

J Sainsbury PLC Interim Results 25/26 Aide-Memoire

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Please read the cautionary statement regarding forward-looking statements set out on page 216 of the Annual Report and Financial Statements 2025.

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1. FY 25/26 Outlook and Guidance

From 24/25 Preliminary Results announcement (April 2025):

- We have made four years of exceptional progress and investment, resetting our value proposition and strengthening the fundamentals of our business. This puts us in a strong competitive position and we are committed to sustaining this in the year ahead. We expect to continue to grow grocery volumes ahead of the market and we have started the year with good trading momentum across all our brands. We expect to deliver Retail underlying operating profit of around £1 billion and Retail free cash flow of more than £500 million
- Profit delivery will be supported by continued growth in Nectar profit contribution and industry-leading cost saving delivery and will be weighted more towards the second half versus last year, reflecting the timing of benefits from space reallocation activity and new store openings
- In 2025/26 we expect to deliver Financial Services underlying operating profit of around £10 million on a continuing basis
- Reflecting the strength of our balance sheet, we will buy back at least £200m of shares in 2025/26 and we expect to return bank disposal proceeds of £250m via special dividend in the second half of the year. The special dividend will be accompanied by a proposed share consolidation
- Any distributable bank disposal proceeds in excess of £250m will be used to enhance the share buyback above a core £200m base
- We expect a net space impact on retail sales growth of around 0.5 per cent in 2025/26

All guidance above was reiterated at our 25/26 Q1 Trading Statement (July 2025).

2. Commentary and disclosure from H1 24/25 Interim Results announcement

Financial Summary	2024/25	2023/24	YoY
Retail sales (inc. VAT, excl. fuel)	£16,297m	£15,805m	3.1%
Retail underlying operating profit	£503m	£485m	3.7%
Total underlying profit before tax*	£356m	£340m	4.7%
Total underlying basic earnings per share*	10.7p	10.5p	1.9%
Interim dividend per share	3.9p	3.9p	-
Net debt (inc. lease liabilities)	£(5,584)m	£(5,643)m	£59m
Non-lease net debt	£(152)m	£(231)m	£79m
Retail free cash flow	£425m	£520m	£(95)m
Return on capital employed*	8.5%	7.9%	60bps

*On a total basis inclusive of discontinued operations

- **Grocery:** H1 24/25 sales growth of 5.0%.
 - “Our food business is going from strength to strength and we’re making the biggest market share gains in the industry, with continued strong volume growth. More and more customers are coming to us for their big food shop, recognising our winning combination of value, quality and service”
- **Sainsbury’s General Merchandise and Clothing:** H1 24/25 sales down (1.5)%
 - Tu Clothing sales grew 1.3 per cent during the first half, benefitting from stronger Q2 sales growth of 8.3 per cent. Significant improvements in availability and style have driven market share gains and a strong performance in Womenswear over the summer, with sales growth of 10 per cent in Q2
 - Sainsbury’s General Merchandise sales declined (4.4) per cent, driven by softer demand for consumer electronics and toys within the Sainsbury’s channel and the early impact of space reallocation through our More for More programme
- **Argos:** H1 24/25 sales down (5.0)%
 - Argos sales were below our expectations in the half, particularly in the first quarter and the early weeks of the second quarter, primarily reflecting a slow start to the Summer and a reduction in online traffic
 - Profit margins were impacted by lower sales, leading to heavier promotional activity and discounting, particularly in seasonal categories. This was partially offset by operating cost reductions
 - Sales strengthened during the second quarter and into the early weeks of the third quarter, reflecting strategic actions we have taken to improve customer traffic and volume trends, disciplined clearance activity and better weather against a weaker comparative

3. Key considerations for H1 25/26

- The following items are expected to impact the H1/H2 phasing of sales and profits:
 - a) The Extended Producer Responsibility (EPR) “packaging” tax has come into effect this financial year. The full financial year expected charge of £53m was required to be recognised as at 1 April 2025, therefore within H1 of our 25/26 financial year. The amount recognised in H1 25/26 includes an incremental £29m of costs relating to H2 25/26
 - b) We guided at Prelims 24/25 that we expect to open a total of 15 supermarkets in FY 25/26. We also said that we expect to add 90,000 sq ft of additional food space in FY 25/26 by rebalancing space in our supermarkets as part of our “More for More” plan. We stated that we expect benefits “to build through the second half of 2025/26 and beyond as we annualise periods of disruption”
 - c) A reminder that H1 covers a 28-week period and H2 covers a 24-week period
- Please note that we started disclosing Sales numbers on an excluding VAT basis from Q1 25/26, and will continue to do so for H1 25/26 and on an ongoing basis
- At the FY 24/25 year-end date of 1 March 2025 the number of shares in issue was 2,339,424,008
- The most recent update on the number of shares in issue (at 1 September 2025) was 2,292,972,680. Monthly updates are available here: <https://www.about.sainsburys.co.uk/investors/regulatory-news>

4. Recent Kantar City Read data

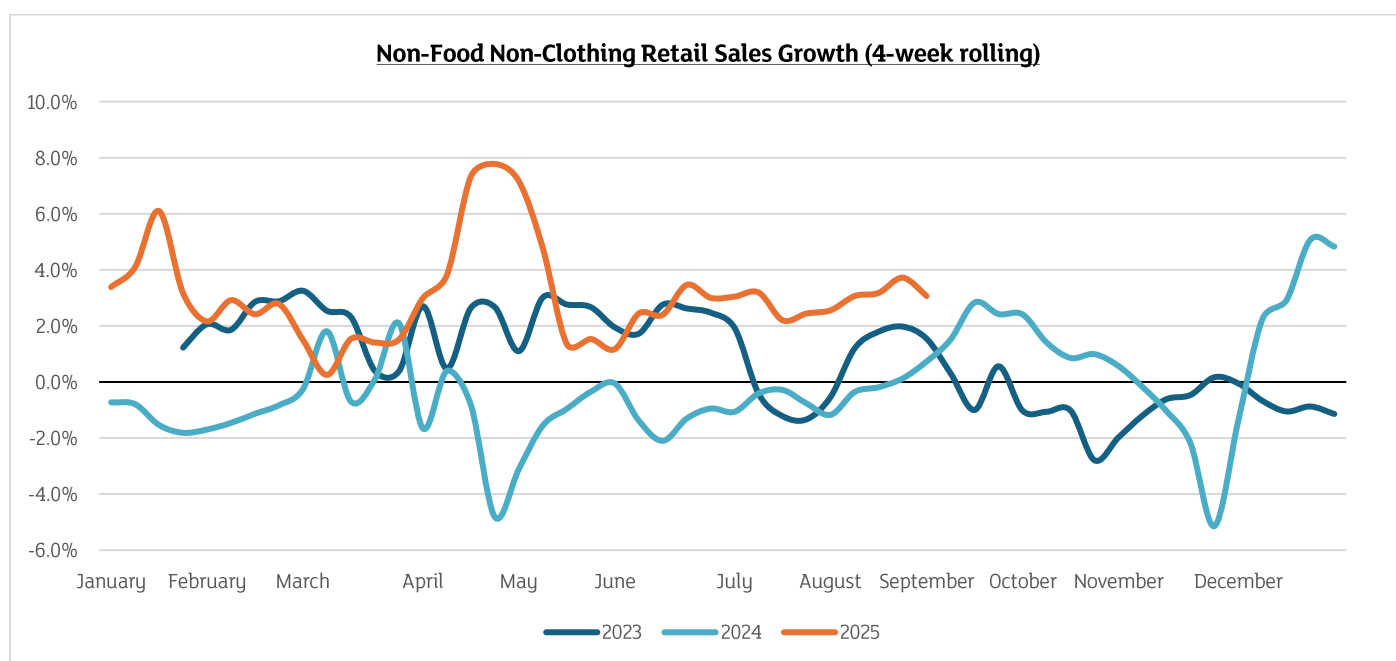
- The table below shows Kantar's read of Sainsbury's Grocery growth over recently reported quarters
- The publicly available four-week Kantar periods do not exactly align to our reporting periods; they are one week behind Sainsbury's reporting periods
 - The Kantar data shown below for Q1 25/26 is 16-week data to 15th June 2025. Please note that Sainsbury's Q1 25/26 reporting period covered the 16 weeks to 21st June 2025
 - The Kantar data for Q2 to date 25/26 is 8-week data to 10th August 2025. Sainsbury's Q2 25/26 reporting period covers the 12 weeks to 13th September 2025
- Sainsbury's reported numbers are shown in the tables towards the end of this document

Kantar City Read Sainsbury's Total Grocery growth*	24/25				25/26	
	Q1	Q2	Q3	Q4	Q1	Q2 to date
	6.8%	6.7%	5.1%	5.4%	4.7%	5.0%

*Closest aligned Kantar City Read period – 1 week behind Sainsbury's reported period.

5. BRC- KPMG Retail Sales Monitor: Non-Food Non-Clothing Market growth

The BRC chart below shows UK non-food non-clothing retail sales growth (4-week rolling data):



6. Sales performance: from Q1 25/26 trading statement

Please note that all sales performance numbers in the tables below are presented on an exclusive of VAT basis.

Like-for-like sales performance	2024/25				2025/26
	Q1	Q2	Q3	Q4	Q1
Like-for-like sales (exc. fuel)	2.9%	4.3%	2.9%	4.0%	4.7%
Like-for-like sales (inc. fuel)	2.6%	2.2%	0.3%	2.6%	2.2%

Total sales performance (%)	2024/25				2025/26
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	4.3%	5.2%	3.8%	4.2%	4.9%
<i>Grocery</i>	4.9%	5.5%	4.2%	4.1%	5.0%
<i>GM (Sainsbury's) + Clothing</i>	(4.5)%	2.0%	(0.4)%	6.4%	4.2%
Argos	(7.7)%	(1.4)%	(1.4)%	1.9%	4.4%
Total Retail (exc. fuel)	2.6%	4.3%	2.9%	3.9%	4.9%
Fuel	0.4%	(10.6)%	(17.4)%	(6.8)%	(13.6)%
Total Retail (inc. fuel)	2.3%	2.2%	0.3%	2.5%	2.4%

Total sales performance (£m)	2024/25				2025/26
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	7,430	5,497	8,040	3,690	7,797
<i>Grocery</i>	6,994	5,155	7,426	3,484	7,342
<i>GM (Sainsbury's) + Clothing</i>	437	342	614	206	455
Argos	1,077	860	1,611	548	1,125
Total Retail (exc. fuel)	8,507	6,357	9,651	4,238	8,922
Fuel	1,291	894	1,117	575	1,114
Total Retail (inc. fuel)	9,798	7,251	10,768	4,813	10,037

7. Detailed FY 25/26 guidance from 24/25 Preliminary Results presentation

Profit

- We expect to deliver Retail underlying operating profit of around £1 billion
- We expect to deliver Financial Services underlying operating profit of around £10 million on a continuing basis

Finance costs

- We expect underlying net finance costs of between £300 million and £310 million, including around £255 million lease interest

Space

- We expect to open 15 supermarkets and 25 new convenience stores, with a modest number of supermarket and convenience store closures
- We expect a net space impact on Retail sales growth of around 0.5 per cent in 2025/26

Depreciation and amortisation

- We expect retail underlying depreciation and amortisation of around £1.2 billion, including around £0.5 billion right of use asset depreciation

Items excluded from underlying results

- We expect to incur non-underlying cash costs relating to Retail restructuring programmes of around £100 million in 2025/26
- We expect to incur total non-underlying cash costs relating to our Next Level Sainsbury's strategy implementation of around £150 million over the three-year programme

Tax rate

- We expect an underlying tax rate of around 30 per cent

Capital allocation

- We will continue our share buyback programme, with at least £200 million of share capital to be bought back over the course of 2025/26
- We expect to return Sainsbury's Bank disposal proceeds of £250 million in the second half of 2025/26 via special dividend. The special dividend will be accompanied by a proposed associated share consolidation. Any distributable bank disposal proceeds in excess of £250 million will be used to enhance the share buyback above a core £200 million base

Capital expenditure

- We expect core retail cash capital expenditure (excluding Financial Services) in 2025/26 of £800 million to £850 million

Retail free cash flow

- We expect to generate more than £500 million of retail free cash flow in 2025/26, in line with our commitment of generating at least £1.6 billion of retail free cash flow over the three years to 2026/27

Net Debt

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

Pension

- We expect total pension scheme cash contributions to be around £26 million

8. Useful Links

- Q1 25/26 Trading Statement: <https://corporate.sainsburys.co.uk/media/dekfexwa/j-sainsbury-plc-q1-2025-26-trading-statement.pdf>
- Q1 25/26 Transcript: <https://corporate.sainsburys.co.uk/media/yddfticz/j-sainsbury-plc-q1-2526-transcript.pdf>
- Preliminary Results 24/25: <https://corporate.sainsburys.co.uk/media/agjkfo41/prelim-results-announcement-24-25-report.pdf>
- Preliminary Results 24/25 Transcript: <https://corporate.sainsburys.co.uk/media/txlnjgzo/j-sainsbury-plc-preliminary-results-2425-transcript.pdf>
- Interim Results 24/25: <https://corporate.sainsburys.co.uk/media/n1fhvkzh/j-sainsbury-plc-interim-results-2425-statement.pdf>

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