit scheme expenses	- Non-underlying	5	-	5	4	-	4
Cash contributions to defined benefit scheme		(13)	-	(13)	(23)	-	(23)
Operating cash flows before changes in working capital		1,130	1	1,131	1,100	(42)	1,058
Movements in working capital	- Underlying	141	(769)	(628)	179	(453)	(274)
	- Non-underlying	(35)	3	(32)	(1)	1	-
		106	(766)	(660)	178	(452)	(274)
Cash generated from operations – continuing		1,236	(765)	471	1,278	(494)	784
Interest paid	a)	(179)	(6)	(185)	(182)	(6)	(188)
Corporation tax paid	a)	(37)	16	(21)	(22)	3	(19)
		1,020	(755)	265	1,074	(497)	577
Cash flows from investing activities – continuing							
Purchase of property, plant and equipment	a)	(361)	-	(361)	(296)	-	(296)
Purchase of intangible assets	a)	(114)	-	(114)	(98)	-	(98)
		(475)	-	(475)	(394)	-	(394)
Capital expenditure							
Initial direct costs on new leases	a)	(3)	-	(3)	(34)	-	(34)
Proceeds from disposal of property, plant and equipment	a)	1	-	1	7	-	7
Interest received	a)	12	-	12	15	-	15
		(465)	-	(465)	(406)	-	(406)
Cash flows from financing activities – continuing							
Proceeds from issuance of ordinary shares		18	-	18	20	-	20
Purchase of own shares for share schemes		(12)	-	(12)	(32)	-	(32)
Other share related transactions		6	-	6	(12)	-	(12)
Purchase of own shares for cancellation		(158)	-	(158)	(136)	-	(136)
Repayment of borrowings		(28)	-	(28)	(22)	-	(22)
Capital repayment of lease obligations	a)	(245)	-	(245)	(243)	-	(243)
Dividends paid on ordinary shares		(223)	-	(223)	(217)	-	(217)
		(648)	-	(648)	(630)	-	(630)
Intragroup dividend		300	(300)	-	-	-	-
Net increase/(decrease) in cash and cash equivalents – continuing		207	(1,055)	(848)	38	(497)	(459)
Net (decrease)/increase in cash and cash equivalents – discontinued operations		(50)	(588)	(638)	(10)	69	59
		157	(1,643)	(1,486)	28	(428)	(400)

A2 Cash flows and borrowings (continued)

A2.1 Retail cash flows (Closest IFRS equivalent: Group cash flows) (continued)

Items in the retail cash flow marked a) to b) reconcile to the summary cash flow statement in the financial review as outlined in note A2.2.

			52 weeks to 1 March 2025 (restated*)		
			Retail £m	Financial Services £m	Group £m
Operating profit – continuing			822	68	890
Depreciation and amortisation	- Underlying		1,156	-	1,156
	- Non-underlying		59	-	59
			1,215	-	1,215
Net impairment loss on non-financial assets	- Underlying	b)	2	-	2
	- Non-underlying		20	-	20
			22	-	22
Profit on sale of non-current assets and early termination of leases	- Underlying	b)	(6)	-	(6)
	- Non-underlying		(47)	-	(47)
			(53)	-	(53)
Fair value movements	- Non-underlying		(2)	-	(2)
Share-based payments expense	- Underlying	b)	71	2	73
Defined benefit scheme expenses	- Non-underlying		8	-	8
Cash contributions to defined benefit scheme			(45)	-	(45)
Operating cash flows before changes in working capital			2,038	70	2,108
Movements in working capital	- Underlying		98	(461)	(363)
	- Non-underlying		105	(90)	15
			203	(551)	(348)
Cash generated from operations – continuing	a)		2,241	(481)	1,760
Interest paid	a)		(347)	(12)	(359)
Corporation tax paid	a)		(89)	36	(53)
			1,805	(457)	1,348
Cash flows from investing activities – continuing					
Purchase of property, plant and equipment	a)		(617)	-	(617)
Purchase of intangible assets	a)		(208)	-	(208)
Capital expenditure			(825)	-	(825)
Initial direct costs on new leases	a)		(34)	-	(34)
Proceeds from disposal of property, plant and equipment	a)		45	-	45
Interest received	a)		27	-	27
			(787)	-	(787)
Cash flows from financing activities – continuing					
Proceeds from issuance of ordinary shares			20	-	20
Purchase of own shares for share schemes			(63)	-	(63)
Other share related transactions			(43)	-	(43)
Purchase of own shares for cancellation			(200)	-	(200)
Proceeds from borrowings			544	-	544
Repayment of borrowings			(623)	-	(623)
Net repayment of borrowings			(79)	-	(79)
Capital repayment of lease obligations	a)		(487)	-	(487)
Dividends paid on ordinary shares			(308)	-	(308)
			(1,117)	-	(1,117)
Net decrease in cash and cash equivalents – continuing			(99)	(457)	(556)
Net (decrease)/increase in cash and cash equivalents – discontinued operations			(52)	1,397	1,345
			(151)	940	789

*Comparative periods have been re-presented to reflect the phased exit of Financial Services in discontinued operations and the reclassification of discontinued operations to non-underlying. Refer to note 2 for further details.

A2 Cash flows and borrowings (continued)

A2.2 Underlying retail cash flow movements (Closest IFRS equivalent: None)

Definition and purpose

Identifies cash movements in respect of Retail non-underlying items and also sets out a breakdown of items included in the summary cash flow statement set out in the Financial Review.

Reconciliation

	28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Cash contribution to defined benefit scheme	(13)	(23)	(45)
Non-underlying cash movements			
Retail restructuring programmes	(55)	(29)	(71)
Other	(6)	-	-
Operating cash flows	(61)	(29)	(71)
Effect on retail cash generated from operations	(74)	(52)	(116)

Sum of items marked a) and b) in note A2.1 as they appear in the Financial Review

		28 weeks to 13 September 2025 £m	28 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Retail free cash flow	a)	310	425	531
Share based payments and other	b)	33	32	67

A3 Borrowings

A3.1 Net debt (Closest IFRS equivalent: Borrowings, cash, derivatives, financial assets at FVTOCI, lease liabilities)

Definition and purpose

Net debt includes the capital injections into Sainsbury's Bank, but excludes the net debt of Sainsbury's Bank and its subsidiaries. Financial Services' net debt balances are excluded because they are required as part of the business as usual operations of a bank, as opposed to specific forms of financing for the Group. Derivatives exclude those not used to hedge borrowings, and borrowings exclude bank overdrafts as they are disclosed separately. Hence net debt is re-presented as Retail net debt.

This metric shows the liquidity and indebtedness of the Group and whether the Group can cover its debt commitments.

Reconciliation

Note 12.2 to the consolidated condensed interim financial statements.

A3.2 Net debt / underlying EBITDA (Closest IFRS equivalent: none)

Definition and purpose

Net debt divided by Group underlying EBITDA based on a 52 week rolling basis.

Helps management measure the ratio of the business's debt to operational cash flow.

Reconciliation

		52 weeks to 13 September 2025 £m	52 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Retail net debt	Note 12	5,527	5,584	5,758
Group underlying EBITDA		2,218	2,163	2,222
Net debt/underlying EBITDA		2.5x	2.6x	2.6x

Group underlying EBITDA is reconciled within the fixed charge cover analysis in note A4.2.

Comparatives are as originally reported.

A4 Other measures

A4.1 Return on capital employed (Closest IFRS equivalent: none)

Definition and purpose

Return divided by average capital employed.

Return is defined as 52 week rolling underlying operating profit.

Capital employed is defined as Group net assets excluding pension surplus, less net debt. The average is calculated on a 14-point basis which uses the average of 14 data points, representing the previous 13 period ends and the opening position.

Represents the total capital that the Group has utilised in order to generate profits. Management use this to assess the performance of the business.

Reconciliation

Net debt as set out in note 12 to the consolidated condensed interim financial statements.

		52 weeks to 13 September 2025 £m	52 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
	Note			
Return (Group underlying operating profit)		1,046	1,019	1,066
Group net assets	Balance sheet	6,393	6,613	6,651
Less: Net retirement benefit surplus	15	(668)	(751)	(731)
Deferred tax on pension surplus		199	253	218
Less: retail net debt	12	5,527	5,584	5,758
Effect of in-year averaging		169	262	(42)
Capital employed		11,620	11,961	11,854
Return on capital employed		9.0%	8.5%	9.0%

Comparatives are as originally reported.

A4.2 Fixed charge cover (Closest IFRS equivalent: none)

Definition and purpose

Group underlying EBITDA divided by rent (representing capital and interest repayments on leases) and underlying net finance costs.

All items are calculated on a 52 week rolling basis.

This helps assess the Group's ability to satisfy fixed financing expenses from performance of the business.

Reconciliation

	52 weeks to 13 September 2025 £m	52 weeks to 14 September 2024 £m	52 weeks to 1 March 2025 £m
Group underlying operating profit	1,046	1,019	1,066
Add: Underlying depreciation and amortisation expense	1,172	1,144	1,156
Group underlying EBITDA	2,218	2,163	2,222
Repayment of capital element of lease obligations	(489)	(496)	(487)
Underlying finance income	28	33	31
Underlying finance costs	(334)	(333)	(336)
Fixed charges	(795)	(796)	(792)
Fixed charge cover	2.8x	2.7x	2.8x

Comparatives are as originally reported.