

Preliminary Results for the 52 weeks ended 28 February 2026
Consistently delivering for customers, colleagues, suppliers and shareholders

Simon Roberts, Chief Executive of J Sainsbury plc, said:

"More and more customers are choosing Sainsbury's for more of their shopping, trusting us to deliver great value day in day out. The conflict in the Middle East means customers are even more focused on the cost of living and we are absolutely committed to making sure everyone gets the best possible value when they shop with us.

"By staying relentlessly focused on the things that matter most - value, quality, availability and service – we have outperformed the market for the sixth year in a row. Rather than pass through the full extent of cost inflation, we invested to sustain the strength of our competitive position while also refreshing stores, improving digital experiences and increasing colleague pay by five per cent.

"We offer the biggest Aldi Price Match in the market, with great prices on everyday essentials and even more value through Nectar Prices and personalised Your Nectar Prices. Alongside our standout fresh food offer and the growing strength of Taste the Difference, we are well placed to be first choice for more customers.

"Long term partnerships with thousands of farmers and suppliers are key to delivering good food at great value. We have committed to invest more than £5 billion in British and Irish farming over the coming years, making our supply base more resilient at a time of increased challenges.

"Our balanced choices reflect a consistent long-term approach to creating value for shareholders: strengthening our relationships with customers, colleagues and suppliers and building a stronger Sainsbury's for the future.

"We will do everything we can to support our customers and colleagues over the coming months, with absolute focus on keeping prices low. We have made a positive start to the new financial year, with continued strong Grocery momentum.

"I would like to thank all our colleagues, farmers and suppliers for their brilliant commitment and hard work - it's their dedication that makes such a difference for our customers every time they shop with us."

Financial Highlights

- Sainsbury's FY sales (excluding fuel) £25.9bn, up 4.9%, Argos FY sales £4.1bn, up 0.7%, Fuel FY sales £3.6bn, down 8.2%
- Grocery sales up 5.2%, with consistently strong volume growth and market share gains through the year
- Retail underlying operating profit £1,025m, down 1.1%, reflecting significant operating cost inflation and investment in value in a more competitive market. Argos profits broadly in line with last year
- Statutory profit after tax £393m, up 55.3%, primarily reflecting lower Financial Services discontinued operations losses and restructuring costs, with non-underlying items of £(115)m compared to £(251)m in the prior year
- Retail free cash flow of £574m, up 8.1%, helped by strong working capital management
- Underlying earnings per share up 3.2%, reflecting higher profit and lower average number of shares in issue as a result of our share buyback. Total basic earnings per share up 58.7%
- Proposed full year dividend of 13.7 pence per share, up 0.7%

Financial Summary	FY 2025/26	FY 2024/25	YoY
Business performance			
Retail sales (excl. VAT, excl. fuel) ¹	£29,992m	£28,754m	4.3%
Retail underlying operating profit	£1,025m	£1,036m	(1.1)%
Financial Services underlying operating profit ²	£0m	£(22)m	100.0%
Underlying profit before tax ²	£718m	£709m	1.3%
Underlying basic earnings per share ^{2,3}	22.3p	21.6p	3.2%
Proposed full-year dividend per share	13.7p	13.6p	0.7%
Net debt (incl. lease liabilities) ⁴	£(5,743)m	£(5,758)m	£15m
Non-lease net debt ⁴	£(203)m	£(264)m	£61m
Return on capital employed	8.9%	9.0%	(10)bps
Statutory performance			
Group revenue (excl. VAT, inc. fuel) ²	£33,647m	£32,772m	2.7%
Profit after tax ^{2,3}	£393m	£253m	55.3%
o/w Continuing operations	£414m	£421m	(1.7)%
o/w Discontinued operations	£(21)m	£(168)m	87.5%
Total basic earnings per share ³	17.3p	10.9p	58.7%
Net cash generated from operating activities (continuing) ²	£1,774m	£802m	£972m

2026/27 Outlook

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.

Capital Allocation

- In line with our progressive dividend policy, we paid ordinary dividends totalling £316 million in the year and completed a core share buyback of £200 million
- We additionally completed the disposal of our banking operations and returned £300 million of the net proceeds to shareholders through a £250 million special dividend and £50 million incremental share buyback
- We will return an additional £100 million of the net proceeds this year alongside a core buyback of £200 million, amounting to a total share buyback of £300 million

Strategic Highlights

As part of the Next Level Sainsbury's plan that we set out in February 2024, we made eight commitments:

- **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**

Reflecting on our progress two years into the plan, our balanced choices helped us make good progress against these commitments. We've invested to support our customers, our colleagues, our farmers and our suppliers and we have sustained our strong competitive position in an intensely competitive market⁵. More customers are trusting us to deliver our winning combination of value, quality, availability and service. As a result, we have delivered food volume growth ahead of the market for the sixth consecutive year, reaching our highest volume market share in ten years⁶.

The underlying profit leverage from this volume outperformance was offset by investment in our competitive position and by unusually high levels of operating cost inflation, only partially mitigated through the delivery of a further £330 million of structural cost savings. We delivered Retail free cash flow of £574 million, ahead of our expectations and we remain on track to exceed £1.6 billion over the three-year plan. Whilst maintaining that cash flow commitment, we are investing for future growth and to further strengthen our competitive advantage. We have also delivered enhanced cash returns to shareholders, with more than £800 million returned this year through dividends and share buybacks.

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

First choice for food

In a year where we faced an unusually high level of external cost pressures and a more competitive market, we were clear that our key objective was to sustain our strong competitive position and that we expected to continue to outperform the market. We delivered on this, making balanced choices throughout the year to maintain our strong value position against all key competitors⁵ and deliver volume outperformance in every quarter⁷.

More and more customers are choosing us for their big weekly shop⁸. We now have around 1.2 million more big trolley primary customers than five years ago⁹ and we continue to benefit from switching gains from competitors across the whole market¹⁰.

Customers want to access more of our food range in more locations and we are investing to grow our food footprint, rebalancing space towards fresh food in existing stores and opening new stores in key target locations. At the same time, we are going further to amplify the points of difference in our customer proposition, with a clear focus on delivering greater personalisation, improving the shopping experience both in-store and online and championing fresh food and innovation.

Our brand and heritage in fresh food sets us apart and as customers increasingly look for healthy and sustainable options, our reputation for fresh, nutritious, high quality and well-sourced food means we are well placed to be first choice for more customers. Our consistent delivery of great value at the centre of the plate continues to drive outperformance versus the market in key fresh food categories¹¹, supported by our continued focus on innovation and quality.

We are using our scale, reach and capabilities to drive positive change across the food system and are working closely with farmers and suppliers to strengthen the supply of good food, help tackle climate, nature and labour challenges and raise animal welfare standards. We are expanding our long-term partnership model so that by 2027 we will be supporting

more than 2,500 British and Irish farms with long-term contracts. We have committed to invest more than £5 billion in British and Irish farming over the coming years.

c.£1.3 billion invested over the last five years to deliver consistently great value

- Maintained strong value position against all key competitors over the year⁵
- Unique value combination continues to resonate with customers: biggest Aldi Price Match in the market, more than 10,000 Nectar Price offers every week, personalised Your Nectar Prices and Nectar points offers
- Value investment focused on centre of the plate produce, dairy, meat, fish and poultry items customers buy most often, including 17 per cent more centre of the plate Aldi Price Match products year on year
- Delivered continued market outperformance in fresh food categories¹¹. Fresh food sales up eight per cent

Taste the Difference - fastest growing Premium Own Label in the market¹²

- Taste the Difference sales ahead of £2 billion target with Fresh food sales up 16 per cent
- More customers shopping bigger Taste the Difference baskets more frequently¹³
- 69 per cent of customers shopped both Aldi Price Match and Taste the Difference in the same trolley¹⁴

Championing good food

- More than 1,200 new Own Brand products launched during the year, of which around 50 per cent were Taste the Difference, including our new restaurant quality Discovery range
- Unique opportunity to support customers making healthy choices - increasing focus on fibre and high-protein diets
- Aldi Price Match now contains at least 75 per cent healthy and better for you products

Investing in colleagues and customer service

- Further investment in colleague wellbeing and development and pay and benefits, increasing colleague pay by more than 40 per cent over the last five years
- Continue to achieve high colleague engagement scores
- Consistently leading the market on overall customer satisfaction in supermarkets¹⁵
- Improvements across key metrics including value for money, product range, quality and availability¹⁵

Opening new stores in key target locations

- Opened ten new supermarkets, including two Co-op conversions and three Homebase conversions
- Sales to date ahead of forecast and continue to expect strong returns
- Additionally opened 33 new convenience stores, performing particularly well. Sales in some standout stores more than 50 per cent ahead of expectations
- Expect to open around ten new supermarkets in the year ahead and at least 20 new convenience stores, adding 0.5 per cent to sales growth in 2026/27

Continued good progress with three-year 'More for More' plan

- Bringing the best of Sainsbury's to more customers through allocating more space to food, with selective investments in 70 supermarkets over the last two years, delivering strong results
- Customers are able to shop more of our food range, both in-store and through our Groceries Online offer, adding an average of almost 1,000 additional food products
- Invested stores performing ahead of the rest of our store estate, delivering two per cent food volume growth outperformance in the second half and improving total trading intensity by more than five per cent
- Will invest in around 30 further stores in the year ahead

Delivering for customers however they want to shop with us

- Groceries Online¹⁶ sales up 13 per cent
- Supported by growing contribution from OnDemand, with sales up 69 per cent to more than £700 million and now covering 70 per cent of the UK population
- Improving digital journey for customers by joining up Groceries Online, ChopChop and SmartShop apps into one coherent app, creating the foundation for future personalisation and AI-led experiences
- Convenience store sales up three per cent, supported by outperformance of new space and invested stores
- Improved customer satisfaction in key metrics including value for money and product range¹⁷, driven by reliable value through Aldi Price Match and fresh food range expansion

Playing a leading role in creating a more sustainable food system

- Extended commitment to long-term partnerships with UK farmers, creating one of the UK's most extensive networks of multi-year farming agreements
- 60 per cent¹⁸ of own brand produce, meat, fish, dairy and poultry products in long-term agreements with more than 2,500 British and Irish farms supported by long-term contracts by early 2027

Campaigning for good food for everyone so that no child or family goes hungry

- Raised more than £26 million since 2022 in partnership with Comic Relief. Over 60 million meals donated and support provided to over two million people
- Almost doubled the tonnage of edible surplus food being donated to local communities, preventing 11,030 tonnes of surplus food going to waste, a 49 per cent increase year-on-year

Refreshed Plan for Better commitments for packaging and human rights

- New packaging targets reflect rapid regulatory and structural change in UK packaging sector, focusing our efforts on recyclability of materials to help improve circularity
- Refreshed Human Rights Policy and Saliency Assessment and delivered training to over 100 colleagues and over 700 supplier representatives to help increase awareness of human rights risks and strengthen due diligence
- New international programme with Comic Relief to proactively help strengthen climate adaptation, food security and resilience in key sourcing regions that are highly vulnerable to climate impacts

Strong growth and market outperformance in Tu Clothing¹⁹

- Elevated style credentials²⁰ and stronger availability delivers six per cent Tu Clothing volume growth
- Clothing sales up 4.8 per cent, with very strong Spring Summer offset by unseasonal second half weather
- Outperformed Clothing market for seven consecutive quarters¹⁹, with online sales growth of more than 20 per cent

Streamlining Sainsbury's General Merchandise

- Sainsbury's General Merchandise sales down 3.2 per cent, primarily reflecting expected volume decline driven by strategic choice to allocate more space to food
- Strong progress in streamlining General Merchandise reflecting market-driven shift of discretionary spend towards lower-priced categories
- Easier-to-shop customer offer with better everyday value and product availability
- Delivering higher trading intensity at a lower cost to serve - simpler store, supplier and supply chain operations

Smart Charge customer proposition improvements drive sales growth of 136 per cent

- Five new locations - 661 ultra-rapid electric vehicle charging bays now available in 80 stores
- Sales increase primarily driven by very strong like for like growth. More and more customers shopping with Sainsbury's whilst they charge, shopping with us more often and benefiting from using Nectar with Smart Charge

Loyalty everyone loves

Customers can save more than £450 a year with Nectar, as well as collecting over £170 of Nectar Points through our well-established value proposition of Nectar Prices, personalised Your Nectar Prices, Nectar Offers and Nectar Points earned across a coalition of partners. Nectar participation has reached its highest ever level, with digital engagement strengthening in particular, as customers recognise the benefits of personalised, rewarding and integrated loyalty and value when they shop at Sainsbury's.

The resulting growth of our loyal, primary customer base is central to the success of the Nectar360 Retail Media business, which now supports over 900 clients and media agencies. We are increasingly well placed to capitalise on the strong forecast growth of Retail Media in the UK through the high-returning investments we are making in our capabilities. We remain ahead of plan to deliver at least £100 million of incremental profit over the three years to March 2027.

Nectar transforming the way that customers experience value. Further ambitions for the year ahead

- Customers saved an average of £15.50 on an £80+ big weekly shop with Nectar Prices during 2025/26
- Nectar Prices has delivered more than £5.5 billion savings for customers since April 2023 launch
- Your Nectar Prices now rolled out to cover all supermarket checkouts - previously only available using Online and SmartShop
- Key driver of record Nectar digital engagement with 35 per cent increase in digitally active users²¹

Setting the standard in Retail Media and Loyalty services

- Brands want to work with fewer, higher-quality networks. We are a partner of choice with a reputation for scaled first-party data, omnichannel reach, sophisticated closed-loop measurement capabilities and leading client service
- Launched Nectar360 Pollen in the Autumn, the UK's most advanced unified Retail Media platform, connecting audience insight, planning, activation, optimisation and measurement in a single, easy-to-use platform that facilitates omnichannel advertising in-store, onsite and offsite
- Underway with client onboarding particularly amongst our largest grocery suppliers with excellent early feedback on the intuitive and forward-thinking nature of the platform, the benefit of real-time audience building AI tools, efficiency gains from more streamlined creative compliance process and market-leading measurement tools which enable clearer ROI tracking and smarter decision making

Growing Nectar network, capabilities and Coalition

- Connected digital screen network now almost 3,000 screens across supermarkets and convenience stores. Plans to install a further 3,000 screens during the next year
- Continuing to develop our Retail Media capabilities, including exploring further opportunities within SmartShop
- Growing the Nectar Coalition, launched partnerships with Marriott Bonvoy, FareShare and Deliveroo and reward partnerships with Uber and Uber Eats

More Argos, more often

We have taken determined action to accelerate the transformation of Argos, balancing our objective to improve the customer proposition with structural cost reduction and greater efficiency in our supply chain.

We continue to invest in strategic initiatives to strengthen choice, availability and service for customers and to build a stronger digital proposition, as well as recently launching a new, more flexible, financial services offer, Argos Pay. Customer satisfaction regarding value and range²² and brand consideration have improved²³ and have helped deliver growth in customer numbers and volumes. In a highly competitive and subdued general merchandise market, volume growth was largely offset by pricing pressure and higher participation of lower ticket items.

We have established a dedicated Argos management team to help accelerate the pace of change and drive cost reduction, supporting investments in infrastructure and technology platforms for Argos.

Encouraging volume performance offset by lower average selling price

- Argos sales increased by 0.7 per cent in a highly competitive market
- Strong summer performance offset by subdued consumer spending over peak Black Friday and Christmas period
- Sales volumes up 3.7 per cent, driven by higher customer numbers and bigger baskets
- Largely offset by average selling price (ASP) down 3.0 per cent, reflecting competitive pricing pressure and higher participation of lower ticket items
- Profits broadly in line with last year. Benefit from higher volumes and operating cost savings offset by lower ASP, higher cost of driving online traffic and higher wage inflation
- Profits up year on year in first half, reflecting strong Summer seasonal volume growth, but down in peak third quarter, impacted by lower ASP

Expanding breadth and depth of ranges

- Added 13,000 new Supplier Direct Fulfilled products, with particular focus on Beauty, Toys and Electricals, driving strong sales growth
- Launch of marketplace in the year ahead will significantly expand choice for customers
- Rationalising Argos-owned private label brands from 27 to seven core brands, revitalising our own brand offer
- Re-launched Chad Valley and design-led collaborations in Habitat resulted in positive market share performances in both toys and homewares²⁴. 21 per cent improvement in sales growth in Chad Valley post-launch

Focus on efficiency, strengthening digital capabilities and added value services

- Significant cost savings delivered in stores, depots and warehouses
- Investments in AI and automation improving vehicle routing, stock management and customer targeting
- Streamlining and modernising stores - right sizing standalone stores, improving signage and technology in our stores inside Sainsbury's and opening new collection points
- Improving Argos app to deliver personalised recommendations and app-only offers, smoother account set up and purchasing journey
- Supporting higher conversion and increased visits in a highly competitive digital market, with a 24 per cent increase in app visits year-on-year
- Launched Argos Pay, flexible credit solution, in partnership with NewDay

Save and invest to win

As we enter the third and final year of our Next Level plan, we remain on track to deliver our £1 billion cost saving target, having delivered around £680 million of cost savings since February 2024 and a total of nearly £2 billion over the past five years.

Our cost savings programme helped us sustain the strength of our competitive position in a year in which we navigated high levels of operating cost inflation, including significantly higher National Insurance costs and the introduction of the Extended Producer Responsibility scheme. We continue to invest to improve colleague safety, enhance loss prevention measures and accelerate the use of technology to drive efficiency, resilience and sustainable long-term value creation.

Improving productivity through high-returning technology and automation

- SmartShop extended to another 100 stores and now available in the majority of supermarkets. Driving operational efficiency and supporting bigger basket trolley shops
- Introduced enhanced features such as Product Finder on colleague and customer handsets, supporting easier navigation, faster missions and improved in-store flow
- All food products now live on machine learning forecasting platform, now a core component of availability and inventory management. Contributing to highest food availability since start of Food First strategy and reduced waste
- AI Centre of Excellence launched to drive responsible scalable and value-led adoption of AI across the business
- AI tools improving colleague productivity, customer service and supply chain optimisation and enabling colleagues to focus more time on customer-facing and value-adding work
- Continuing to build digital capabilities in stores, accelerating testing and adoption of new technologies for customers and colleagues

Enhancing colleague and customer safety and strengthening loss prevention across our stores

- Targeted, data-led approach to strengthening safety, building operational resilience and improving loss prevention
- Completed trial of facial recognition technology with Facewatch in two stores to improve colleague safety and support identification of repeat serious offenders
- Early results show almost 50 per cent reduction in logged incidents and over 90 per cent of identified offenders not returning. Technology extended to five additional London stores to assess performance when adopted by multiple stores in the same area, with plans to introduce the technology in more stores nationwide
- Continued investment in targeted shrink measures. Self-checkout video analytics rolled out to more than 440 supermarkets, with 130 more planned by the end of June
- Enhanced shelf-edge protection safeguarding for higher risk items is now live in over 800 convenience stores, alongside selective use of front-of-store barriers

Simplifying the business and delivering sustainable cost savings

- Remaining in-store cafes, hot food, pizza and patisserie counters and scratch bakery operations closed, reallocating 170,000 sq ft of store space to improved food ranges and delivering nearly £50 million of cost savings
- First year to fully benefit from change to using third party warehousing and transport suppliers for logistics operations, delivering nearly £30 million of productivity savings
- Continued logistics automation progress, including Argos operations at Daventry warehouse
- Automated mobile robots now also live at Northampton site, simplifying ambient grocery picking process, driving efficiency and increasing capacity, with potential for rollout across the wider network

Financial Services

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. 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.

- Continue to make good progress on plan to exit core banking services and streamline Financial Services proposition:
 - June 2024: Announced sale of Sainsbury's Bank personal loan, credit card and retail deposit portfolios to NatWest Group. Successful migration completed across October and November 2025
 - September 2024: Announced sale of Bank ATM business to NoteMachine. Completed May 2025
 - October 2024: Announced sales of Argos store card portfolio to NewDay and launch of new partnership to create Argos-branded digital credit proposition. Went live in February 2026. Migration of existing customers will complete in 2026/27
 - July 2025: Announced agreement with Allianz UK on car and home insurance. Completed August 2025
 - July 2025: Agreed sale of Travel Money business to Fexco Group. Completed January 2026
 - April 2026: Announced new partnership with NatWest, providing loans, savings products and new NatWest Nectar credit card. Products expected to be available in second half of 2026
 - Expect to complete final stage of bank exit and surrender banking license by July 2026
- Net proceeds from the bank exit enabled return of £300 million to shareholders, with further £100 million to be returned via incremental share buybacks in 2026/27
- Breakeven continuing operating profit outcome a £22 million improvement versus prior year, supported by cost reduction measures and effective treasury management

Sales performance (excl. VAT)

Like-for-like sales performance	2024/25				2025/26				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Like-for-like sales (excl. fuel)	2.9%	4.3%	2.9%	4.0%	4.6%	4.3%	3.4%	3.1%	3.9%
Like-for-like sales (incl. fuel)	2.6%	2.2%	0.3%	2.6%	2.2%	2.8%	2.9%	1.5%	2.5%

Total sales performance	2024/25				2025/26				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Sainsbury's	4.3%	5.2%	3.8%	4.2%	4.9%	5.5%	4.9%	4.3%	4.9%
<i>Grocery</i>	4.9%	5.5%	4.2%	4.1%	5.0%	5.7%	5.4%	4.5%	5.2%
<i>GM (Sainsbury's) & Clothing</i>	(4.5)%	2.0%	(0.4)%	6.4%	4.2%	2.1%	(1.1)%	1.0%	1.3%
Argos	(7.7)%	(1.4)%	(1.4)%	1.9%	4.0%	0.1%	(1.0)%	0.2%	0.7%
Total Retail (excl. fuel)	2.6%	4.3%	2.9%	3.9%	4.8%	4.8%	3.9%	3.8%	4.3%
Fuel ²⁵	0.4%	(10.6)%	(17.4)%	(6.8)%	(13.6)%	(7.8)%	(1.2)%	(10.1)%	(8.2)%
Total Retail (incl. fuel)	2.3%	2.2%	0.3%	2.5%	2.4%	3.2%	3.4%	2.1%	2.8%

Total sales performance (£m)	2024/25				2025/26				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Sainsbury's	7,431	5,497	8,040	3,690	7,797	5,799	8,431	3,848	25,875
<i>Grocery</i>	6,995	5,155	7,426	3,484	7,342	5,450	7,824	3,640	24,256
<i>GM (Sainsbury's) & Clothing</i>	436	342	614	206	455	349	607	208	1,619
Argos	1,077	860	1,611	548	1,120	861	1,595	549	4,125
Total Retail (excl. fuel)	8,508	6,357	9,651	4,238	8,915¹	6,659¹	10,022¹	4,396	29,992
Fuel ²⁵	1,291	894	1,116	575	1,115	824	1,103	517	3,559
Total Retail (incl. fuel)	9,799	7,251	10,767	4,813	10,030¹	7,483¹	11,125¹	4,913	33,551

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 9:30 (BST). This will be available to view on our website at the following link: <https://sainsburys-preliminary-results-announcement-2026.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 <https://corporate.sainsburys.co.uk/investors/results-reports-and-presentations/> following the event.

Sainsbury's will issue its 2026/27 First Quarter Trading Statement at 07:00 (BST) on 30 June 2026.

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- ¹ Total Retail sales are reported after the elimination of intra-segmental revenues
- ² 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.
- ³ 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 on note 2 to the financial statements.
- ⁴ Net debt is defined as Retail net debt. Refer to note A3.1 within Alternative Performance Measures
- ⁵ Value Reality, February 2026 vs February 2025; Acuity, internal modelling
- ⁶ Worldpanel by Numerator Panel (Kantar), Universe: City read Grocery, Volume market share, 2016/17 to 2025/26, 52 weeks to 1 March 2026
- ⁷ Worldpanel by Numerator Panel (Kantar), Total FMCG excl. Kiosk & Tobacco, Volume growth YoY, Total Market and Sainsbury's, 2025/26 quarters
- ⁸ Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery excl. Kiosk & Tobacco, Main Shop Buyers, 52 weeks to 1 March 2026
- ⁹ Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery excl. Kiosk & Tobacco, Primary shopper number growth (actual) 2020/21 to 2025/26, 52 weeks to 22 February 2026. Primary shopper is defined as any shopper who bought 40% or more of their groceries at particular retailer within the time period indicated
- ¹⁰ Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery excl. Kiosk & Tobacco, Retailer to/from Volume net switching gains/losses, 52 weeks to 22 February 2026
- ¹¹ NielsenIQ EPOS, Total FMCG excl. Kiosk & Tobacco, Fresh categories (Sainsburys defined category hierarchy) volume growth YoY, 52 weeks to 28 February 2026
- ¹² Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery excl. Kiosk & Tobacco, Premium Own Label tier (excl. Premium Plus tier), Volume growth YoY, 52 weeks to 1 March 2026
- ¹³ Worldpanel by Numerator Panel (Kantar), Total Fresh & Grocery excl. Kiosk, Premium Own Label tier (excl. Premium Plus tier), Basket size – number of Taste the Difference items per basket, Frequency and Buyers YoY growth, 52 weeks to 1st March 2026
- ¹⁴ Nectar / Groceries Online customers shopping both Aldi Price Match and Taste the Difference at least once during 2025/26
- ¹⁵ CSAT Supermarket Competitor Benchmarking data – Overall Supermarket Satisfaction 2025/26 vs full-choice grocers and 2025/26 vs 2024/25 year-on-year improvement in key metrics: value for money, product range, quality and availability. Note: March 2025 data unavailable
- ¹⁶ Groceries Online includes sales through Sainsburys.co.uk and sales through OnDemand channels serviced by supermarket and convenience locations
- ¹⁷ CSAT Convenience Competitor Benchmarking data –2025/26 vs 2024/25 year-on-year improvement in key metrics: value for money and product range. Note: March 2025 data unavailable
- ¹⁸ Based on Cost Of Goods Sold (COGS) from suppliers (Dairy, Meat, Fish, Poultry, Produce) with minimum five year long-term agreements in place or planned, divided by total COGS of these categories
- ¹⁹ Worldpanel by Numerator Panel (Kantar), Total Clothing, Footwear and Accessories. YoY retailer spend growth vs the market – from 12 weeks to 23 June 2024 to 12 weeks to 1 March 2026
- ²⁰ Brand Tracking – Style (H2 2025/26 vs H2 2024/25)
- ²¹ Increase in digitally active Nectar users February 2026 vs February 2025
- ²² Argos CSAT Survey – value for money and product range – February 2025/26 vs February 2024/25
- ²³ YouGov Brand Tracking – Consideration – YoY improvement, 2025/26 vs 2024/25
- ²⁴ GFK (Home) & Circana (Toys) market share data, 12 months to the end of February 2026
- ²⁵ 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

“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 more 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.

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.

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 2.1.

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 (excl. fuel)^{a)}	29,992	28,754	4.3
Fuel sales ^{b)}	3,559	3,876	(8.2)
Retail (incl. 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 (excl. fuel)	3.9%	3.4%
Like-for-like sales (incl. 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 our Ultra Rapid Electric Vehicle (EV) charging business, 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 (incl. Argos stores in Sainsbury's)	3.1	3.3
Groceries Online (incl. OnDemand) ^{a)}	13.3	12.2
Convenience	3.0	1.9

a) Groceries 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

	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.

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.

Space

	As at 1 March 2025	New stores	Disposals/ closures	Re- classifications/ extensions	As at 28 February 2026
Store numbers and retailing space					
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.

	2026 £m	2025 £m	Change %
Underlying revenue	96	142	(32.4)
Underlying operating profit / (loss)	-	(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

	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.

Items excluded from underlying results before tax

		52 weeks to 28 February 2026	52 weeks to 1 March 2025
	Note	£m	£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	3	(99)	(102)
Discontinued operations:			
Financial Services phased withdrawal	8.1	(41)	(82)
Financial Services gain/(loss) on disposal	8.2	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 2.1.

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.

Net debt and Retail cash flows

		52 weeks to 28 February 2026	52 weeks to 1 March 2025
	Note	£m	£m
Summary Retail cash flow statement ^{a)}			
Retail underlying operating profit		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	18	15	(204)
Opening net debt	18	(5,758)	(5,554)
Closing net debt	18	(5,743)	(5,758)
Of which:			
Lease liabilities	18	(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. Net debt is defined as Retail net debt. Refer to note A3.1.

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 related 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 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 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.

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 20 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 28 February 2026 £m	Argos 28 February 2026 £m	Group 28 February 2026 £m	Group 1 March 2025 £m
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

Consolidated income statement

	52 weeks to 28 February 2026			52 weeks to 1 March 2025 (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	33,647	-	33,647	32,772	-	32,772
Cost of sales		(31,369)	(72)	(31,441)	(30,511)	(78)	(30,589)
Gross profit/(loss)		2,278	(72)	2,206	2,261	(78)	2,183
Administrative expenses		(1,328)	(63)	(1,391)	(1,302)	(99)	(1,401)
Other income		75	7	82	55	53	108
Operating profit/(loss)		1,025	(128)	897	1,014	(124)	890
Finance income	6	24	40	64	31	36	67
Finance expense	6	(331)	(11)	(342)	(336)	(14)	(350)
Profit/(loss) before tax - continuing operations		718	(99)	619	709	(102)	607
Income tax (expense)/credit	7	(210)	5	(205)	(205)	19	(186)
Profit/(loss) after tax - continuing operations		508	(94)	414	504	(83)	421
Loss after tax - discontinued operations	8	-	(21)	(21)	-	(168)	(168)
Profit/(loss) for the financial period		508	(115)	393	504	(251)	253
Earnings per share							
	9	pence		pence	pence		pence
Basic - total		22.3		17.3	21.6		10.9
Diluted - total		21.9		16.9	21.2		10.7
Earnings per share - from continuing operations							
Basic - continuing	9			18.2			18.1
Diluted - continuing				17.8			17.8

* Refer to note 2 for details of prior year restatements.

Consolidated statement of comprehensive income/(loss)

	Note	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 (restated*) £m
Profit for the financial year		393	253
Items that will not be subsequently reclassified to the income statement			
Remeasurement on defined benefit pension schemes	20	(265)	(33)
Cash flow hedges fair value movements		-	1
Tax relating to items that will not be reclassified		67	8
		(198)	(24)
Items that may be subsequently reclassified to the income statement			
Currency translation differences		(1)	-
Movements on financial assets at fair value through other comprehensive income		(1)	1
Cash flow hedges fair value movements		(40)	13
Items reclassified from cash flow hedge reserve		5	2
Tax relating to items that may be reclassified		5	(4)
		(32)	12
Total other comprehensive loss for the year (net of tax)		(230)	(12)
Total comprehensive income for the year		163	241
Continuing operations		184	409
Discontinued operations	8	(21)	(168)
Total comprehensive income for the year		163	241

* Refer to note 2 for details of prior year restatements.

Consolidated balance sheet

	Note	28 February 2026 £m	1 March 2025 (restated*) £m	2 March 2024 (restated*) £m
Non-current assets				
Property, plant and equipment	11	9,386	9,358	9,282
Right-of-use assets	12	4,486	4,455	4,296
Intangible assets	13	838	807	806
Investments in joint ventures and associates		2	2	2
Other financial assets		129	769	761
Trade and other receivables		22	42	108
Amounts due from Financial Services customers and other banks		-	-	1,467
Derivative financial assets		18	35	68
Retirement benefit surplus	20	548	754	714
		15,429	16,222	17,504
Current assets				
Inventories		1,987	1,946	1,927
Trade and other receivables		431	572	582
Amounts due from Financial Services customers and other banks		-	-	3,050
Other financial assets		-	1,167	26
Derivative financial assets		7	15	8
Income taxes receivable		19	86	75
Cash and cash equivalents	17	1,067	2,222	1,978
		3,511	6,008	7,646
Assets of disposal group and non-current assets held for sale	15	3	2,527	10
		3,514	8,535	7,656
Total assets		18,943	24,757	25,160
Current liabilities				
Trade and other payables		(5,565)	(5,489)	(5,261)
Amounts due to Financial Services customers and other deposits		-	(1,955)	(5,515)
Borrowings	19	(80)	(72)	(65)
Lease liabilities	12	(505)	(483)	(515)
Other financial liabilities		(21)	-	-
Derivative financial liabilities		(20)	(15)	(28)
Income taxes payable		-	(4)	-
Provisions	16	(140)	(230)	(113)
		(6,331)	(8,248)	(11,497)
Liabilities of disposal group held for sale	15	-	(3,136)	-
		(6,331)	(11,384)	(11,497)
Net current liabilities		(2,817)	(2,849)	(3,841)
Non-current liabilities				
Trade and other payables		(22)	(24)	(11)
Amounts due to Financial Services customers and other deposits		-	(13)	(206)
Borrowings	19	(981)	(1,042)	(1,130)
Lease liabilities	12	(5,035)	(5,011)	(4,839)
Derivative financial liabilities		(3)	(11)	(59)
Retirement benefit deficit	20	(23)	(23)	(24)
Deferred income tax liability		(302)	(327)	(256)
Provisions	16	(96)	(157)	(167)
		(6,462)	(6,608)	(6,692)
Total liabilities		(12,793)	(17,992)	(18,189)
Net assets		6,150	6,765	6,971
Equity				
Called up share capital		647	669	678
Share premium		1,465	1,448	1,430
Merger reserve		173	173	568
Capital redemption and other reserves		(65)	(54)	955
Retained earnings		3,930	4,529	3,340
Total equity shareholders' funds		6,150	6,765	6,971

* Refer to note 2 for details of prior year restatements.

Consolidated statement of changes in equity

	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 2 March 2025 (as previously reported)		669	1,448	173	(54)	4,415	6,651
Opening balance adjustment		-	-	-	-	114	114
At 2 March 2025 (restated*)		669	1,448	173	(54)	4,529	6,765
Profit for the financial year		-	-	-	-	393	393
Other comprehensive loss (pre-tax)		-	-	-	(37)	(265)	(302)
Tax relating to components of other comprehensive loss		-	-	-	5	67	72
Total comprehensive (loss)/income		-	-	-	(32)	195	163
Cash flow hedges gains transferred to inventory		-	-	-	13	-	13
Transactions with owners:							
Transfer between reserves		-	-	-	6	(6)	-
Dividends	10	-	-	-	-	(566)	(566)
Share-based payment		-	-	-	-	80	80
Purchase of own shares for share schemes		-	-	-	(85)	-	(85)
Shares allocated in respect of share option schemes		3	17	-	62	(62)	20
Purchase of own shares for cancellation		-	-	-	(251)	-	(251)
Cancellation of own shares		(25)	-	-	276	(251)	-
Tax on items charged to equity		-	-	-	-	11	11
At 28 February 2026		647	1,465	173	(65)	3,930	6,150

	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 (as previously reported)		678	1,430	568	955	3,237	6,868
Opening balance adjustment		-	-	-	-	103	103
At 3 March 2024 (restated*)		678	1,430	568	955	3,340	6,971
Profit for the financial year		-	-	-	-	253	253
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	228	241
Cash flow hedges gains transferred to inventory		-	-	-	18	-	18
Transactions with owners:							
Transfer between reserves		-	-	(395)	(1,035)	1,430	-
Dividends	10	-	-	-	-	(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		-	-	-	(200)	-	(200)
Cancellation of own shares		(21)	-	-	221	(200)	-
Tax on items charged to equity		-	-	-	-	3	3
At 1 March 2025 (restated*)		669	1,448	173	(54)	4,529	6,765

* Refer to note 2 for details of prior year restatements.

Consolidated cash flow statement

	Note	52 weeks to 28 February 2026 £m	52 weeks to 1 March 2025 (restated*) £m
Cash flows from operating activities			
Operating profit - continuing operations		897	890
Depreciation	11,12	1,039	1,033
Amortisation	13	199	182
Net impairment loss on non-financial assets	14	23	22
Loss / (profit) on sale of non-current assets and early termination of leases		3	(53)
Fair value movements		12	(2)
Share-based payments expense		75	73
Defined benefit scheme expense	20	8	8
Defined benefit pension scheme payments	20	(27)	(45)
Operating cash flows before changes in working capital - continuing operations		2,229	2,108
Changes in working capital			
Increase in inventories		(29)	-
Decrease/(increase) in other financial assets		1,807	(1,149)
Decrease in trade and other receivables		81	15
Increase in trade and other payables		138	247
Decrease in amounts due to Financial Services customers and other deposits		(1,968)	-
Decrease in provisions		(71)	(7)
Cash generated from operating activities - continuing operations		2,187	1,214
Interest paid		(348)	(359)
Corporation tax paid		(65)	(53)
Net cash generated from operating activities - continuing operations		1,774	802
Cash flows from investing activities			
Purchase of property, plant and equipment		(613)	(617)
Initial direct costs on new leases		(8)	(34)
Purchase of intangible assets		(230)	(208)
Proceeds from disposal of property, plant and equipment		41	45
Interest received		23	27
Net cash used in investing activities - continuing operations		(787)	(787)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		20	20
Proceeds from borrowings		-	544
Repayment of borrowings		(59)	(623)
Purchase of own shares for share schemes		(64)	(63)
Purchase of own shares for cancellation		(251)	(200)
Capital repayment of lease obligations		(504)	(487)
Dividends paid on ordinary shares	10	(566)	(308)
Net cash used in financing activities - continuing operations		(1,424)	(1,117)
Net (decrease)/increase in cash and cash equivalents			
Continuing operations		(437)	(1,102)
Discontinued operations	8	(718)	1,345
Total (decrease)/increase in cash and cash equivalents		(1,155)	243
Opening cash and cash equivalents		2,221	1,978
Closing cash and cash equivalents	17	1,066	2,221
Disclosed in the balance sheet:			
Cash and cash equivalents		1,067	2,222
Overdraft		(1)	(1)
		1,066	2,221

* Refer to note 2 for details of prior year restatements.

Notes to the consolidated financial statements

1 General information

The financial information, which comprises the Consolidated income statement, Consolidated statement of comprehensive income/(loss), Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity and related notes, is derived from the full Consolidated financial statements for the 52 weeks to 28 February 2026 (prior financial year: 52 weeks to 1 March 2025) and does not constitute full accounts within the meaning of section 435 (1) and (2) of the Companies Act 2006.

The Annual Report and Financial Statements 2026 on which the auditors have given an unqualified report and which does not contain a statement under section 498 (2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies in due course, and made available to shareholders in June 2026.

J Sainsbury plc is a public limited company (the 'Company') incorporated in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. The Company is domiciled in the United Kingdom and its registered address is 33 Charterhouse Street, London, EC1M 6HA, United Kingdom.

The consolidated financial statements for the 52 weeks to 28 February 2026 comprise the financial statements of the Company and its subsidiaries (the 'Group') and the Group's share of the post-tax results of its joint ventures and associates.

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

2 Basis of preparation

2.1 Basis of preparation and presentation

The Group's financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

They have been prepared under the historical cost convention, except for certain financial instruments, defined benefit pension scheme assets and share-based payments, as explained in the accounting policies below.

Sainsbury's Bank plc and its subsidiaries have been consolidated for the 12 months to 28 February 2026, being the Bank's year-end date (2025: 28 February 2025). Adjustments are made for the effects of significant transactions or events that occur between this time period and the Group's financial year comprising the 52 weeks to 28 February 2026.

Unless otherwise stated, material accounting policies have been applied consistently to all periods presented in the financial statements.

Prior period restatements

a) Deferred tax

The tax charge in the comparative period income statement and the comparative period balance sheets 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. Prior year adjustments from the finalisation of each year's tax compliance process that are related to fixed assets have been included within the restated figures. Therefore, the restatement also includes current tax impacts.

b) 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.
- Lease liabilities have been re-presented to correct the classification between certain current and non-current liabilities.
- The net retirement benefit surplus has been re-presented to separately disclose the present value of unfunded obligations as retirement benefit deficit, as the Group does not have the right to offset these amounts.
- Cash and cash equivalents have been re-presented to reclassify other investment securities, whereby the maturity date of the underlying instrument exceeded 3 months at recognition but was less than 3 months at the prevailing balance sheet date, to other financial assets within current assets.

c) 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.

In July 2025, the Group agreed to sell 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.

Prior period comparatives

The prior period comparatives have been restated in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Policies and Errors' and have impacted the primary financial statements as follows.

2 Basis of preparation continued

Income statement

	Underlying items						Non-underlying items						Total
	As previously reported	Deferred tax (a)	Discontinued operations (c)	As restated	As previously reported	Deferred tax (a)	Discontinued operations (c)	As restated	As previously reported	Deferred tax (a)	Discontinued operations (c)	As restated	
For the 52 weeks to 1 March 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Continuing operations													
Revenue	32,812	-	(40)	32,772	-	-	-	-	32,812	-	(40)	32,772	
Cost of sales	(30,513)	-	2	(30,511)	(78)	-	-	(78)	(30,591)	-	2	(30,589)	
Gross profit/(loss)	2,299	-	(38)	2,261	(78)	-	-	(78)	2,221	-	(38)	2,183	
Administrative expenses	(1,325)	-	23	(1,302)	(100)	-	1	(99)	(1,425)	-	24	(1,401)	
Other income	55	-	-	55	53	-	-	53	108	-	-	108	
Operating profit/(loss)	1,029	-	(15)	1,014	(125)	-	1	(124)	904	-	(14)	890	
Finance income	31	-	-	31	36	-	-	36	67	-	-	67	
Finance expense	(336)	-	-	(336)	(14)	-	-	(14)	(350)	-	-	(350)	
Profit/(loss) before tax - continuing operations	724	-	(15)	709	(103)	-	1	(102)	621	-	(14)	607	
Income tax (expense)/credit	(216)	7	4	(205)	15	4	-	19	(201)	11	4	(186)	
Profit/(loss) after tax - continuing operations	508	7	(11)	504	(88)	4	1	(83)	420	11	(10)	421	
Loss after tax - discontinued operations	31	-	(31)	-	(209)	-	41	(168)	(178)	-	10	(168)	
Profit/(loss) for the financial period	539	7	(42)	504	(297)	4	42	(251)	242	11	-	253	

Balance sheets

	As previously reported	FY24	Deferred tax	Cash	Taxes payable	Lease liabilities	Net retirement benefit	As restated
		opening reserves adj						
As at 1 March 2025	£m	(a)	(a)	(b)	(b)	(b)	(b)	£m
Non-current assets								
Retirement benefit surplus	731	-	-	-	-	-	23	754
	16,199	-	-	-	-	-	23	16,222
Current assets								
Other financial assets	612	-	-	555	-	-	-	1,167
Income taxes receivable	-	30	(18)	-	74	-	-	86
Cash and cash equivalents	2,777	-	-	(555)	-	-	-	2,222
	5,922	30	(18)	-	74	-	-	6,008
Total assets	24,648	30	(18)	-	74	-	23	24,757
Current liabilities								
Trade and other payables	(5,278)	-	-	-	(211)	-	-	(5,489)
Lease liabilities	(590)	-	-	-	-	107	-	(483)
Income taxes payable	(141)	-	-	-	137	-	-	(4)
	(8,281)	-	-	-	(74)	107	-	(8,248)
Net current liabilities	(2,968)	30	(18)	-	-	107	-	(2,849)
Non-current liabilities								
Lease liabilities	(4,904)	-	-	-	-	(107)	-	(5,011)
Retirement benefit deficit	-	-	-	-	-	-	(23)	(23)
Deferred income tax liability	(429)	73	29	-	-	-	-	(327)
	(6,580)	73	29	-	-	(107)	(23)	(6,608)
Total liabilities	(17,997)	73	29	-	(74)	-	(23)	(17,992)
Net assets	6,651	103	11	-	-	-	-	6,765
Equity								
Retained earnings	4,415	103	11	-	-	-	-	4,529
Total equity shareholders' funds	6,651	103	11	-	-	-	-	6,765

2 Basis of preparation continued

	As previously reported	Deferred tax	Cash	Taxes payable	Lease liabilities	Net retirement benefit	As restated
	£m	(a) £m	(b) £m	(b) £m	(b) £m	(b) £m	£m
As at 2 March 2024							
Non-current assets							
Retirement benefit surplus	690	-	-	-	-	24	714
	17,480	-	-	-	-	24	17,504
Current assets							
Other financial assets	17	-	9	-	-	-	26
Income taxes receivable	-	30	-	45	-	-	75
Cash and cash equivalents	1,987	-	(9)	-	-	-	1,978
	7,571	30	-	45	-	-	7,646
Total assets	25,061	30	-	45	-	24	25,160
Current liabilities							
Trade and other payables	(5,091)	-	-	(170)	-	-	(5,261)
Lease liabilities	(515)	-	-	-	-	-	(515)
Income taxes payable	(125)	-	-	125	-	-	-
	(11,452)	-	-	(45)	-	-	(11,497)
Net current liabilities	(3,871)	30	-	-	-	-	(3,841)
Non-current liabilities							
Lease liabilities	(4,839)	-	-	-	-	-	(4,839)
Retirement benefit deficit	-	-	-	-	-	(24)	(24)
Deferred income tax liability	(329)	73	-	-	-	-	(256)
	(6,741)	73	-	-	-	(24)	(6,692)
Total liabilities	(18,193)	73	-	(45)	-	(24)	(18,189)
Net assets	6,868	103	-	-	-	-	6,971
Equity							-
Retained earnings	3,237	103	-	-	-	-	3,340
Total equity shareholders' funds	6,868	103	-	-	-	-	6,971

Cash flow statement

	As previously reported	Discontinued operations	Cash	As restated
	£m	(c) £m	(b) £m	£m
For the 52 weeks to 1 March 2025				
Operating profit	904	(14)	-	890
Share-based payments expense	75	(2)	-	73
Operating cash flows before changes in working capital - continuing operations	2,124	(16)	-	2,108
Changes in working capital				
Decrease/(increase) in other financial assets	(603)	-	(546)	(1,149)
Cash generated from operating activities - continuing operations	1,776	(16)	(546)	1,214
Net cash generated from operating activities - continuing operations	1,364	(16)	(546)	802
Net (decrease)/increase in cash and cash equivalents				
Continuing operations	(540)	(16)	(546)	(1,102)
Discontinued operations	1,329	16	-	1,345
Total (decrease)/increase in cash and cash equivalents	789	-	(546)	243
Opening cash and cash equivalents	1,987	-	(9)	1,978
Closing cash and cash equivalents	2,776	-	(555)	2,221

2 Basis of preparation continued

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. 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 10 September 2027.

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

The Group's most recent corporate planning processes includes 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.

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 which remain in issuance. In addition, the Group has in place an inflation-linked amortising loan with a principal of £378 million outstanding at the reporting date, with a maturity date of April 2031. Refer to note 19.1 for details of the amortisation profile.

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 28 February 2026, 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, financial covenant and funding headroom. These severe but plausible scenarios included modelling inflationary pressures on both food margins and general recession-related risks, including those which may arise from conflict in the Middle East, the impact of a cyber-attack on operations, payment of a regulatory fine and the failure to deliver planned cost savings. In addition, a reverse stress test was performed to assess the additional level of sales decline required before the Group fully utilises its available funding and mitigations or breaches its financial covenant. The required reduction was considered extreme and implausible.

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 expenditure and operating expenditure, bonus and pay awards, and pausing dividend payments.

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, NoteMachine, Allianz and Fexco 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 New standards, interpretations and amendments adopted by the Group

a) New accounting standards adopted by the Group

There were no new accounting standards, interpretations and amendments to standards and IFRIC interpretations that became applicable during the year which had a material impact on the Group's results or net assets. Accordingly, no changes were required to be made to the Group accounting policies, and the policies have remained unchanged from those disclosed in the Annual Report for the financial year ended 1 March 2025.

b) New accounting standards in issue but not yet effective

The Group has not applied any standards, interpretations or amendments that have been issued but are not yet effective. With the exception of IFRS 18 'Presentation and Disclosure in Financial Statements', the new requirements are not expected to have a material impact on the Group's accounting policies, results or net assets.

IFRS 18 'Presentation and Disclosure in Financial Statements' will become effective in the financial statements for the financial year ending 26 February 2028. IFRS 18 sets out overall requirements for the presentation and disclosure in financial statements, and all income and expenses will be classified into one of five categories on the income statement: operating, investing, financing, taxation and discontinued operations. The standard will also introduce 'management defined performance measures', a subset of the Group's alternative performance measures, which will be disclosed in the audited financial statements.

The Group has commenced its assessment of IFRS 18, which will include determining the impacts on the Group including system changes, transition plans and quantifying the impacts of the new standard on the comparative financial statements. The Group's profit before tax will not change.

2 Basis of preparation continued

2.4 Alternative Performance Measures (APMs)

In the reporting of financial information, the Directors use certain Alternative Performance Measures (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 IFRS 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

Underlying profit measures are presented to supplement IFRS results which also reflects how performance is measured internally. These measures exclude items classified as non-underlying in order to present performance on a consistent basis between periods. Further information on non-underlying items is provided in note 3.

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 include 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 is considered to provide 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

							2026
	Note	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							
Cost of sales		-	(58)	(7)	-	(7)	(72)
Administrative expenses		(8)	(13)	-	(8)	(34)	(63)
Other income		-	-	-	1	6	7
Affecting operating profit		(8)	(71)	(7)	(7)	(35)	(128)
Net finance (costs)/income		-	(3)	-	40	(8)	29
Affecting profit before tax – continuing operations		(8)	(74)	(7)	33	(43)	(99)
Affecting loss before tax – discontinued operations	8						(29)
Affecting profit before tax for the financial year							(128)

Being:

Non-financial asset impairments		-	(3)	(7)	-	-	(10)
Accelerated depreciation of assets and acquisition adjustments		-	(35)	-	-	(17)	(52)
Loss on disposal of properties		-	-	-	-	(2)	(2)
Property closure provisions		-	(12)	-	-	-	(12)
Employee costs		-	(15)	-	-	-	(15)
Non-underlying finance (costs)/income		-	(3)	-	40	(8)	29
Fair value movements		(1)	-	-	1	(7)	(7)
Other net costs		(7)	(6)	-	(8)	(9)	(30)
Affecting profit before tax – continuing operations		(8)	(74)	(7)	33	(43)	(99)

2025 (restated*)

	Note	Financial Services model 5.1 £m	Retail restructuring programmes 5.2 £m	Impairment of non-financial assets 5.3 £m	Pensions 5.4 £m	Other 5.5 £m	Total £m
Continuing operations							
Cost of sales		-	(64)	(16)	-	2	(78)
Administrative expenses		(16)	(58)	-	(8)	(17)	(99)
Other (expense)/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)
Affecting loss before tax – discontinued operations	8						(223)
Affecting profit before tax for the financial year							(325)

Being:

Non-financial asset impairments		-	(4)	(16)	-	-	(20)
Accelerated depreciation of assets and acquisition adjustments		-	(42)	-	-	(17)	(59)
Profit on disposal of properties		-	-	-	-	57	57
Property closure provisions		-	(12)	-	-	-	(12)
Employee costs		(7)	(43)	-	-	-	(50)
Onerous contracts		(8)	-	-	-	-	(8)
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)

*Refer to note 2.1 (c) for details of prior year restatements.

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

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 8.

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 Non-underlying items continued

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, including in relation to restructuring local delivery hubs for Argos, where colleagues' shifts will change.

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 the latest 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 net costs comprise predominantly consultancy costs.

3.3 Impairment of non-financial assets

Separate from restructuring initiatives and property-related transactions, the Group has recognised £7 million (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. For further details, refer to note 14.

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 relate to the unwind of non-cash fair value adjustments arising from the Home Retail Group acquisition
- Non-underlying finance and fair value movements comprising £8 million (2025: £12 million) of finance costs relating to lease interest on impaired non-trading sites, and a £7 million loss (2025: £2 million gain) within cost of sales relating to adverse (2025: favourable) movements on long-term, fixed price Power Purchase agreements (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 facilitate the comparability of underlying results between periods
- Other net costs include income recognised in relation to the settlement of a legal case involving European truck manufacturers, and consultancy costs in relation to corporate transaction activity
- Property-related transactions in 2025 of £57 million predominantly related 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 uses 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

4 Segment reporting continued

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 has 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. This measure is consistent with that used elsewhere in the Group's internal reporting.

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 and 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 and Clothing revenue has been re-presented from £28,762 million and Fuel revenue has been re-presented from £3,868 million for the 52 weeks ended 1 March 2025.

4.1 Income statement

				2026
Continuing operations	Note	Retail £m	Financial Services £m	Group £m
Revenue				
Grocery, general merchandise and clothing		29,992	-	29,992
Fuel		3,559	-	3,559
Interest receivable		-	58	58
Fees and commission		-	38	38
		33,551	96	33,647
Underlying operating profit		1,025	-	1,025
Underlying finance income	6	24	-	24
Underlying finance costs	6	(331)	-	(331)
Underlying profit before tax		718	-	718
Non-underlying items	3			(99)
Profit before tax - continuing operations				619
Income tax expense	7			(205)
Profit after tax - continuing operations				414
Loss after tax - discontinued operations	8			(21)
Profit after tax - total				393
				2025 (restated*)
Continuing operations	Note	Retail £m	Financial Services £m	Group - Continuing operations £m
Revenue				
Grocery, general merchandise and 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	6	31	-	31
Underlying finance costs	6	(336)	-	(336)
Underlying profit/(loss) before tax		731	(22)	709
Non-underlying items	3			(102)
Profit before tax - continuing operations				607
Income tax expense	7			(186)
Profit after tax - continuing operations				421
Loss after tax - discontinued operations	8			(168)
Profit after tax - total				253

* Refer to note 2.1 (a) and (c) for details of prior year restatements.

4 Segment reporting continued

4.2 Other segment items

						2026
		Retail	Financial	Group -	Group -	Group
	Note	£m	Services	Continuing	Discontinued	Total
			£m	operations	operations	£m
				£m	£m	£m
Depreciation expense						
Property, plant and equipment	11	509	-	509	-	509
Right-of-use assets	12	530	-	530	-	530
Amortisation expense						
Intangible assets	13	199	-	199	-	199
Impairment of non-financial assets	14	23	-	23	-	23
Impairment loss on financial assets		-	1	1	-	1
Share based payments		72	3	75	5	80

						2025 (restated*)
		Retail	Financial	Group -	Group -	Group
	Note	£m	Services	Continuing	Discontinued	Total
			£m	operations	operations	£m
				£m	£m	£m
Depreciation expense						
Property, plant and equipment	11	532	-	532	-	532
Right-of-use assets	12	501	-	501	-	501
Amortisation expense						
Intangible assets	13	182	-	182	-	182
Impairment of non-financial assets	14	22	-	22	-	22
Impairment loss on financial assets		-	2	2	61	63
Share based payments		71	2	73	7	80

* Refer to note 2.1 (c) for details of prior year restatements.

						2026	2025
		Retail	Financial	Group	Retail	Financial	Group
	Note	£m	Services	£m	£m	Services	£m
			£m			£m	
Additions to non-current assets							
Property, plant and equipment	11	572	-	572	629	-	629
Right-of-use assets	12	572	-	572	676	-	676
Intangible assets	13	230	-	230	208	-	208

4.3 Geographical segments

In the current year, the Group traded in the UK and consequently the majority of revenues, capital expenditure and segment net assets arise there. The Group also maintains an operational presence in the Republic of Ireland and Asia, which does not give rise to significant revenues, capital expenditure or segment net assets in those territories.

5 Supplier arrangements

The following amounts in relation to supplier arrangements are held on the balance sheet:

		2026	2025
		£m	£m
Within inventory		(3)	(2)
Within current trade receivables			
Supplier arrangements due		45	54
Accrued supplier arrangements		51	65
Within current trade payables			
Supplier arrangements due		47	37
Total supplier arrangements		140	154

Additionally, £13 million (2025: £18 million) of supplier arrangements contractually agreed but not yet earned is held on the balance sheet within deferred income.

6 Finance income and finance costs

	2026			2025		
	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
Continuing operations						
Interest on bank deposits and other financial assets	23	-	23	29	-	29
IAS 19 pension financing income	-	40	40	-	36	36
Finance income on net investment in leases	1	-	1	2	-	2
Finance income	24	40	64	31	36	67
Secured borrowings	(29)	-	(29)	(35)	-	(35)
Unsecured borrowings	(35)	-	(35)	(41)	-	(41)
Lease liabilities	(267)	(11)	(278)	(260)	(12)	(272)
Provisions - amortisation of discount	-	-	-	-	(2)	(2)
Finance costs	(331)	(11)	(342)	(336)	(14)	(350)

7 Taxation

	2026 £m	2025 (restated*) £m
Continuing operations		
Current tax		
Current year UK tax	140	107
Under/(over) provision in prior years	7	(3)
Total current tax expense	147	104
Deferred tax		
Origination and reversal of temporary differences	51	63
Under provision in prior years	7	23
Recognition of capital losses	-	(4)
Total deferred tax expense	58	82
Total income tax expense	205	186
Analysed as:		
Underlying tax	210	205
Non-underlying tax	(5)	(19)
Total income tax expense	205	186
Underlying tax rate	29.2%	28.9%
Effective tax rate	33.1%	30.6%

* Refer to note 2.1 (a) and (c) for details of prior year restatements. Tax associated with discontinued operations is presented in note 8.

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 for the period ended 1 March 2025 onwards. Under these requirements, the Group is liable to pay a top up tax for any deficit between the minimum tax rate of 15 per cent and the effective tax rate per jurisdiction. As a primarily UK focused group, paying tax well in excess of the required minimum, there is no material impact of GMT.

The Group has applied the mandatory temporary exception in the amended IAS 12 'Income taxes' from the requirement to recognise or disclose information about deferred tax assets and liabilities related to the proposed Pillar Two model rules.

8 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 July 2025, the Group agreed to sell 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.

During the year, the Group completed the previously announced sale of its personal loan, credit card and retail deposit portfolios to NatWest Group, disposed of its ATM estate to NoteMachine. In February 2025, the Group completed the sale of the AFS storecard portfolio to NewDay Group. The results of these businesses are presented as discontinued operations.

The loss relating to these discontinued operations is set out in note 8.1. The net gain/(loss) on disposal is measured by reference to the fair value of the relevant portfolios on derecognition and the associated consideration payable or receivable, as detailed in note 8.2.

8 Discontinued operations continued

8.1 Discontinued operations loss after tax

	Note	2026 £m	2025 (restated) £m
Revenue			
Interest receivable		-	273
Fees and commission income		104	96
		104	369
Operating costs		(120)	(317)
Operating (loss)/profit		(16)	52
Restructuring and impairment costs		(25)	(134)
Net gain/(loss) arising from disposals	8.2	12	(141)
Loss before tax		(29)	(223)
Income tax credit		8	55
Loss after tax		(21)	(168)

8.2 Discontinued operations net gain/(loss) arising from disposals

		2026 £m	2025 (restated) £m
Fair value of consideration (payable)/receivable	a)	(244)	149
Fair value of net liabilities/(assets) disposed excluding provisions	b)	258	(218)
Write down of net liabilities/loss on net assets disposed		14	(69)
Costs of disposal		(2)	(72)
Gain/(loss) on disposal before tax		12	(141)
Income tax (expense)/credit		(3)	35
Gain/(loss) on disposal after tax		9	(106)

- a) Comprises consideration paid to NatWest of £273 million in respect of the value of the net Core Banking liabilities transferred on 1 May 2025 and consideration receivable of £29 million in respect of the sale of Travel Money assets to Fexco Group. The comparative period comprises consideration payable on the Core Banking portfolio based on pricing mechanisms set out in the sale agreement measured at the reporting date 1 March 2025, partially offset by £2 million consideration receivable related to the sale of ATM assets, and £749 million received relating to the sale of AFS cards and the debt instrument notes derecognised.
- b) Comprises the fair value of net liabilities of the Core Banking portfolios at the completion date of 1 May 2025 and the fair value of Travel Money assets derecognised at the completion date of 31 January 2026. Net liabilities were remeasured to fair value immediately prior to completion of the sale, with associated fair value movements recognised within operating costs. The comparative period comprises the fair value of net liabilities of Core Banking portfolios held for sale, together with ATM-related assets held for sale and AFS cards assets disposed on 28 February 2025, inclusive of £24 million of goodwill.

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

	2026 £m	2025 £m
Non-current assets classified as held for sale		
ATM assets	-	1
Assets of disposal group classified as held for sale		
Unsecured balances	-	2,512
Total assets of disposal group and non-current assets classified as held for sale	-	2,513
Liabilities of disposal group classified as held for sale		
Customer deposits	-	(3,109)
Provisions for costs of disposal	-	(27)
Total liabilities of disposal group classified as held for sale	-	(3,136)
Net liabilities held for sale associated with discontinued operations	-	(623)

8.4 Discontinued operations cash flow statement

		2026 £m	2025 (restated) £m
Net cash flows from:			
Operating activities		(457)	595
Investing activities	a)	(261)	750
		(718)	1,345

- a) Net cash flows used in investing activities relate to consideration paid and received in respect of Core Banking activities disposed. Net cash flows generated in 2025 primarily related 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.

9 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 year, 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.

	2026 million	2025 million
Weighted average number of shares in issue for calculating basic earnings per share	2,274.2	2,330.6
Weighted average number of dilutive share options	46.6	43.5
Total number of shares for calculating diluted earnings per share	2,320.8	2,374.1

	Note	2026 £m	2025 (restated*) £m
Underlying profit after tax attributable to ordinary shareholders of the parent		508	504
Adjustment for non-underlying items after tax		(94)	(83)
Profit after tax attributable to ordinary shareholders of the parent - continuing operations		414	421
Loss after tax from discontinued operations	8	(21)	(168)
Profit after tax attributable to ordinary shareholders of the parent		393	253

	Pence per share	Pence per share (restated*)
Basic – total	17.3	10.9
Diluted – total	16.9	10.7
Basic - discontinued operations	(0.9)	(7.2)
Diluted - discontinued operations	(0.9)	(7.1)
Basic – continuing operations	18.2	18.1
Diluted – continuing operations	17.8	17.8
Basic - underlying	22.3	21.6
Diluted - underlying	21.9	21.2

* Refer to note 2.1 (a) and (c) for details of prior year restatements.

10 Dividends

	2026 pence per share	2025 pence per share	2026 £m	2025 £m
Amounts recognised as distributions to ordinary shareholders:				
Financial year ended 2 March 2024				
- Final dividend	-	9.2	-	217
Financial year ended 1 March 2025				
- Interim dividend	-	3.9	-	91
- Final dividend	9.7	-	223	-
Financial year ended 28 February 2026				
- Interim dividend	4.1	-	93	-
- Special dividend	11.0	-	250	-
	24.8	13.1	566	308
Proposed final dividend at financial year end	9.6		214	

The proposed final dividend was approved by the Board on 22 April 2026 and is subject to shareholders' approval at the Annual General Meeting. If approved, it will be paid on 10 July 2026 to shareholders on the register as at 5 June 2026. No amount for the proposed final dividend has been recognised at the balance sheet date.

11 Property, plant and equipment

	Note	2026			2025		
		Land and buildings £m	Fixtures and equipment £m	Total £m	Land and buildings £m	Fixtures and equipment £m	Total £m
Cost							
At beginning of financial year		11,381	4,505	15,886	11,154	4,919	16,073
Additions		168	404	572	280	349	629
Disposals		(105)	(526)	(631)	(26)	(730)	(756)
Transfer from/(to) assets held for sale		29	-	29	(27)	(33)	(60)
At end of financial year		11,473	4,383	15,856	11,381	4,505	15,886
Accumulated depreciation and impairment							
At beginning of financial year		3,508	3,020	6,528	3,347	3,444	6,791
Depreciation expense		201	308	509	203	329	532
Impairment loss	14	12	-	12	1	5	6
Disposals		(75)	(525)	(600)	(22)	(727)	(749)
Transfer from/(to) assets held for sale		21	-	21	(21)	(31)	(52)
At end of financial year		3,667	2,803	6,470	3,508	3,020	6,528
Net book value		7,806	1,580	9,386	7,873	1,485	9,358
Capital work-in-progress included above		184	95	279	202	56	258

Transfers from assets held for sale in the year relate to retail non-current assets where the related asset sales are no longer expected to complete within the next 12 months.

12 Leases

Group as a lessee

a) Right-of-use assets

	Note	2026			2025		
		Land and buildings £m	Equipment £m	Total £m	Land and buildings £m	Equipment £m	Total £m
Net book value							
At beginning of financial year		4,055	400	4,455	3,976	320	4,296
New leases and modifications		419	153	572	487	189	676
Impairment loss	14	(11)	-	(11)	(16)	-	(16)
Depreciation expense		(408)	(122)	(530)	(392)	(109)	(501)
At end of financial year		4,055	431	4,486	4,055	400	4,455

b) Lease liabilities

	Note	2026 £m	2025 £m
At beginning of financial year		5,494	5,354
New leases and modifications		550	627
Interest expense	6	278	272
Payments		(782)	(759)
At end of financial year		5,540	5,494

13 Intangible assets

	Goodwill £m	Computer software £m	Acquired brands £m	Customer relationships £m	Total £m
Cost					
At 2 March 2025	322	1,350	190	32	1,894
Additions	-	230	-	-	230
Disposals	(1)	(435)	-	-	(436)
At 28 February 2026	321	1,145	190	32	1,688
Accumulated amortisation and impairment					
At 2 March 2025	39	852	164	32	1,087
Amortisation expense	-	181	18	-	199
Disposals	(1)	(435)	-	-	(436)
At 28 February 2026	38	598	182	32	850
Net book value at 28 February 2026	283	547	8	-	838
Capital work-in-progress included above	-	54	-	-	54
Cost					
At 3 March 2024	384	1,235	229	32	1,880
Additions	-	208	-	-	208
Disposals	(24)	(93)	-	-	(117)
Transfer to assets held for sale	(38)	-	(39)	-	(77)
At 1 March 2025	322	1,350	190	32	1,894
Accumulated amortisation and impairment					
At 3 March 2024	77	780	185	32	1,074
Amortisation expense	-	164	18	-	182
Disposals	-	(92)	-	-	(92)
Transfer to assets held for sale	(38)	-	(39)	-	(77)
At 1 March 2025	39	852	164	32	1,087
Net book value at 1 March 2025	283	498	26	-	807
Capital work-in-progress included above	-	63	-	-	63

In the prior year, following the agreement to sell Core Banking portfolios, goodwill of £38 million and £39 million of acquired brands was transferred to the disposal group classified as held for sale. In addition, £24 million previously allocated to the Home Retail Group CGU was derecognised following the disposal of AFS cards.

14 Impairment of non-financial assets

14.1 Impairment losses and reversals

Goodwill

There was no impairment of goodwill balances in the current year (2025: nil).

Other non-financial assets

In line with the assumptions and methodology outlined in note 14.2, the Group assessed whether indicators of impairment existed at the reporting date. As Argos trading performance was below expectations, management determined that an indicator of impairment existed in respect of each of the Group's Argos assets. A full impairment review was undertaken, resulting in an impairment charge of £2 million. Additionally, an indicator of impairment existed at the reporting date in respect of trading performance at certain Sainsbury's stores, and thus a full impairment review was undertaken over these Sainsbury's stores' assets, which resulted in an impairment charge of £11 million.

In addition to impairment charges arising from the indicator-based review, the Group recognised impairment charges arising from specific events and circumstances during the year. These comprised £3 million of impairment as part of retail restructuring programmes, and £7 million of impairment in relation to non-trading sites, reflecting the impact of rent reviews.

14 Impairment of non-financial assets continued

	Note	2026			2025		
		Retail £m	Financial Services £m	Total £m	Retail £m	Financial Services £m	Total £m
Balance sheet							
Property, plant and equipment		12	-	12	6	-	6
Right-of-use assets		11	-	11	16	-	16
Intangible assets		-	-	-	-	-	-
Total impairment loss		23	-	23	22	-	22
Income statement							
Comprising							
Within non-underlying items							
Restructuring programmes	3.2	3	-	3	4	-	4
Non-restructuring programmes	3.3	7	-	7	16	-	16
Within underlying items							
Argos store assets		2	-	2	2	-	2
Sainsbury's store assets		11	-	11	-	-	-
Total impairment loss		23	-	23	22	-	22
Discontinued operations		-	-	-	-	-	-
Continuing operations		23	-	23	22	-	22

14.2 Impairment methodology

Assessment of indicators of impairment

At each reporting date, the Group assesses whether there are any indicators that non-financial assets other than goodwill and intangible assets not yet available for use may be impaired. Where such indicator exists, the recoverable amount of the relevant asset or cash generating unit (CGU) is estimated.

Cash-generating units

For the purpose of impairment testing, CGUs are determined by reference to the smallest identifiable group of assets that generate cash inflows that are largely independent from other assets or groups of assets. These have been assessed as follows:

- Individual stores are typically considered CGUs and represent the collective assets directly attributable to each respective store
- Within Argos, local fulfilment centres serve a defined set of sub-stores so are tested for impairment at this aggregated level
- Individual assets are assessed separately for impairment indicators where they are expected to generate largely independent cash inflows, which would be the case where a decision is taken to sell an individual asset, such as land bank development sites
- Certain assets, notably brands, do not generate largely independent cash inflows so are assessed for indicators of impairment, and tested accordingly if indicators are identified, at the corporate level in relation to the business units of the Group: Sainsbury's, Argos and Nectar

Central assets and associated cash flows are allocated to the relevant CGUs to which they relate. These assets are attributed to the lowest level of CGU where allocation can be made on a reasonable and consistent basis, with allocation performed using an appropriate measure such as relative store sales.

Goodwill acquired is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination.

Recoverable amount

The recoverable amount of individual assets, store-level CGUs and group of stores CGUs is measured as the higher of fair value less cost to dispose and the value-in-use of cash flows expected to be largely independently generated. For certain assets that do not generate largely independent cash inflows, recoverable amount is assessed at the level of the relevant business unit to which the asset relates. In these cases, value in use represents the most appropriate basis for determining recoverable amount. Where value-in-use indicates there is an impairment, consideration is given as to whether fair value less cost to dispose may be higher than value-in-use, with the higher of these being taken as the recoverable amount.

Value-in-use

In measuring the value-in-use, cash flow projections are based on the latest management-approved forecast covering a three-year forecast period. Within this period, medium-term sales and cost projections consider the outlook for addressable markets, competitor behaviour, expected inflation and market rates, the prevailing macro- and microeconomic climate, and committed initiatives. In forming these projections, management draws on past experience as a basis for forecasting future performance. Online grocery sales are fulfilled by individual stores and therefore these cash flows are allocated to the individual store CGUs which fulfil the online sales. In Argos, online GM&C sales for Click & Collect are allocated to the individual store CGUs which fulfil the online sales, while online sales fulfilled through home delivery are not allocated to the individual store CGUs.

Beyond the three-year forecast period, cash flows are extrapolated using an estimated average long-term growth rate.

Cash flows are then adjusted to remove the impact of estimated future cash flows expected to arise from strategic capital expenditure not yet incurred. For the purpose of store-level and group of stores forecast level CGUs, base cash flows are derived from current year performance and extrapolated using the operating profit growth rate approved by management as part of the annual planning process.

14 Impairment of non-financial assets continued

14.3 Key assumptions and sensitivity

Key assumptions

The following key assumptions are used in determining recoverable amounts where impairment testing is required:

- **Short-term cash flows:** derived from latest Board-approved forecasts covering a three-year forecast period
- **Long-term growth rate:** measured by reference to average historical GDP growth
- **Discount rates:** representing the weighted average cost of capital (WACC), calculated using the capital asset pricing model, the inputs of which include a 20-year average risk-free rate for the UK, a UK equity risk premium, levered debt premium and risk adjustment and an average beta for the Group
- **Cash flow length:** where the useful economic life exceeds management's cash flow projections, the final year is extrapolated out to the sooner of perpetuity using a terminal value and contractually committed tenure. Properties identified for closure will be assessed by reference to the committed exit date

The discount rates and long-term growth rates applied in the impairment testing of CGUs or groups of CGUs to which goodwill is allocated, as well as those applied to the Group's portfolio of store cash-generating units, are set out below:

	2026			2025		
	Pre-tax discount rate	Post-tax discount rate	Long-term growth	Pre-tax discount rate	Post-tax discount rate	Long-term growth
Home Retail Group	11.7%	8.8%	2%	11.0%	8.3%	2%
Nectar UK	9.4%	7.1%	2%	9.1%	6.8%	2%
Jacksons Stores Limited	9.4%	7.1%	2%	9.1%	6.8%	2%
Bells Stores Limited	9.4%	7.1%	2%	9.1%	6.8%	2%
Other	9.4%	7.1%	2%	9.1%	6.8%	2%

Sensitivities

Sensitivity analysis on the impairment tests for each CGU or group of CGUs to which goodwill has been allocated has been performed.

		Headroom	Discount rate		Cash flows	
		£m	-2pts £m	+2pts £m	-25% £m	+25% £m
Home Retail Group	a), c)	150	236	94	36	269
Nectar UK	a)	1,796	2,501	1,390	1,310	2,282
Jacksons Stores Limited	a), b)	70	88	58	43	98
Bells Stores Limited	a), b)	25	29	23	15	36
Other		45	68	31	22	68

a) Cash flows are derived from Board-approved projections for three years and then extrapolated into perpetuity with an assumed growth rate of 2.0 per cent.

b) Goodwill balances are allocated to individual store CGUs to which they relate.

c) Whilst the sensitivities applied are based on management's best estimate of what is reasonably possible, continued uncertainty regarding the geopolitical and global supply environment, or other factors, may lead to the carrying value not being recovered in full, for example due to further unforeseen deterioration in cash flows, particularly in relation to consumer discretionary spend. A further increase in the downside sensitivity of 8 per cent, to a total 33 per cent reduction in the Home Retail Group cash flows, would erode the remaining headroom thereafter resulting in impairment.

These sensitives are illustrative and the actual outcomes may vary by greater amounts than shown above.

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

Non-current assets classified as held for sale total £3 million and relate solely to Retail-related assets. 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.

As set out in note 8, the Group completed several disposals during its phased withdrawal from Core Banking Business.

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

	Note	2026 £m	2025 £m
Opening balance		2,527	10
Classified as held for sale in the year		27	2,521
No longer classified as held for sale in the year		(19)	-
Sold in the year		(2,532)	(4)
Closing balance		3	2,527
Of which			
Assets of disposal group held for sale	8.3	-	2,512
Non-current assets classified as held for sale		3	15
		3	2,527

15.2 Liabilities of disposal group held for sale

	Note	2026 £m	2025 £m
Opening balance		(3,136)	-
Classified as held for sale in the year		-	(3,136)
Transfer to provisions	16	27	-
Sold in the year		3,109	-
Closing balance		-	(3,136)

16 Provisions

Property provisions comprise onerous property contract provisions for the least net cost of exiting from the contract and provisions for dilapidations. Utilisation is expected to be in line with the profile of the leases to which the provisions relate.

Insurance provisions comprise liabilities in respect of outstanding insurance claims in relation to public liability, employer's liability and third-party motor. Utilisation of the provision at the balance sheet date is expected to be in line with the settlement of claims.

Restructuring programme provisions comprise mainly redundancies. Restructuring provisions are expected to be utilised in the next 12 months.

Onerous contract provisions comprise onerous contracts recognised as a result of the phased withdrawal from Financial Services. Onerous contract provisions are expected to be utilised in the next 12 months.

Financial Services other provisions comprise contractually committed costs related to the disposal of AFS cards and potential customer redress payable arising from the historical sale of Payment Protection Insurance. Amounts released in the current year primarily relate to off balance sheet expected credit loss provisions following the disposal of AFS cards. Other provisions are expected to be utilised in the next 12 months.

	Retail				Financial Services				Total £m
	Property provisions £m	Insurance provisions £m	Restructuring programmes £m	Other provisions £m	Onerous contracts £m	Restructuring programmes £m	Other provisions £m		
At 2 March 2025	105	63	64	10	95	32	18	387	
Additional provisions	21	24	12	1	12	1	6	77	
Transfer from liabilities held for sale a)	-	-	-	-	-	-	27	27	
Unused amounts released	(39)	(7)	(5)	-	(7)	(2)	(9)	(69)	
Utilisation of provision	(10)	(25)	(40)	-	(69)	(14)	(30)	(188)	
Amortisation of discount	1	-	1	-	-	-	-	2	
At 28 February 2026	78	55	32	11	31	17	12	236	
Current								140	
Non-current								96	
At 3 March 2024	120	59	51	11	17	-	22	280	
Additional provisions	18	28	50	9	84	36	12	237	
Unused amounts released	(20)	-	(7)	(1)	(3)	-	(11)	(42)	
Utilisation of provision	(14)	(24)	(31)	(9)	(3)	(4)	(1)	(86)	
Amortisation of discount	1	-	1	-	-	-	-	2	
Transfer to assets held for sale	-	-	-	-	-	-	(4)	(4)	
At 1 March 2025	105	63	64	10	95	32	18	387	
Current								230	
Non-current								157	

- a) Following the disposal of Core Banking portfolios previously classified as held for sale, cost to sell provisions previously recognised within liabilities of disposal group held for sale have been transferred to other provisions. As at 28 February 2026, £5 million remains provided for migration and data retention costs contractually committed as part of the disposal.

17 Cash and cash equivalents

	2026	2025 (restated*)
	£m	£m
Cash in hand and bank balances	267	439
Money market funds	466	239
Short-term deposits	-	141
Other investment securities	-	360
Deposits at central banks	334	1,043
Cash and cash equivalents in the statement of financial position	1,067	2,222
Bank overdrafts	(1)	(1)
Cash and cash equivalents in the statement of cash flows	1,066	2,221
Restricted amounts included above		
Held within the Group's Employee Share Ownership Trust	5	-
Held for unclaimed dividends	3	-
Held for insurance purposes	1	3
	9	3

* Money market funds have been re-presented from £1,154 million to £239 million as at 1 March 2025 to better reflect the nature of certain balances as other investment securities. Additionally, £555 million of other investment securities has been reclassified to other financial assets within current assets, refer to note 2.1b) for further details.

Reconciliation of working capital cash flow

2026

- 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 £62 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 £48 million and presentation of cash flows as discontinued operations of £46 million.
- Provisions: Cashflows differ from the movement in the balance sheet owing mainly to the presentation of cash flows as discontinued operations of £87 million.

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.

18 Analysis of net debt

The Group's definition of net debt includes the following:

- Cash
- Borrowings and overdrafts
- Lease liabilities
- Debt-related financial assets at fair value through other comprehensive income
- Derivatives used in hedging borrowings

Derivatives exclude those not used to hedge borrowings, and borrowings exclude bank overdrafts as they are disclosed separately.

18.1 Reconciliation of opening to closing net debt

	Cash Movements			Non-Cash Movements		28 February 2026 £m
	2 March 2025 (restated*) £m	Cash flows excluding interest £m	Net interest (received) / paid £m	Accrued interest £m	Other non-cash movements £m	
Retail						
Net derivative financial instruments	(1)	-	1	(1)	5	4
Borrowings (excluding overdrafts)	(989)	59	57	(57)	(5)	(935)
Lease liabilities	(5,494)	504	278	(278)	(550)	(5,540)
Purchase of own shares for share schemes	-	-	-	-	(21)	(21)
Arising from financing activities	(6,484)	563	336	(336)	(571)	(6,492)
Cash and cash equivalents	727	2	-	-	-	729
Bank overdrafts	(1)	-	-	-	-	(1)
Less: Purchase of own shares for share schemes	-	-	-	-	21	21
Retail net debt	(5,758)	565	336	(336)	(550)	(5,743)
Financial Services						
Net derivative financial instruments	(2)	-	-	-	2	-
Borrowings (excluding overdrafts)	(124)	-	12	(13)	-	(125)
Lease liabilities	-	-	-	-	-	-
Arising from financing activities	(126)	-	12	(13)	2	(125)
Financial assets at fair value through other comprehensive income	1,924	(1,807)	-	-	-	117
Cash and cash equivalents	1,495	(1,157)	-	-	-	338
Financial services net funds	3,293	(2,964)	12	(13)	2	330
Group						
Net derivative financial instruments	(3)	-	1	(1)	7	4
Borrowings (excluding overdrafts)	(1,113)	59	69	(70)	(5)	(1,060)
Lease liabilities	(5,494)	504	278	(278)	(550)	(5,540)
Purchase of own shares for share schemes	-	-	-	-	(21)	(21)
Arising from financing activities	(6,610)	563	348	(349)	(569)	(6,617)
Financial assets at fair value through other comprehensive income	1,924	(1,807)	-	-	-	117
Cash and cash equivalents	2,222	(1,155)	-	-	-	1,067
Bank overdrafts	(1)	-	-	-	-	(1)
Less: Purchase of own shares for share schemes	-	-	-	-	21	21
Group net debt	(2,465)	(2,399)	348	(349)	(548)	(5,413)

Other non-cash movements relate to new leases, mark to market derivative movements on debt and foreign exchange.

18 Analysis of net debt continued

	3 March 2024 (restated*)	Cash Movements		Non-Cash Movements		1 March 2025 (restated*)
		Cash flows excluding interest	Net interest (received) / paid	Accrued interest	Other non- cash movements	
	£m	£m	£m	£m	£m	£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 – share buyback	-	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 – share buyback	-	(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)
Lease liabilities	-	-	-	-	-	-
Arising from financing activities	(122)	-	12	(12)	(4)	(126)
Financial assets at fair value through other comprehensive income	770	1,155	-	-	(1)	1,924
Cash and cash equivalents	1,101	394	-	-	-	1,495
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 – share buyback	-	200	-	-	(200)	-
Arising from financing activities	(6,553)	766	359	(351)	(831)	(6,610)
Financial assets at fair value through other comprehensive income	770	1,155	-	-	(1)	1,924
Cash and cash equivalents	1,978	244	-	-	-	2,222
Bank overdrafts	-	(1)	-	-	-	(1)
Less: Purchase of own shares – share buyback	-	(200)	-	-	200	-
Group net debt	(3,805)	1,964	359	(351)	(632)	(2,465)

* Refer to note 2.1 (b) for details of prior year restatements.

18.2 Reconciliation of own shares purchased for share schemes

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

	2026 £m	2025 £m
Retail		
Included in the Group statement of changes in equity	(85)	(63)
Outstanding amount recognised as financial liabilities	21	-
Included in the Group cash flow statement	(64)	(63)

a) Refer to note 22 for further information on post-balance sheet events.

19 Borrowings

	2026			2025		
	Current £m	Non- current £m	Total £m	Current £m	Non- current £m	Total £m
Loan due 2031	72	314	386	64	383	447
Unsecured bond	4	552	556	3	547	550
Sainsbury's Bank Tier 2 Capital	5	120	125	6	118	124
Bank overdrafts	1	-	1	1	-	1
	82	986	1,068	74	1,048	1,122
Transaction costs	(2)	(5)	(7)	(2)	(6)	(8)
	80	981	1,061	72	1,042	1,114

19.1 Loan due 2031

The loan is secured against 48 (2025: 48) supermarket properties. This is an inflation-linked amortising loan from the finance company Longstone Finance plc with an outstanding principal value of £378 million (2025: £438 million) fixed at a real rate of 2.36 per cent where the principal and interest rate are uplifted annually by RPI subject to a cap at 5 per cent and a floor at 0 per cent. The loan has a final repayment date of April 2031.

Intertrust Corporate Services Limited holds all the issued share capital of Longstone Finance Holdings Limited on trust for charitable purposes. Longstone Finance Holdings Limited beneficially owns all the issued share capital of Longstone Finance plc. As the Group has no interest or power and bears no risk over these entities they are not included in the Group consolidation.

19.2 Undrawn facilities

The Revolving Credit Facility of £1,000 million comprises two £500 million tranches with maturity dates of December 2029 for Facility A and December 2028 for Facility B. As at 28 February 2026, the Revolving Credit Facility was undrawn.

19.3 Unsecured Bond

In January 2025 the Group issued £550 million of bonds split in two tranches, a £250 million five-year tranche maturing June 2030 and a £300 million ten-year tranche maturing January 2035. The bonds pay interest on the principal amount at a rate of 5.125 per cent per annum on the five-year tranche and 5.625 per cent per annum on the ten-year tranche. Interest is payable semi-annually in arrears.

19.4 Sainsbury's Bank Tier 2 capital

The Group has £120 million (2025: £120 million) of fixed rate reset callable subordinated Tier 2 notes in issuance, which were issued in September 2022. These notes bear interest on the principal amount at a rate of 10.5 per cent per annum, payable semi-annually in arrears, until March 2028 at which time the interest rate will reset. The Bank has the option to redeem these notes within a six-month window from 12 September 2027 to 12 March 2028.

19.5 Bank overdrafts

Bank overdrafts are repayable on demand and bear interest at a spread above Bank of England base rate.

20 Retirement benefit obligations

20.1 Background

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

The Sainsbury's Pension Scheme comprises two sections:

- The Sainsbury's section, which holds the assets and liabilities of the original Sainsbury's Pension Scheme
- The Argos section, which holds the assets and liabilities of the former Home Retail Group Pension Scheme

Each section's assets are segregated by deed and ring-fenced for the benefit of the members of that section. Both sections are closed to new members and to future accrual, with benefits determined by past service and salary or accrued cash balance entitlements. The Scheme is governed by a corporate trustee.

The Group also has unfunded pension liabilities in respect of certain former senior employees.

The Scheme is also used to pay life assurance benefits to current colleagues.

20 Retirement benefit obligations continued

20.2 Scheme funding and triennial valuation

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

The latest triennial valuation as at 30 September 2024 (the 2024 triennial) was completed on 20 March 2026, and showed a surplus of £171 million (comprising a surplus of £93 million in the Sainsbury's section and a surplus of £78 million in the Argos section), 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.

This surplus has been recognised as the Group has concluded that it has an unconditional right to a refund of any surplus once all member benefits have been paid. The Group's judgement is that the Trustees would be unable to unconditionally wind up the plan or enhance members' benefits without the Group's consent.

20.3 Balance sheet

The retirement benefit surplus and the associated deferred income tax balance are shown within different line items on the face of the balance sheet.

	Sainsbury's £m	Argos £m	2026 Group £m	Sainsbury's £m	Argos £m	2025 Group £m
Present value of funded obligations	(5,049)	(774)	(5,823)	(4,820)	(755)	(5,575)
Fair value of plan assets	5,454	917	6,371	5,418	911	6,329
Retirement benefit surplus	405	143	548	598	156	754
Present value of unfunded obligations	(23)	-	(23)	(13)	(10)	(23)
Net Retirement benefit surplus	382	143	525	585	146	731
Analysed in the Group balance sheet:						
Retirement benefit surplus	405	143	548	598	156	754
Retirement benefit deficit	(23)	-	(23)	(13)	(10)	(23)
Net retirement benefit surplus	382	143	525	585	146	731

Movements in net defined benefit surplus

	Assets £m	Obligations £m	2026 Net £m	Assets £m	Obligations £m	2025 Net £m
As at the beginning of the financial year	6,329	(5,598)	731	6,702	(6,012)	690
Interest income/(cost)	337	(297)	40	329	(293)	36
Remeasurement (losses)/gains	(10)	(255)	(265)	(448)	415	(33)
Pension scheme expenses	(8)	-	(8)	(8)	-	(8)
Employer contributions	26	-	26	45	-	45
Benefits paid	(303)	304	1	(291)	292	1
As at the end of the financial year	6,371	(5,846)	525	6,329	(5,598)	731

20 Retirement benefit obligations continued

20.4 Actuarial assumptions for measuring liabilities

Principal actuarial assumptions

	2026	2025
Discount rate	5.55	5.45
Inflation rate – RPI	3.05	3.15
Inflation rate – CPI	2.50	2.55
Future pension increases	1.95 - 2.90	1.95–2.95

Assumptions are on a weighted average blended basis.

a) Discount rate

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

b) Inflation

The Government's intention to amend the RPI calculation methodology to be aligned to that already in use for the calculation of the CPI (including housing) takes effect from 2030. As a result, the Group has assumed that RPI will be aligned with CPI post 2030, resulting in a single weighted average RPI-CPI gap of 0.55 per cent p.a. up to 2030 (2025: 0.60 per cent p.a.).

c) Future pension increases

Pensions in the Scheme receive various increases in payment depending on the section of the Scheme and when benefits were built up. For the majority of benefits, the increases provided are based on either RPI or CPI inflation, subject to various caps or collars depending on when benefits were built up. As a result, different assumptions are needed for each type of pension increase provided and the table above shows the range of assumptions adopted.

d) Mortality

The base mortality assumptions use the SAPS S4 tables for the Sainsbury's and Argos sections, respectively, with adjustments to reflect the Scheme's population.

Following the completion of the 2024 triennial valuation and consideration of the previous three years of mortality experience both in the Scheme and the UK as a whole, the Company updated the actuarial mortality base tables that determine the life expectancy assumptions to reflect a best estimate adjustment derived from analysis carried out for the valuation. Future mortality improvements for the 2026 year-end are CMI 2024 projections with a long-term rate of improvement of 1 per cent p.a. Future mortality improvements for the 2025 year-end were CMI 2023 projections with a long-term rate of improvement of 1 per cent p.a.

All IAS 19 calculations use the CMI model which measures potential changes to future mortality trends. The Group's policy is to use the available version as at the year-end which is CMI 2024 which was released in June 2025.

The CMI have made two main changes to the CMI 2024 model, compared with the 2023 version of the model:

- The CMI 2024 core model has been extended to have five period terms considered separately during the fitting process rather than one period term. Having multiple period terms allows the model to better reflect the changing mortality trends at different age groups observed in the data. Each of the five age groups is smoothed separately to achieve an overall adjusted target smoothing factor.
- Modelling the impact of the Covid-19 pandemic using a 'fitted overlay' rather than using weights as in earlier models. A new half-life parameter has been introduced which controls this overlay within the model.

A half-life assumption of 0.5 has been adopted for 2025. This is consistent with the 100 per cent weights parameter which was adopted under CMI 2023 as both approaches place greater weight on observed post-pandemic mortality experience than the core CMI parameters.

Life expectancy at age 65

	2026			2025		
	Sainsbury's section Main Scheme	Sainsbury's section Executive Scheme	Argos section	Sainsbury's section Main Scheme	Sainsbury's section Executive Scheme	Argos section
	Years	Years	Years	Years	Years	Years
Members aged 65 at balance sheet date						
Male pensioner	20.2	22.6	20.7	18.9	22.2	19.8
Female pensioner	22.5	24.0	23.2	22.8	23.5	22.9
Members aged 45 at balance sheet date						
Male pensioner	21.2	23.5	21.7	19.9	23.1	20.7
Female pensioner	23.7	25.1	24.4	24.0	24.6	24.0

21 Contingent liabilities

The Group through the size, nature and scope of its operations and people is exposed to a wide range of applicable laws and regulation including: employment related legislation such as the Equality Act 2010 and the Health and Safety at Work Act 1974; business conduct legislation such as the Competition Act 1998, the Modern Slavery Act 2015 and the Bribery Act 2010; product or sales related legislation such as the Food Safety Act 1990 and the Digital Markets Competition and Consumer Act 2024, and is also exposed to risks relating to past corporate transactions such as guarantees made in relation to disposed assets. These expose the Group to potential material liabilities which may crystallise following events such as civil legal action, regulatory enforcement action, or under property disposal guarantees in the event of insolvency of current tenants and their ultimate parents. In assessing the required disclosure or recognition of potential liabilities, the Group considers factors including probability, materiality and quantifiability of any claims received.

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 19,800 equal pay claims from circa 14,100 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. Whilst there is at present no definitive timetable for the litigation, the Group anticipates judgment from the Tribunal in respect of the second stage will be given in the course of 2028. This judgment is very likely 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 outstanding 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 or 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.

22 Post-balance sheet events

Subsequent to the balance sheet date, the Group acquired 6,128,749 shares through the J Sainsbury Employee Share Ownership Trust, for the purpose of satisfying future share awards under the Group's employee share plans. The financial liability of £21 million recognised at the balance sheet date has subsequently been derecognised following the acquisition and settlement of directly attributable costs.

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.

All of the following APMs relate to the current financial year's results and comparative financial year where provided.

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

	2026	2025 (restated*)
Retail like-for-like (exc. Fuel, exc. VAT)	3.9%	3.4%
Underlying net new space impact	0.4%	(0.1)%
Retail sales growth (exc. Fuel, exc. VAT)	4.3%	3.3%
Fuel impact	(1.5)%	(1.6)%
Total Retail sales growth (inc. Fuel, exc. VAT)	2.8%	1.7%

*Retail like-for-like sales APM has been restated to exclude VAT. Refer to note 2.4 for details.

Alternative Performance Measures (APMs) continued

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 as a whole is viewed from a management perspective, with finance costs managed for the Group as a whole.

Reconciliation

Calculated as Retail underlying operating profit as a percentage of Retail sales. Refer to A1.2b).

b) Retail underlying EBITDA (closest IFRS equivalent: none)

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

	Note	2026 £m	2025 £m
Retail underlying operating profit	4.1	1,025	1,036
Add: Retail underlying depreciation and amortisation	A2.1	1,186	1,156
Retail underlying EBITDA		2,211	2,192
Retail sales	4.1	33,551	32,630
Retail underlying EBITDA margin		6.6%	6.7%
Retail underlying operating margin		3.1%	3.2%

c) 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 financial statements.

d) 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 9 to the financial statements.

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 6 to the 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 items as set out in note 3 to the financial statements and are disclosed on the face of the income statement.

Alternative Performance Measures (APMs) continued

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.

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

	2026				
	Retail: underlying £m	Retail: non- underlying £m	Retail: total £m	Financial Services £m	Group £m
Cash flows from operating activities – continuing					
Operating profit/(loss) – continuing	1,025	(116)	909	(12)	897
Depreciation and amortisation	1,186	52	1,238	-	1,238
Share-based payments and other:					
Net impairment charge on non-financial assets	13	10	23	-	23
(Profit)/loss on sale of non-current assets and early termination of leases	(5)	8	3	-	3
Fair value movements	5	7	12	-	12
Share-based payments expense	68	4	72	3	75
Defined benefit scheme expenses	-	8	8	-	8
Defined benefit pension scheme payments	-	(27)	(27)	-	(27)
Operating cash flows before changes in working capital	2,292	(54)	2,238	(9)	2,229
Movements in working capital	128	(53)	75	(117)	(42)
Cash generated from/(used in) operations – continuing	2,420	(107)	2,313	(126)	2,187
Interest paid	(336)	-	(336)	(12)	(348)
Corporation tax paid	(112)	-	(112)	47	(65)
	1,972	(107)	1,865	(91)	1,774
Cash flows from investing activities – continuing					
Purchase of property, plant and equipment	(613)	-	(613)	-	(613)
Purchase of intangible assets	(230)	-	(230)	-	(230)
Capital expenditure	(843)	-	(843)	-	(843)
Initial direct costs on new leases	(8)	-	(8)	-	(8)
Proceeds from disposal of property, plant and equipment	41	-	41	-	41
Interest received	23	-	23	-	23
	(787)	-	(787)	-	(787)
Cash flows from financing activities – continuing					
Proceeds from issuance of ordinary shares	20	-	20	-	20
Purchase of own shares for share schemes	(64)	-	(64)	-	(64)
Intragroup share scheme recharge	7	-	7	(7)	-
Other share-related transactions	(37)	-	(37)	(7)	(44)
Purchase of own shares for cancellation	(251)	-	(251)	-	(251)
Repayment of borrowings	(59)	-	(59)	-	(59)
Capital repayment of lease obligations	(504)	-	(504)	-	(504)
Dividends paid on ordinary shares:					
Dividends paid on ordinary shares (excluding special dividends)	(316)	-	(316)	-	(316)
Special dividend paid	(250)	-	(250)	-	(250)
	(1,417)	-	(1,417)	(7)	(1,424)
Intragroup dividend	400	-	400	(400)	-
Net increase/(decrease) in cash and cash equivalents – continuing	168	(107)	61	(498)	(437)
Net decrease in cash and cash equivalents – discontinued operations	-	(59)	(59)	(659)	(718)
	168	(166)	2	(1,157)	(1,155)
Bridge to retail free cash flow					
Retail cash flows from operating activities – continuing	1,972	(107)	1,865		
Retail cash flows from investing activities – continuing	(787)	-	(787)		
Capital repayment of lease obligations	(504)	-	(504)		
Retail free cash flow	681	(107)	574		

Alternative Performance Measures (APMs) continued

	2025 (restated*)				
	Retail: underlying £m	Retail: non- underlying £m	Retail: total £m	Financial Services £m	Group £m
Cash flows from operating activities – continuing					
Operating profit/(loss) – continuing	1,036	(214)	822	68	890
Depreciation and amortisation	1,156	59	1,215	-	1,215
Share-based payments and other:					
Net impairment charge/(reversal) on non-financial assets	2	20	22	-	22
Profit on sale of non-current assets and early termination of leases	(6)	(47)	(53)	-	(53)
Fair value movements	-	(2)	(2)	-	(2)
Share-based payments expense	71	-	71	2	73
Defined benefit scheme expenses	-	8	8	-	8
Defined benefit pension scheme payments	-	(45)	(45)	-	(45)
Operating cash flows before changes in working capital	2,259	(221)	2,038	70	2,108
Movements in working capital	98	105	203	(1,097)	(894)
Cash generated from/(used in) operations – continuing	2,357	(116)	2,241	(1,027)	1,214
Interest paid	(347)	-	(347)	(12)	(359)
Corporation tax paid	(89)	-	(89)	36	(53)
	1,921	(116)	1,805	(1,003)	802
Cash flows from investing activities – continuing					
Purchase of property, plant and equipment	(617)	-	(617)	-	(617)
Purchase of intangible assets	(208)	-	(208)	-	(208)
Capital expenditure	(825)	-	(825)	-	(825)
Initial direct costs on new leases	(34)	-	(34)	-	(34)
Proceeds from disposal of property, plant and equipment	45	-	45	-	45
Interest received	27	-	27	-	27
	(787)	-	(787)	-	(787)
Cash flows from financing activities – continuing					
Proceeds from issuance of ordinary shares	20	-	20	-	20
Purchase of own shares for share schemes	(63)	-	(63)	-	(63)
Other share-related transactions	(43)	-	(43)	-	(43)
Purchase of own shares for cancellation	(200)	-	(200)	-	(200)
Proceeds from borrowings	544	-	544	-	544
Repayment of borrowings	(623)	-	(623)	-	(623)
Net repayment of borrowings	(79)	-	(79)	-	(79)
Capital repayment of lease obligations	(487)	-	(487)	-	(487)
Dividends paid on ordinary shares	(308)	-	(308)	-	(308)
	(1,117)	-	(1,117)	-	(1,117)
Net increase/(decrease) in cash and cash equivalents – continuing	17	(116)	(99)	(1,003)	(1,102)
Net (decrease)/increase in cash and cash equivalents – discontinued operations	-	(52)	(52)	1,397	1,345
	17	(168)	(151)	394	243
Bridge to retail free cash flow					
Retail cash flows from operating activities – continuing	1,921	(116)	1,805		
Retail cash flows from investing activities – continuing	(787)	-	(787)		
Capital repayment of lease obligations	(487)	-	(487)		
Retail free cash flow	647	(116)	531		

* Refer to note 2.1 (b) and (c) for details of prior year restatements.

A2.2 Non-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

	Note	2026 £m	2025 £m
Defined benefit pension scheme payments	A2.1	(27)	(45)
Non-underlying cash movements:			
Retail restructuring programmes		(72)	(71)
Other		(8)	-
Operating cash flows		(80)	(71)
Effect on Retail cash generated from operations		(107)	(116)

Alternative Performance Measures (APMs) continued

A3 Borrowings

A3.1 Net debt (closest IFRS equivalent: borrowings, cash, derivatives, financial assets at FVOCI, 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. Derivatives exclude those not used to hedge borrowings, and borrowings exclude bank overdrafts as they are disclosed separately. Hence net debt is represented 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 18 to the financial statements.

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

Definition and purpose

Retail net debt divided by Group underlying EBITDA based on a 52-week rolling basis.

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

Reconciliation

	Note	2026 £m	2025 £m
Retail net debt	18	5,743	5,758
Group underlying EBITDA	A4.2	2,211	2,222
Net debt/Group underlying EBITDA		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 profit before interest and tax.

Capital employed is defined as Group net assets excluding pension surplus, less retail 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 uses this to assess the performance of the business.

Reconciliation

Net debt as set out in note 18.

	Note	2026 £m	2025 £m
Return (Group underlying operating profit)	4.1	1,025	1,066
		£m	£m
Group net assets	Balance sheet	6,150	6,651
Less: Net pension surplus		(525)	(731)
Deferred tax on pension surplus		194	218
Less: retail net debt	18	5,743	5,758
Effect of in-year averaging		(17)	(42)
Capital employed		11,545	11,854
Return on capital employed		8.9%	9.0%

Comparatives are as originally reported.

Alternative Performance Measures (APMs) continued

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

	Note	2026 £m	2025 £m
Group underlying operating profit	4.1	1,025	1,066
Add: Group underlying depreciation and amortisation expense	A2.1	1,186	1,156
Group underlying EBITDA		2,211	2,222
Repayment of capital element of lease obligations	A2.1	(504)	(487)
Underlying finance income	6	24	31
Underlying finance costs	6	(331)	(336)
Fixed charges		(811)	(792)
Fixed charge cover		2.7x	2.8x

Comparatives are as originally reported.