

Financial review

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We delivered a resilient operating profit performance despite significant cost inflation, whilst generating strong free cash flow and returning more than £800 million to shareholders.



We made balanced choices in the year to maintain the strength of our competitive position, delivering consistently strong volume growth and a resilient operating profit outcome, despite a high level of externally driven operating cost inflation in a very competitive market. We continued our relentless focus on cash, generating strong cash flows which reflected disciplined capital investment and robust working capital management. Together with the partial return of proceeds from the exit of our Financial Services businesses, this allowed us to return £816 million of cash to shareholders through dividends and share buybacks.

Underlying measures are reconciled to IFRS on the income statement, with further detail in note 3. Other APMS are set out in notes A1 to A4 (pages 203–206).

Summary income statement	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 £m	Change %
Underlying Group sales (excluding VAT)	33,647	32,772	2.7
Underlying operating profit			
Retail	1,025	1,036	(1.1)
Financial Services	—	(22)	100.0
Total underlying operating profit	1,025	1,014	1.1
Underlying net finance costs	(307)	(305)	(0.7)
Underlying profit before tax	718	709	1.3
Items excluded from underlying results	(99)	(102)	2.9
Profit before tax	619	607	2.0
Income tax expense	(205)	(186)	(10.2)
Profit after tax – continuing operations	414	421	(1.7)
Loss after tax – discontinued operations	(21)	(168)	87.5
Profit for the financial period	393	253	55.3
Underlying basic earnings per share	22.3p	21.6p	3.2
Basic earnings per share	17.3p	10.9p	58.7
Interim dividend per share	4.1p	3.9p	5.1
Final dividend per share	9.6p	9.7p	(1.0)
Total dividend per share	13.7p	13.6p	0.7
Special dividend per share	11.0p	—	—

Discontinued operations were previously included in underlying measures whilst the associated trading activities remained ongoing. Following completion of the NatWest, NewDay and NoteMachine disposals, these activities are substantially ceased and have therefore been reclassified to non-underlying so as to only reflect ongoing trading performance within underlying results. In July 2025, we agreed the sale of the Travel Money business to Fexco Group, with the sale completing in January 2026. The Travel Money business is presented as a discontinued operation in both the current and comparative periods. Further details can be found in note 2.1 on page 140.

Note that the comparative period has been restated to reflect the deferred tax impact of an increased proportion of assets qualifying for tax allowances. Further details can be found in note 2 on page 140.

Financial review continued

Group sales

Group sales (excluding VAT) increased by 2.7 per cent year-on-year, with a 4.3 per cent increase in retail sales (excluding VAT, excluding fuel) offset by an 8.2 per cent decrease in fuel sales (excluding VAT).

Total sales (excluding VAT) performance by category	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 £m	Change %
Sainsbury's	25,875	24,658	4.9
Grocery	24,256	23,060	5.2
General merchandise (Sainsbury's) and clothing	1,619	1,598	1.3
Argos	4,125	4,096	0.7
Retail (exc. fuel) ^{a)}	29,992	28,754	4.3
Fuel sales ^{b)}	3,559	3,876	(8.2)
Retail (inc. fuel)	33,551	32,630	2.8
Financial Services	96	142	(32.4)
Group sales	33,647	32,772	2.7

a) Total Retail sales are reported after the elimination of intra-segmental revenues.

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

Retail like-for-like sales performance	52 weeks to 28 February 2026	52 weeks to 1 March 2025
Like-for-like sales (exc. fuel)	3.9%	3.4%
Like-for-like sales (inc. fuel)	2.5%	1.8%

Grocery sales increased by 5.2 per cent, reflecting both inflation and consistently strong volume growth, outperforming the market. Customers continue to respond positively to the strength of our grocery proposition, including the ongoing innovation across our Taste the Difference range and value driven through Nectar Prices, Aldi Price Match and Your Nectar Prices. These propositions are helping to attract and retain more big basket primary customers.

General Merchandise and Clothing sales in Sainsbury's stores were up 1.3 per cent, with clothing delivering a particularly strong performance. Childrenswear led the growth, supported by improved ranges across essentials and womenswear and a strongest ever back to school event. This was partially offset by lower general merchandise sales, reflecting a deliberate reduction of store space allocated to general merchandise categories in favour of food and a focus on lower priced everyday general merchandise items.

Argos sales increased by 0.7 per cent, driven by volume growth. Average selling price decreased, reflecting a highly competitive market with higher participation of lower ticket items.

Fuel sales decreased by 8.2 per cent as a result of reduced demand and lower forecourt prices. This was partly offset by Smart Charge EV charging, where performance continued to strengthen. We added five new EV sites during the year, bringing our total to 80 locations with 661 ultra-rapid charging bays.

Total sales growth (excluding VAT) performance by channel	52 weeks to 28 February 2026 %	52 weeks to 1 March 2025 %
Supermarkets (inc. Argos stores in Sainsbury's)	3.1	3.3
Groceries Online (inc. OnDemand) ^{a)}	13.3	12.2
Convenience	3.0	1.9

a) Grocery Online includes sales through Sainsburys.co.uk and sales through OnDemand channels serviced by supermarket and convenience locations.

Sales in our supermarkets increased 3.1 per cent. We have continued to reallocate space in our supermarkets to increase our food offer; giving customers greater choice from a broader range, particularly in fresh food.

Groceries Online sales grew by 13.3 per cent, driven by very strong OnDemand growth, higher order numbers, larger average basket sizes, stronger availability and increased household coverage.

Convenience sales grew 3.0 per cent, supported by new store openings and improved layouts across our estate, ensuring ranges are better tailored to its customers' needs.

Retail underlying operating profit

Retail underlying operating profit	Note ^{a)}	52 weeks to 28 February 2026	52 weeks to 1 March 2025	Change
Retail underlying EBITDA (£m)	A1.2 b)	2,211	2,192	0.9%
Retail underlying EBITDA margin (excl. VAT) (%)	A1.2 b)	6.59	6.72	(13)bps
Retail underlying operating profit (£m)	A1.2 b)	1,025	1,036	(1.1)%
Retail underlying operating margin (excl. VAT) (%)	A1.2 b)	3.06	3.17	(11)bps

a) Note references for reconciliations refer to the Alternative Performance Measures on pages 203 to 206.

Retail underlying EBITDA increased to £2,211 million (2024/25: £2,192 million), with retail underlying EBITDA margin decreasing to 6.59 per cent (2024/25: 6.72 per cent). This reflects strong volume growth in Sainsbury's and ongoing cost efficiencies, partly offset by significant operating cost inflation alongside continued investment in colleagues and sustained price investment to deliver value.

Retail underlying operating profit decreased by 1.1 per cent to £1,025 million (2024/25: £1,036 million) and retail underlying operating margin decreased to 3.06 per cent (2024/25: 3.17 per cent). Retail underlying EBITDA increased while retail underlying operating profit decreased due to higher depreciation year-on-year.

In 2026/27, we expect a retail underlying depreciation and amortisation charge of around £1.2 billion (2025/26: £1.2 billion), including £0.5 billion right-of-use asset depreciation.

We expect to deliver total underlying operating profit of between £975 and £1,075 million in 2026/27.

Financial review continued

Space

Store numbers and retailing space	As at 1 March 2025	New stores	Disposals/ closures	Reclassifications/ extension)	As at 28 February 2026
Supermarkets	599	10	—	—	609
Supermarkets area '000 sq ft	20,930	163	—	46	21,139
Convenience	855	33	(3)	—	885
Convenience area '000 sq ft	2,054	78	(13)	1	2,120
Sainsbury's total store numbers	1,454	43	(3)	—	1,494
Argos stores	203	1	(3)	—	201
Argos stores in Sainsbury's	461	5	—	—	466
Argos total store numbers	664	6	(3)	—	667
Argos collection points	443	31	(8)	—	466

During the year, we opened ten new supermarkets (including two Co-Op conversions and three Homebase conversions) and 33 new convenience stores. We opened one new standalone Argos store, five new Argos stores in Sainsbury's and 31 new collection points.

As at 28 February 2026, Argos had 201 standalone stores, 466 stores in Sainsbury's and 466 collection points, giving a total of 1,133 points of presence.

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. Overall, we expect a net space growth impact on retail sales of around 0.5 per cent in 2026/27.

Financial Services

During the year we successfully completed the sale and migration of our Core Banking Products, migrated the ATM business and sold our Travel Money operations. Together with the previously sold Argos Financial Service and Mortgage businesses, these divestments 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. The prior year has been restated to reflect this.

We also completed the sale of our Car and Home insurance businesses. These continue to be reported within continuing operations as we still earn commission income, alongside our wider insurance offering across Pet, Life and Travel.

Financial Services results 12 months to 28 February 2026	2026	2025	Change %
Underlying revenue (£m)	96	142	(32.4)
Underlying operating profit / (loss) (£m)	—	(22)	100.0

Financial Services underlying revenue decreased by 32.4 per cent, primarily due to reduced treasury assets interest, linked to the strategic exit from core banking services.

Underlying operating loss decreased by £22 million to break-even, reflecting reduced wholesale funding and deposit platform cost as we move to a distributed Financial Services model.

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

Underlying net finance costs

Underlying net finance costs	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 £m	Change %
Non-lease interest costs	(64)	(76)	15.8
Non-lease interest income	23	29	(20.7)
Net finance costs on lease liabilities	(266)	(258)	(3.1)
Total underlying net finance costs	(307)	(305)	(0.7)

Underlying net finance costs increased slightly to £307 million (2024/25: £305 million). This includes £41 million of net non-lease cost (2024/25: £47 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, driven by lower interest rates.

Net financing costs on lease liabilities rose to £266 million (2024/25: £258 million), reflecting higher costs associated with equipment leases and property regears and rent reviews, which increased lease liabilities.

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

Financial review continued

Items excluded from underlying results before tax

Items excluded from underlying results	Note	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 £m
Continuing operations:			
Retail restructuring programmes		(74)	(128)
IAS 19 pension income		33	28
Other		(50)	14
Financial Services phased withdrawal		(8)	(16)
Items excluded from underlying results – continuing operations	5	(99)	(102)
Discontinued operations:			
Financial Services phased withdrawal	11.1	(41)	(82)
Financial Services gain/(loss) on disposal	11.2	12	(141)
Items excluded from underlying results – discontinued operations		(29)	(223)
Total items excluded from underlying results		(128)	(325)

Items recognised in reported profit before tax which, by virtue of their size and/or nature, do not reflect the underlying performance are excluded from the underlying results and shown in the table above.

We recognised retail restructuring programme costs of £74 million in the year, with £41 million associated with the Sainsbury's Next Level strategy, launched in February 2024. These Next Level Sainsbury's strategy costs include redundancy costs associated with updating our central management structures and costs associated with the closures of food counters and conversions of cafes and bakeries.

Other items include £17 million of brand amortisation, £8 million of non-underlying finance costs, a £7 million loss on fair value movements on fixed-price power purchase arrangements and a £2 million loss on property-related transactions. Other costs also include impairment of non-trading sites, reflecting rent reviews at these sites, and consultancy costs relating to corporate transaction activity, partially offset by income from a legal case relating to European truck manufacturers. In the prior year, other items included £57 million of gains on property-related transactions, predominantly driven by the completion of the Hendon mixed-use development site, together with a £2 million gain on fair value movements on fixed-price power purchase arrangements, offset by £17 million of brand amortisation and £12 million of non-underlying finance costs.

Discontinued operations consist of phased withdrawal which includes pre-tax operating loss of £16 million as well as restructuring costs and impairment of £25 million. A pre-tax gain on disposal of £12 million was recognised in relation to Financial Services.

Taxation

The tax charge for continued operations is £205 million (restated 2024/25: £186 million). The underlying tax rate was 29.2 per cent (restated 2024/25: 28.9 per cent) and the effective tax rate was 33.1 per cent (restated 2024/25: 30.6 per cent).

The underlying tax rate for the year is higher than the headline corporation tax rate of 25 per cent primarily due to the impact of depreciation on assets which do not qualify for capital allowances.

We expect the underlying tax rate in 2026/27 to remain at around 29 per cent. This rate is expected to be higher than the standard rate of corporation tax due to the ongoing impact of depreciation on assets which do not qualify for capital allowances.

Note that the comparative period has been restated to incorporate the deferred tax impact arising from a misclassification of assets between those impacting deferred tax and those which do not and an omission of the tax effects of prior year impairments and disposals. As a result, deferred tax now reflects an increase in the proportion of depreciation relating to assets qualifying for tax allowances. Further details can be found in note 2 on page 140.

Earnings per share

Statutory and underlying basic and diluted EPS increased, driven by higher earnings and a reduction in the weighted average number of shares as a result of the share buyback programme. Statutory basic EPS increased to 17.3 pence (restated 2024/25: 10.9 pence) and diluted EPS to 16.9 pence (restated 2024/25: 10.7 pence). Underlying basic EPS increased to 22.3 pence (restated 2024/25: 21.6 pence), while underlying diluted EPS increased to 21.9 pence (restated 2024/25: 21.2 pence).

Dividends and share buyback

The Board has recommended a final dividend of 9.6 pence per share (2024/25: 9.7 pence). This will be paid on 10 July 2026 to shareholders on the Register of Members at the close of business on 5 June 2026. In line with the policy to pay a progressive dividend, the proposed full-year dividend is 13.7 pence per share, an increase of 0.7 per cent (2024/25: 13.6 pence).

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 19 June 2026.

In 2025/26, we completed a £250 million share buyback programme, comprised of a £200 million core buyback and a £50 million incremental buyback to return bank disposal proceeds. We also paid a special dividend of £250 million (11.0 pence per share), with a total of £300 million of bank disposal proceeds returned to shareholders during the year. 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.

Financial review continued

Net debt and retail cash flows

Summary retail cash flow statement ^{a)}	Note)	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 £m
Retail underlying operating profit	6	1,025	1,036
Adjustments for:			
Retail underlying depreciation and amortisation		1,186	1,156
Share-based payments and other		81	67
Adjusted retail underlying operating cash flow before changes in working capital		2,292	2,259
Decrease in underlying working capital		128	98
Retail non-underlying operating cash flows (excluding pensions)		(80)	(71)
Pension cash contributions		(27)	(45)
Retail cash generated from operations		2,313	2,241
Interest paid		(336)	(347)
Corporation tax paid		(112)	(89)
Retail net cash generated from operating activities		1,865	1,805
Cash capital expenditure		(843)	(825)
Repayments of lease liabilities		(504)	(487)
Initial direct costs on right-of-use assets		(8)	(34)
Proceeds from disposal of property, plant and equipment		41	45
Interest income		23	27
Retail free cash flow		574	531
Dividends paid on ordinary shares		(316)	(308)
Special dividend paid		(250)	—
Purchase of own shares – share buyback		(251)	(200)
Net repayment of borrowings		(59)	(79)
Other share-related transactions		(37)	(43)
Dividend received from Sainsbury's Bank		400	—
Financial Services strategic review		(59)	(52)
Net increase/(decrease) in cash and cash equivalents		2	(151)
Decrease in debt		563	566
Other non-cash and net interest movements ^{b)}		(550)	(619)
Movement in net debt	31	15	(204)
Opening net debt	31	(5,758)	(5,554)
Closing net debt	31	(5,743)	(5,758)
Of which:			
Lease liabilities	31	(5,540)	(5,494)
Net debt excluding lease liabilities		(203)	(264)

a) For reconciliation refer to Alternative Performance Measures in notes A2.1 and A2.2 on pages 204 to 205. Net debt is defined as Retail net debt. Refer to note A3.1 on page 206.

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

Retail free cash flow increased by £43 million year-on-year to £574 million (2024/25: £531 million), driven by improved working capital inflow and higher underlying EBITDA. We have generated £1.1 billion of retail free cash flow over the last two years and 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.

Adjusted retail underlying operating cash flow before changes in working capital increased by £33 million year-on-year to £2,292 million (2024/25: £2,259 million), driven by higher underlying EBITDA.

Cash inflow from reduced working capital of £128 million (2024/25: £98 million working capital reduction) was driven by an increase in payables, primarily due to improved payment terms, more than offsetting higher inventory. Retail non-underlying operating cash costs were £80 million. £73 million relates to retail restructuring cash costs, with £13 million related to the multi-year programme announced in November 2020 and £60 million associated with the Next Level Sainsbury's strategy launched in February 2024. We continue to expect total cash costs relating to the three-year Next Level Sainsbury's strategy of around £150 million, with £91 million incurred to date.

Pension cash contributions of £27 million (2024/25: £45 million) reduced £18 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 cash contributions in 2026/27 to be around £27 million.

We paid corporation tax of £112 million in the year (2024/25: £89 million). The £23 million increase in tax payable year on year is mainly due to reduced levels of tax deductible non-underlying expenses and timing of deductions related to share based payments.

Cash capital expenditure was £843 million (2024/25: £825 million). The year-on-year increase was primarily driven by continued investment in new space and space rebalancing as well as increased investment in technology, automation, personalisation and retail media. We expect core retail cash capital expenditure in 2026/27 to be between £800 million and £850 million.

Proceeds from the disposal of property, plant and equipment were £41 million (2024/25: £45 million), of which £13 million related to the Hendon mixed use development site which completed in 2024/25. The remaining proceeds resulted from disposals, in line with our property strategy.

As at 28 February 2026, net debt was £5,743 million (1 March 2025: £5,758 million), a decrease of £15 million.

Excluding the impact of lease liabilities, non-lease net debt reduced by £61 million in the year to £203 million (1 March 2025: £264 million), benefitting from £100 million of net cash proceeds arising from the phased withdrawal from Financial Services which will not be returned to shareholders until 2026/27.

Net debt includes lease liabilities of £5,540 million, up £46 million (1 March 2025: £5,494 million).

Financial review continued

Financial ratios

Key financial ratios ^{a)}	As at 28 February 2026	As at 1 March 2025
Return on capital employed	8.9%	9.0%
Net debt to EBITDA	2.6x	2.6x
Fixed charge cover	2.7x	2.8x

a) Reconciliations are set out in notes A4.1, A3.2 and A4.2 of the APMs on page 206.

Return on capital employed (ROCE) declined 10 basis points year on year, primarily driven by lower total underlying operating profit.

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 also stable.

Defined benefit pensions

At 28 February 2026, the net defined benefit surplus under IAS 19 for the Group was £525 million (excluding deferred tax). This marks a decrease of £206 million from the prior year-end date of 1 March 2025. This is primarily due to higher liabilities arising from adoption of the latest CMI mortality forecasts, higher forecast inflation and model updates required following completion of the 2024 triennial valuation, partially offset by a 10 bps increase in the discount rate driven by widening AA credit spreads.

The latest triennial valuation as at 30 September 2024 (the 2024 triennial) was completed on 20th March 2026 and showed a surplus of £171 million, including the estimated value of the Scheme's entitlements under the asset backed contribution (ABC) structure. Excluding these entitlements, the surplus was £15 million. The 2024 triennial, among other actuarial updates, assumes higher inflation volatility, which has the effect of reducing expected liabilities. This may result in an earlier end to contributions under the ABC structure. To provide additional assurance to the Scheme in that context, the Group has established an escrow account in favour of the Scheme, which will expire no later than 2048. Funds will be deposited into the escrow account, and either be released to the Group, or contributed to the Scheme, depending on agreed funding triggers. This arrangement, coupled with the ABC arrangement, will act to protect the Scheme's access to funds while reducing the risk that the Company might overfund the Scheme. There are no funds deposited in the escrow arrangement as at 28 February 2026.

We expect total defined benefit pension scheme cash contributions to be around £27 million in 2026/27 (2025/26: £27 million).

	Sainsbury's as at 28 February 2026 £m	Argos as at 28 February 2026 £m	Group as at 28 February 2026 £m	Group as at 1 March 2025 £m
Retirement benefit obligations				
Present value of funded obligations	(5,049)	(774)	(5,823)	(5,575)
Fair value of plan assets	5,454	917	6,371	6,329
Pension surplus	405	143	548	754
Present value of unfunded obligations	(23)	—	(23)	(23)
Retirement benefit surplus	382	143	525	731
Deferred income tax liability	(158)	(36)	(194)	(218)
Net retirement benefit surplus	224	107	331	513



Bláthnaid Bergin

Chief Financial Officer
22 April 2026