

J Sainsbury plc Preliminary Results 25/26 Aide-Memoire

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

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1. FY25/26 Outlook and Guidance

From 25/26 Q3 Trading Statement (January 2026):

- We have made balanced choices to invest and sustain the strength of our competitive position through the most important trading period of the year. These investments in value, quality and service have delivered further strong grocery trading momentum and market share gains and, despite weaker general merchandise market conditions, we continue to expect to deliver Retail underlying operating profit of more than £1 billion.
- In relation to the retail underlying operating profit guidance, Simon Roberts, CEO said on the Analyst Q&A call:
 - *“With seven weeks to go, as it currently stands, we’d expect our profits clearly to be more than £1 billion, but probably to be slightly lower than last year’s outturn, as we continue to drive through our plan, do the right things for our customers, manage balanced choices for all of our stakeholders.”*
 - *“We continue to expect Argos profits to be broadly in line with last year, but down year on year in the second half.”*
- We now expect to deliver Retail free cash flow of more than £550 million (previous guidance: more than £500 million), reflecting strong working capital performance. We continue to expect to return more than £800 million of cash to shareholders this financial year through ordinary dividends, a £250 million special dividend and a £250 million share buyback.

From 25/26 Interim Results (November 2025):

- During the first half we completed the sale of Sainsbury's Bank core banking products to NatWest, migrated the ATM business to NoteMachine, signed an agreement with Allianz UK on car and home insurance and agreed the sale of the Sainsbury's Bank Travel Money business to Fexco Group. Together with the Argos Financial Services card portfolio, Travel Money has now been classified as a discontinued operation, reflected in the restatement of Financial Services underlying operating profit and a change to our short term profit guidance, where we now expect Financial Services underlying operating profit contribution to be broadly breakeven in 2025/26.

2. Commentary and disclosure from FY24/25 Preliminary Results announcement

Please note FY24/25 restatement column, as per disclosure at FY25/26 Interim Results

2.1 Financial summary

Financial Summary	As presented at the FY24/25 Preliminary Results			Restatement per the FY25/26 Interim Results
	2024/25	2023/24	YoY	2024/25 (restated)
Retail sales (inc. VAT, excl. fuel) ¹	£31,555m	£30,615m	3.1%	-
Retail underlying operating profit	£1,036m	£966m	7.2%	-
Total Financial Services underlying operating profit/(loss) ²	£30m	£29m	3.4%	£(22)m
Underlying profit before tax ²	£761m	£701m	8.6%	£709m
Total Underlying basic earnings per share ²	23.1p	22.1p	4.5%	21.3p
Full-year dividend per share	13.6p	13.1p	3.8%	-
Net debt (inc. lease liabilities)	£(5,758)m	£(5,554)m	£(204)m	-
Non-lease net debt ³	£(264)m	£(200)m	£(64)m	-
Retail free cash flow	£531m	£639m	£(108)m	-
Return on capital employed ⁴	9.0%	8.3%	70bps	-

¹Please note that we started disclosing Sales numbers on an excluding VAT basis from Q1 25/26. Retail sales (excl. VAT, excl. fuel) for FY24/25 were £28,754m.

²To reflect the following restatements (set out on pages 32-33 of the FY25/26 Interim Results), these measures were re-presented for the 52 weeks to 1 March 2025:

- 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 announced it had entered into an agreement to sell the Travel Money business to Fexco Group. As a result, Travel Money assets have been classified as held for sale and the results for the 52 weeks to 1 March 2025 have been restated to reclassify the operations as discontinued.

³Net debt is defined as Retail net debt. Refer to note A3.1 within Alternative Performance Measures on page 55 of the FY25/26 Interim Results.

⁴Return on capital employed is shown as previously reported and has not been restated for changes to discontinued operations.

2.2 Category performance

- **Grocery sales increased by 4.5 per cent**, reflecting strong volume growth ahead of the market. Customers continue to respond positively to the improvements we have made to the grocery customer proposition in recent years, including the introduction of Nectar Prices, and we are attracting and retaining more big basket primary customers, who do the majority of their shopping with Sainsbury's.
- **General merchandise and clothing sales at Sainsbury's were in line with last year**, with higher clothing sales reflecting range and availability improvements and offsetting lower general merchandise sales.
 - Clothing sales grew 2.9 per cent, with particularly strong growth of 12.3 per cent in Q4.
 - Sainsbury's general merchandise sales were down 2.8 per cent, driven by space reductions as we've implemented space reallocations into food, and softer demand for categories such as household electricals and toys.
- **Argos sales reduced by 2.7 per cent**, impacted by a subdued and highly competitive general merchandise market. In the first half of the financial year, a significant reduction in online traffic and cooler and wetter summer weather meant Argos sales were behind expectations. Whilst remaining highly promotionally driven, sales strengthened in the second half as the online traffic trend improved and Argos returned to year-on-year growth in the fourth quarter.

3. Key considerations for FY25/26

- There are no calendar or other technical issues which would impact the phasing of sales and profits
- Please note that we started disclosing Sales numbers on an excluding VAT basis from Q1 25/26 and will continue to do so on an ongoing basis
- At the FY 24/25 year-end date of 1 March 2025 the number of shares in issue was 2,339,424,088
- The FY 24/25 weighted average number of shares in issue for calculating diluted earnings per share was 2,374,063,883
- The most recent update on the number of shares in issue (at 27 February 2026) was 2,263,689,189. Monthly updates are available here: <https://www.about.sainsburys.co.uk/investors/regulatory-news>

4. Recent Kantar City Read data

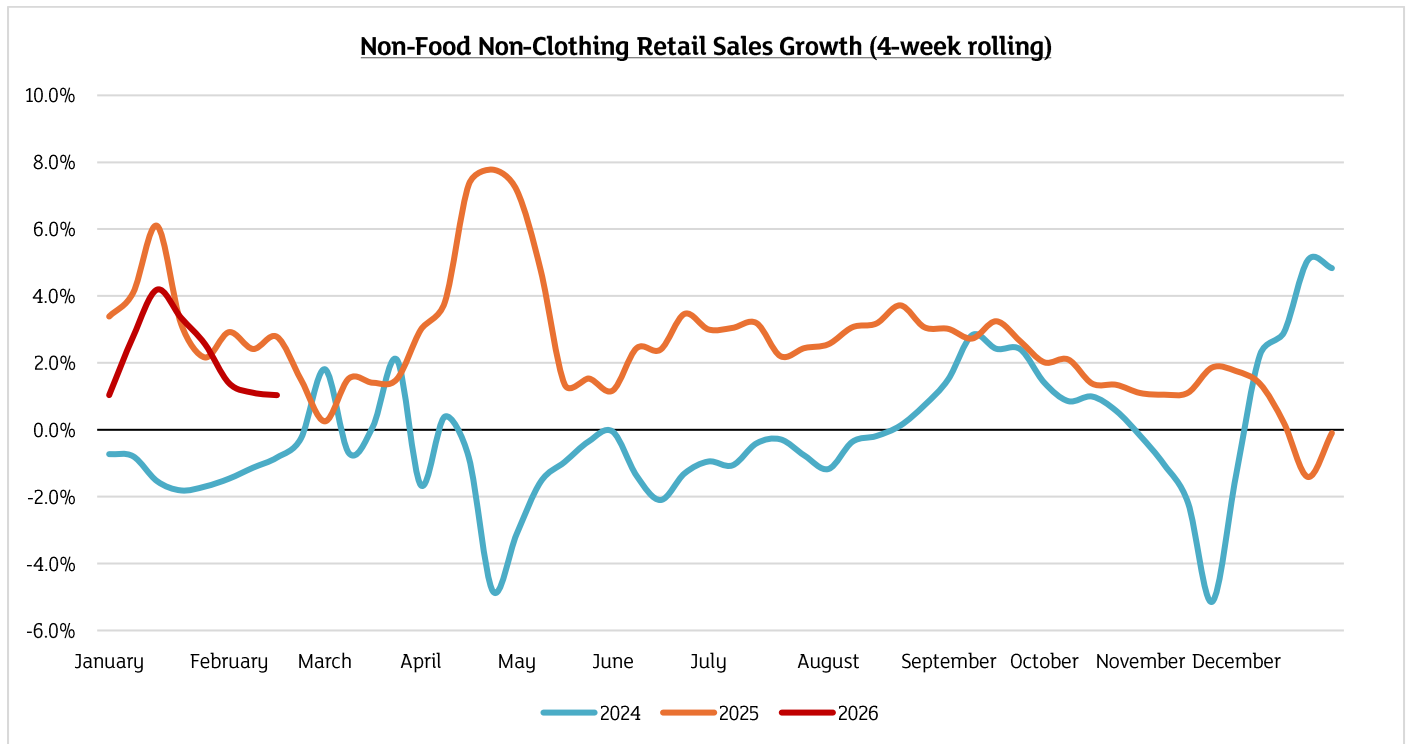
- The table below shows Kantar’s read of Sainsbury’s Grocery growth over recently reported quarters
- The publicly available four-week Kantar periods do not exactly align to our reporting periods; they are one week behind Sainsbury’s reporting periods
 - a) The Kantar data shown below for Q3 25/26 is 16-week data to 28th December 2025. Please note that Sainsbury’s Q3 25/26 reporting period covered the 16 weeks to 3rd January 2026, including the period around New Year’s Eve
 - b) The Kantar data for Q4 to date 25/26 is 8-week data to 22nd February 2026. Sainsbury’s Q4 25/26 reporting period covers the 8 weeks to 28th February 2026
- Sainsbury’s reported numbers are shown in the tables towards the end of this document

Kantar City Read Sainsbury’s Total Grocery growth*	24/25				25/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	6.3%	6.6%	4.6%	5.4%	4.9%	5.4%	6.3%	5.4%

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

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

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



6. Sales performance: from Q3 25/26 trading statement

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

Like-for-like sales performance	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Like-for-like sales (exc. fuel)	2.9%	4.3%	2.9%	4.0%	4.6%	4.3%	3.4%
Like-for-like sales (inc. fuel)	2.6%	2.2%	0.3%	2.6%	2.2%	2.8%	2.9%

Total sales performance (%)	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sainsbury's	4.3%	5.2%	3.8%	4.2%	4.9%	5.5%	4.9%
<i>Grocery</i>	4.9%	5.5%	4.2%	4.1%	5.0%	5.7%	5.4%
<i>GM (Sainsbury's) + Clothing</i>	(4.5)%	2.0%	(0.4)%	6.4%	4.2%	2.1%	(1.1)%
Argos	(7.7)%	(1.4)%	(1.4)%	1.9%	4.0% ¹	0.1%	(1.0)%
Total Retail (exc. fuel)	2.6%	4.3%	2.9%	3.9%	4.8%	4.8%	3.9%
Fuel ²	0.4%	(10.6)%	(17.4)%	(6.8)%	(13.6)%	(7.8)%	(1.2)%
Total Retail (inc. fuel)	2.3%	2.2%	0.3%	2.5%	2.4%	3.2%	3.4%

Total sales performance (£m)	2024/25				2025/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sainsbury's	7,431	5,497	8,040	3,690	7,797	5,799	8,431
<i>Grocery</i>	6,995	5,155	7,426	3,484	7,342	5,450	7,824
<i>GM (Sainsbury's) + Clothing</i>	436	342	614	206	455	349	607
Argos	1,077	860	1,611	548	1,120	861	1,595
Total Retail (exc. fuel)	8,508	6,357	9,651	4,238	8,917	6,660	10,026
Fuel ²	1,291	894	1,116	575	1,115	824	1,103
Total Retail (inc. fuel)	9,799	7,251	10,767	4,813	10,032	7,484	11,128

¹ Argos Q1 sales have been restated following a reallocation of third party credit sales as a deduction to revenue. The restatement has no impact on profit

² Fuel sales represent sales of fuel from our Petrol Filling Stations (PFS) and sales from our Ultra Rapid Electric Vehicle charging business, Smart Charge

Guidance for 2025/26

Profit

- We expect to deliver Retail underlying operating profit of more than £1 billion
- We expect Financial Services underlying operating profit contribution to be broadly breakeven in 2025/26

Finance costs

- We expect underlying net finance costs of between £300 million and £310 million, including around £265 million lease interest

Space

- We expect to open 12 new supermarkets and approximately 30 convenience stores, while anticipating a modest number of supermarket and convenience store closures
- We expect a net space impact on Retail sales growth of around 0.5 per cent in 2025/26

Depreciation and amortisation

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

Items excluded from underlying results

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

Tax rate

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

Capital allocation

- We expect cash proceeds from the disposal of our banking operations to exceed £400 million
- We have returned £250 million of these proceeds to shareholders via special dividend, paid in December 2025
- We will additionally return £150 million of bank disposal proceeds through share buybacks, with £50 million to be added to the core £200 million buyback in financial year 2025/26 and £100 million to be added to the core buyback in financial year 2026/27

Capital expenditure

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

Retail free cash flow

- We expect to generate more than £550 million of retail free cash flow

Net Debt

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

Pension

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

8. Useful Links

- Q3 25/26 Trading Statement: <https://corporate.sainsburys.co.uk/media/4n2io5dx/j-sainsbury-plc-q3-2526-trading-statement.pdf>
- Q3 25/26 Transcript: <https://corporate.sainsburys.co.uk/media/bsxh1whk/j-sainsbury-plc-q3-2526-transcript.pdf>
- Interim Results 25/26: <https://corporate.sainsburys.co.uk/media/hz2b05ds/j-sainsbury-plc-interim-results-2526-statement.pdf>
- Interim Results 25/26 Transcript: <https://corporate.sainsburys.co.uk/media/rsjlp2fq/j-sainsbury-plc-interim-results-2526-transcript.pdf>
- Preliminary Results 24/25: <https://corporate.sainsburys.co.uk/media/agjkfo41/prelim-results-announcement-24-25-report.pdf>
- Preliminary Results 24/25 Transcript: <https://corporate.sainsburys.co.uk/media/txlnjgzo/j-sainsbury-plc-preliminary-results-2425-transcript.pdf>

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