

J Sainsbury plc Interim Results 26/27 Aide-Memoire

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Please read the cautionary statement regarding forward-looking statements set out on page 208 of the Annual Report and Financial Statements 2026.

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1. FY26/27 Outlook and Guidance

From 25/26 Preliminary Results announcement (April 2026):

- We are in a strong competitive position after another year of good progress. We have made a positive start to the new financial year, with grocery volume growth ahead of the market. Argos trading continues to reflect a subdued general merchandise market
- We will continue to make deliberate, balanced choices to sustain this strong competitive position in the year ahead and expect to continue to outperform the grocery market. The conflict in the Middle East will impact both our customers and our business. The duration and extent of these impacts is very uncertain and this is reflected in our profit guidance, where we currently expect to deliver Total underlying operating profit of between £975 million and £1,075 million. We continue to expect to deliver Retail free cash flow of more than £500 million
- In relation to the total underlying operating profit guidance, Simon Roberts, CEO said on the Analyst Q&A call:
 - “Based on what we see today, and of course there’s a lot of uncertainty out there, we expect to deliver retail profit growth in the year. We’ve set a range clearly £975 million-£1,075 million, but we expect to deliver retail profit growth.”
 - “We expect Argos broadly to be flat year-on-year.”

From 26/27 Q1 Trading Statement (June 2026):

- We will continue to make deliberate, balanced choices to sustain our strong competitive position and expect to continue to outperform the grocery market. We have had an encouraging start to the year but the impact of the conflict in the Middle East on our customers and our business remains uncertain and we continue to expect to deliver Total underlying operating profit of between £975 million and £1,075 million and Retail free cash flow of more than £500 million.
 - Simon Roberts, CEO said on the Analyst Q&A call: “We expect to grow Retail Profit year on year. We’ve given a clear picture of what that looks like. The £1,025 million outturn last year plus Financial Services gets us to around £1,045 million and we’ve got a plan that’s very focused on delivering that.”

2. Commentary and disclosure from 25/26 Interim Results announcement

2.1 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

¹Discontinued 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

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

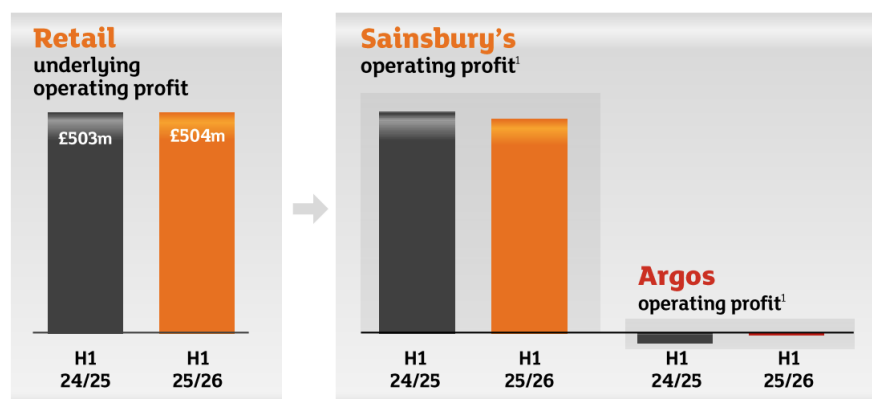
³Return on capital employed: HY 2025/26 is now stated exclusive of discontinued operations, whereas no adjustment has been made to 2024/25, which remains as previously presented (on an inclusive of discontinued operations basis)

2.2 Category performance

- 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
 - Tu Clothing sales grew 7.8 per cent in H1, outperforming the market for the fifth consecutive quarter, driven by range and availability improvements, strong online growth and our best ever Back to School performance
- 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

2.3 Operating profit chart

Retail underlying operating profit



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

3. Sales performance: from Q1 26/27 Trading Statement

3.1 Sales performance table

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

Like-for-like sales performance	2025/26				2026/27
	Q1	Q2	Q3	Q4	Q1
Like-for-like sales (exc. fuel)	4.6%	4.3%	3.4%	3.1%	2.1%
Like-for-like sales (inc. fuel)	2.2%	2.8%	2.9%	1.5%	3.9%

Total sales performance	2025/26				2026/27
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	4.9%	5.5%	4.9%	4.3%	3.1%
Grocery	5.0%	5.7%	5.4%	4.5%	3.6%
GM (Sainsbury's) & Clothing	4.2%	2.1%	(1.1)%	1.0%	(3.7)%
Argos	4.0%	0.1%	(1.0)%	0.2%	(0.5)%
Total Retail (exc. fuel)	4.8%	4.8%	3.9%	3.8%	2.7%
Fuel ¹	(13.6)%	(7.8)%	(1.2)%	(10.1)%	17.5%
Total Retail (inc. fuel)	2.4%	3.2%	3.4%	2.1%	4.3%

Total sales performance (£m)	2025/26				2026/27
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	7,797	5,799	8,431	3,848	8,041
Grocery	7,342	5,450	7,824	3,640	7,603
GM (Sainsbury's) & Clothing	455	349	607	208	438
Argos	1,120	861	1,595	549	1,114
Total Retail (exc. fuel)²	8,915	6,659	10,022	4,396	9,153
Fuel ¹	1,115	824	1,103	517	1,310
Total Retail (inc. fuel)²	10,030	7,483	11,125	4,913	10,462

¹Fuel sales represent sales of fuel from our Petrol Filling Stations (PFS) and sales from our Ultra Rapid Electric Vehicle charging business, Smart Charge

²Total Retail sales are reported after the elimination of intra-segmental revenues

3.2 Category performance

- Grocery sales increased by 3.6 per cent.** We have sustained our strong competitive position and outperformed the grocery market through consistently delivering great value and availability while amplifying our core brand strengths in fresh healthy food, innovation, quality and service
- General merchandise and Clothing sales decreased by 3.7 per cent.** Tu Clothing sales down (2.1) per cent, outperforming a soft market reflecting improvements to availability and style credentials. General Merchandise sales down (6.3) percent, primarily reflecting an ongoing programme to focus General Merchandise ranges more tightly and reduce space allocation in favour of food, improving sales and profit densities
- Argos sales decreased by 0.5 per cent.** Encouraging volume growth of 2.2 per cent despite tough comparative of sustained warm and dry weather last year

4. Key considerations for H1 26/27

- There are no calendar or other technical issues which would impact the phasing of sales and profits
- Sainsbury's expects to report its interim results on a continuing operations basis, with Argos presented as a discontinued operation. Sainsbury's expects to report on this basis until the completion of the Argos transaction, which is expected in February 2027
- The H1 25/26 continuing operations (Sainsbury's) operating profit is expected to be broadly consistent with the split shown at Interim Results last year (see section 2.3)
- From 25/26 Preliminary Results announcement: we are creating a simpler, more focused Financial Services model, fully integrated into our retail business. As a result, following completion of the exit from core banking, Financial Services will no longer be reported as a separate operating segment
- At the FY 25/26 year-end date of 28th February 2026 the number of shares in issue was 2,263,689,189
- The FY 25/26 weighted average number of shares in issue for calculating diluted earnings per share 2,274,243,219
- The most recent update on the number of shares in issue (at 01 September 2026) was 2,214,650,031. Monthly updates are available here: <https://www.about.sainsburys.co.uk/investors/regulatory-news>

5. Announcement of Sainsbury's agreed sale of Argos to Swift Partners

- Sainsbury's announced the agreed sale of Argos to Swift Partners on the 31st July 2026. This transaction is expected to complete in February 2027. Full separation expected by February 2029
- The statement reiterated profit and cash guidance from the 26/27 Q1 Trading Statement
- Sainsbury's expects to realise cash proceeds of at least £120 million. At least £70 million is expected to be received upon completion (expected to be February 2027). This sum will include proceeds from the sale of an Argos distribution centre. Deferred consideration of £50 million is expected to be received over the following three years. These cash receipts are expected to be offset by separation costs over the three years post completion
- Lease adjusted net debt is expected to reduce by around £250 million, primarily reflecting reduced lease liabilities
- Neutral impact on underlying operating profit, low single-digit underlying EPS accretion
 - Income from commercial agreements with Swift and reduced lease interest expenses expected to exceed dis-synergies and lost operating profit contribution from Argos
- A link to the full announcement can be found in the useful links section at the bottom of this document

6. Worldpanel City Read data

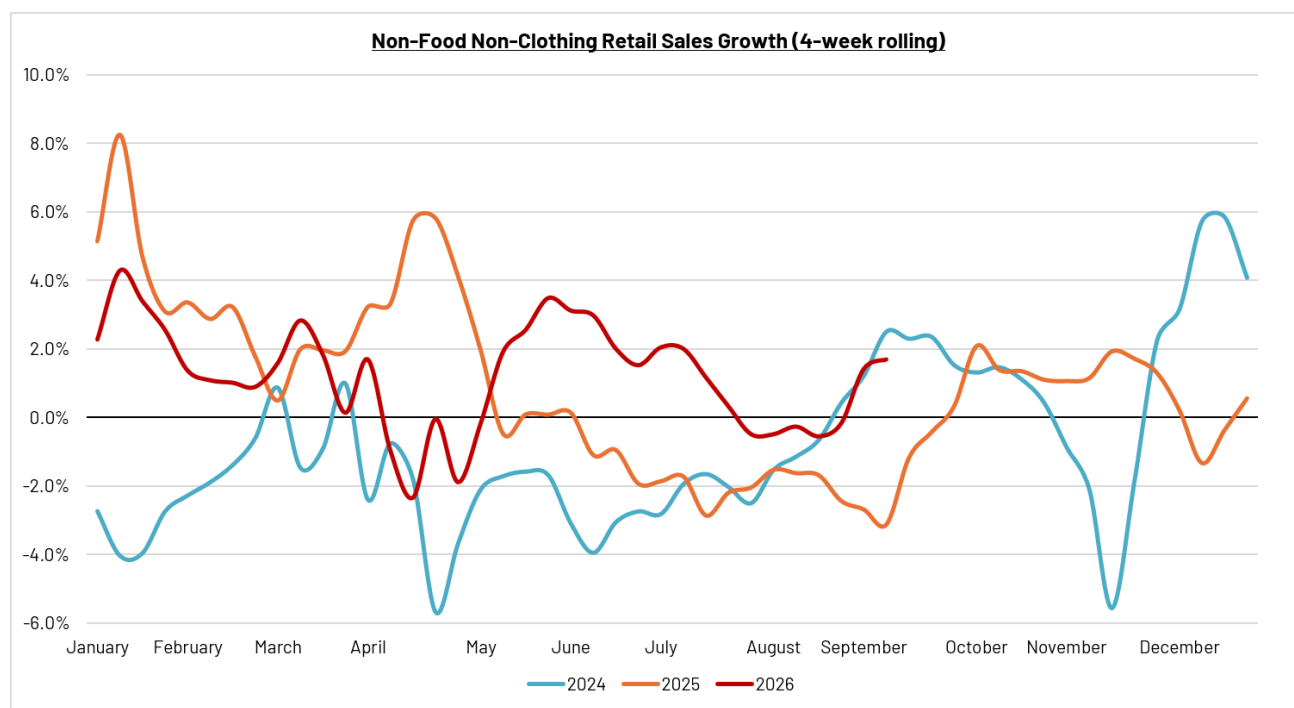
- The table below shows Worldpanel's (formerly Kantar) read of Sainsbury's Grocery growth over recently reported quarters
- The publicly available four-week Worldpanel periods do not exactly align to our reporting periods; they are one week behind Sainsbury's reporting periods
 - a) The Worldpanel data shown below for Q1 26/27 is 16-week data to 14th June 2026. Please note that Sainsbury's Q1 26/27 reporting period covered the 16 weeks to 20th June 2026
 - b) The Worldpanel data for Q2 to date 26/27 is 12-week data to 6th September 2026. Sainsbury's Q2 26/27 reporting period covers the 12 weeks to 12th September 2026
- Sainsbury's reported numbers are shown in the tables above in this document

Worldpanel City Read Sainsbury's Total Grocery growth*	25/26				26/27	
	Q1	Q2	Q3	Q4	Q1	Q2
	4.9%	5.4%	6.3%	5.4%	3.5%	3.6%

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

7. 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):



8. Detailed FY26/27 guidance from 25/26 Preliminary Results announcement

Appendix

Sainsbury's

Guidance for 2026/27

Profit

- We expect to deliver Total underlying operating profit of between £975 million and £1,075 million
- Following completion of the exit from core banking, Financial Services will no longer be reported as a separate operating segment.

Finance costs

- We expect underlying net finance costs of around £320 million

Space

- Subject to final planning consent, we expect to open around ten supermarkets in 2026/27, complementing our existing organic supermarket growth pipeline. In addition, we expect to open around 20 more convenience stores
- We expect a net space growth impact on Retail sales of around 0.5 per cent in 2026/27

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 £50 million in 2026/27
- We expect to incur total non-underlying cash costs relating to our Next Level Sainsbury's strategy implementation of around £150 million over the three-year programme

Tax rate

- We expect an underlying tax rate of around 29 per cent

Capital allocation

- For the financial year 2026/27 we will buy back £300 million of shares, including a £200 million core buyback and an additional return of £100 million of net bank disposal proceeds. We will continue to review the level of cash return to shareholders through buybacks on an annual basis

Capital expenditure

- We expect core retail cash capital expenditure of between £800 million and £850 million

Retail free cash flow

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

Net Debt

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

Pension

- We expect total defined benefit pension scheme cash contributions to be around £27 million

9. Useful Links

- Q1 26/27 Trading Statement: <https://corporate.sainsburys.co.uk/media/n5flzxjo/j-sainsbury-plc-q1-2627-trading-statement.pdf>
- Q1 26/27 Transcript: <https://corporate.sainsburys.co.uk/media/x0ac0uc0/j-sainsbury-plc-q1-2627-transcript.pdf>
- Preliminary Results 25/26: <https://corporate.sainsburys.co.uk/media/qxuhq1w0/j-sainsbury-plc-preliminary-results-2526-statement.pdf>
- Preliminary Results 25/26 transcript: <https://corporate.sainsburys.co.uk/media/gqhoptbr/j-sainsbury-plc-preliminary-results-2526-transcript.pdf>
- Interim Results 25/26: <https://corporate.sainsburys.co.uk/media/hz2b05ds/j-sainsbury-plc-interim-results-2526-statement.pdf>
- Interim Results 25/26 Transcript: <https://corporate.sainsburys.co.uk/media/rsjlp2fq/j-sainsbury-plc-interim-results-2526-transcript.pdf>
- Sainsbury's agree sale of Argos to Swift Partners: <https://corporate.sainsburys.co.uk/media/g5gisazi/sainsbury-s-agrees-sale-of-argos-to-swift-partners.pdf>

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