Tesco Interim Results 2025/26.

Ken Murphy, Chief Executive Officer
Imran Nawaz, Chief Financial Officer

2 October 2025

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Agenda.

01. Introduction

02. Interim results

03. Strategic progress

04. Q&A

Introduction.

Ken Murphy

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Delivering in a competitive market.

1 Focus on value, quality and service

2 Improvement in customer perception

3 Strong market share performance

4 Further progress on long-term opportunities

Growth across all areas of the business.

+5.1%	Group sales growth[1]
£1,298m	Free cash flow
+1.6%	Group adj. operating profit growth[2]
+6.8%	Adj. diluted EPS growth[3]

1. YoY change at constant exchange rates, excluding VAT and fuel.
2. YoY change at constant exchange rates.
3. YoY change at actual exchange rates.

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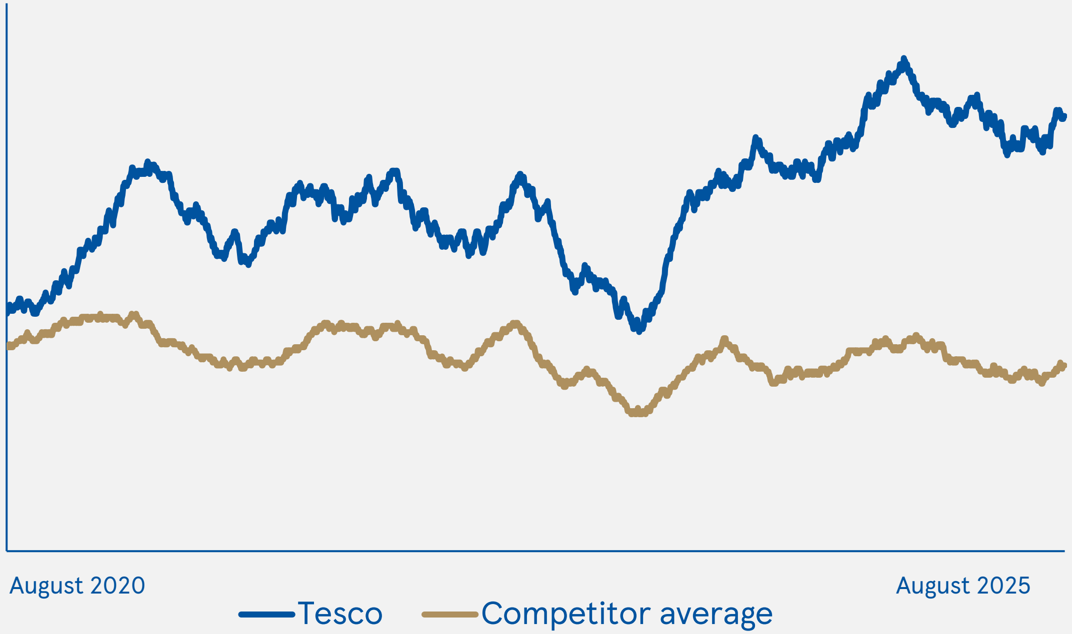
Trusted by our customers.

Brand perception vs competitors[1]



+96 bps	Overall brand perception[2]
+6 points	NPS[3]
+89 bps	Value[2]
+263 bps	Satisfaction[2]
+13 bps	Quality[2]
28 consecutive periods	Market share gains[4]

1. YouGov BrandIndex scores for the period 25 August 2020 to 24 August 2025. Competitor average refers to Sainsbury's, Asda, Morrisons, Aldi & Lidl.
2. YouGov BrandIndex scores for the 12 weeks ended 24 August 2025. YoY growth.
3. BASIS Global Brand Tracker. 13 weeks ended 23 August 2025. Responses to the question: "How likely is it that you would recommend the following company to a friend or colleague as a place to shop?"
4. Worldpanel by Numerator Total Till Roll for 4 weeks ended 7 September 2025. Consecutive periods refers to 4-week measures.

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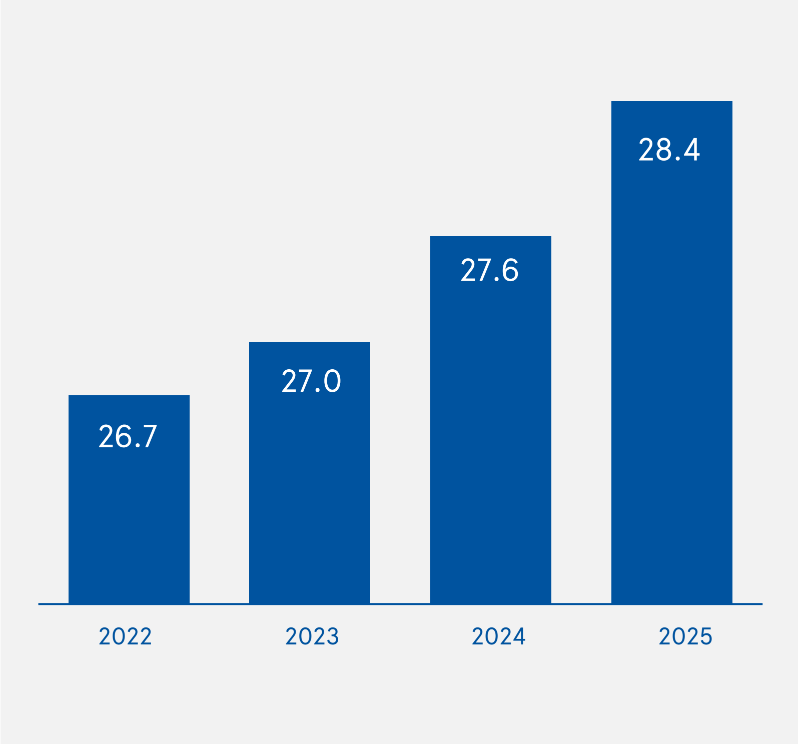
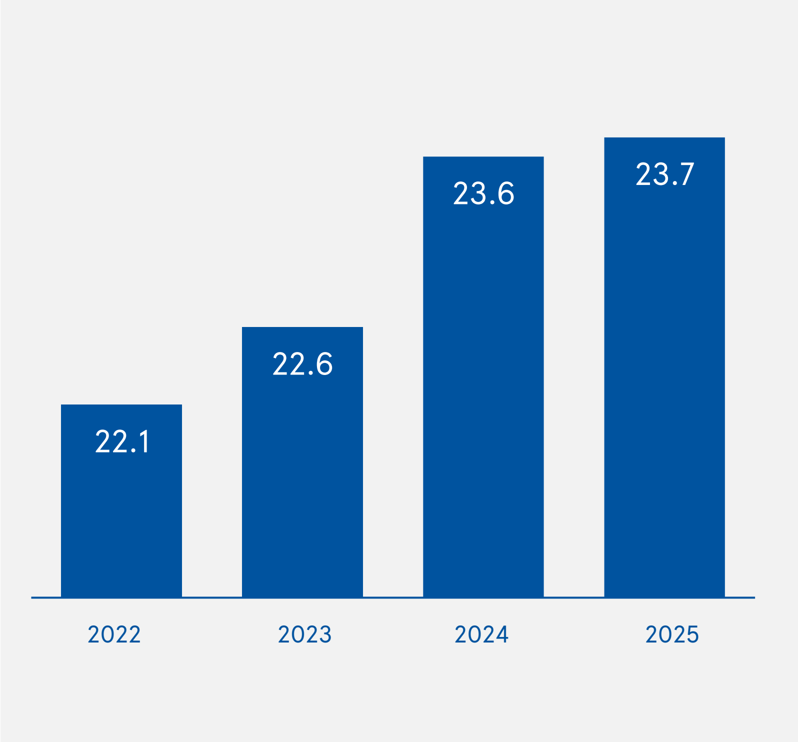
Further market share gains.

UK market share (%)[1]



ROI market share (%)[1]



1. Worldpanel by Numerator Total Till Roll for 12 weeks ended 7 September 2025 / comparable period in prior years.

A winning value proposition.

Aldi Price Match

Low Everyday Prices

The power to lower prices

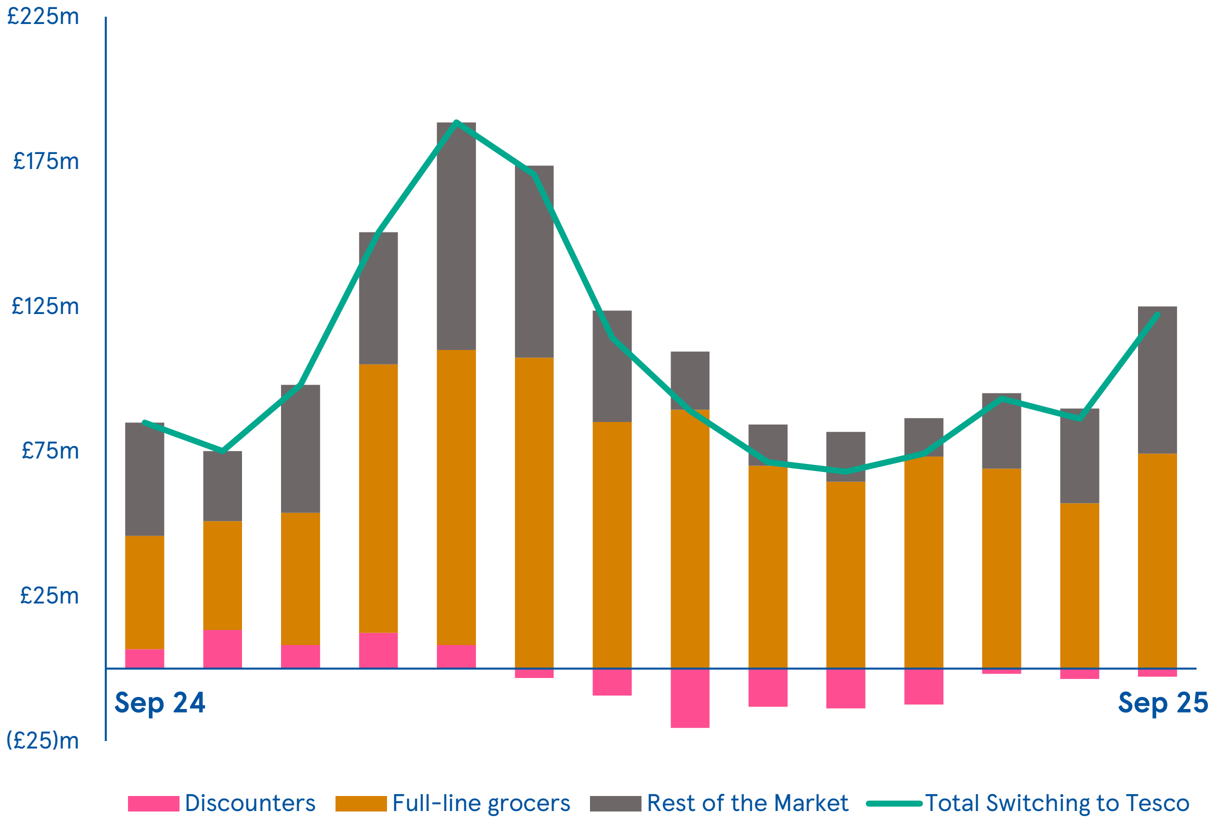
Clubcard Prices

Further investments in price, quality and service

Higher than anticipated market share gains

Winning share from the majority of our key competitors

Net switching gains



1. Worldpanel by Numerator Total Till Roll net switching gains 12-week rolling basis to 7 September 2025. Limited range discounters refers to Aldi & Lidl. Other full-line grocers refers to Sainsbury's, Asda & Morrisons.

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Investing in quality across our ranges.

Finest sales +16% with over 200 new products

Over 470 new products and 560 improved across own-brand ranges

Winner of “Retailer of the Year” at the Free From Food Awards 2025

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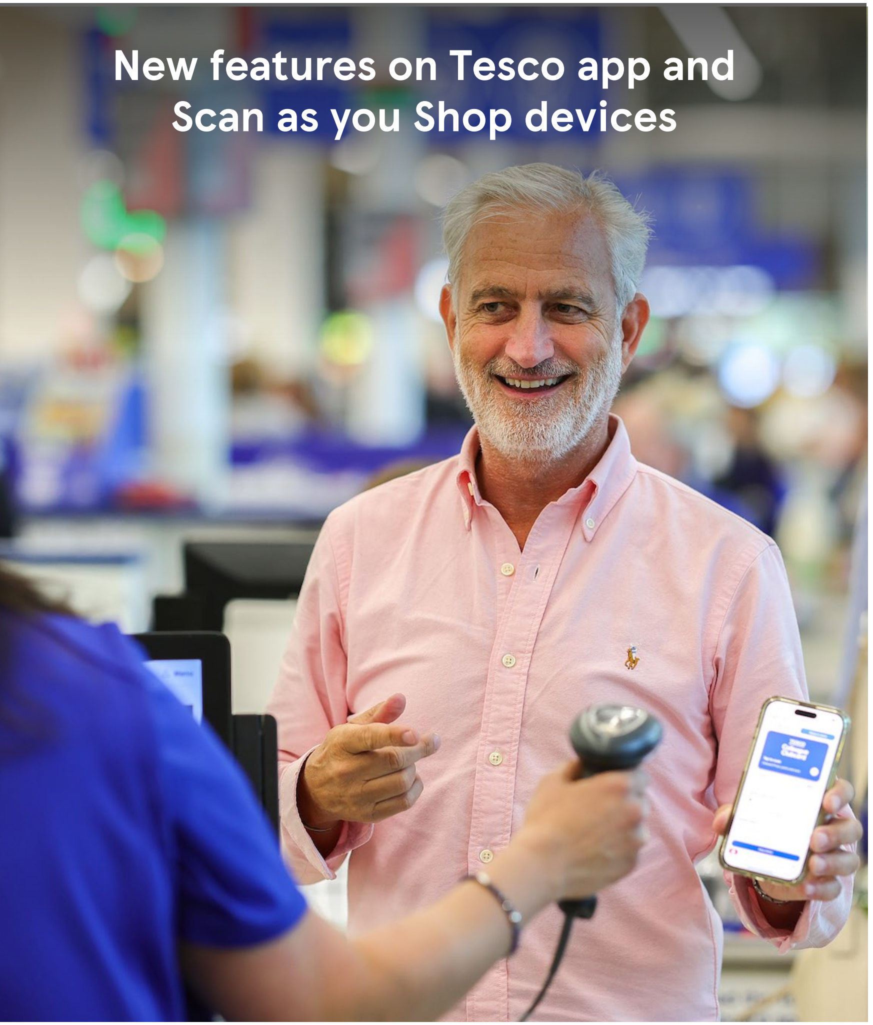
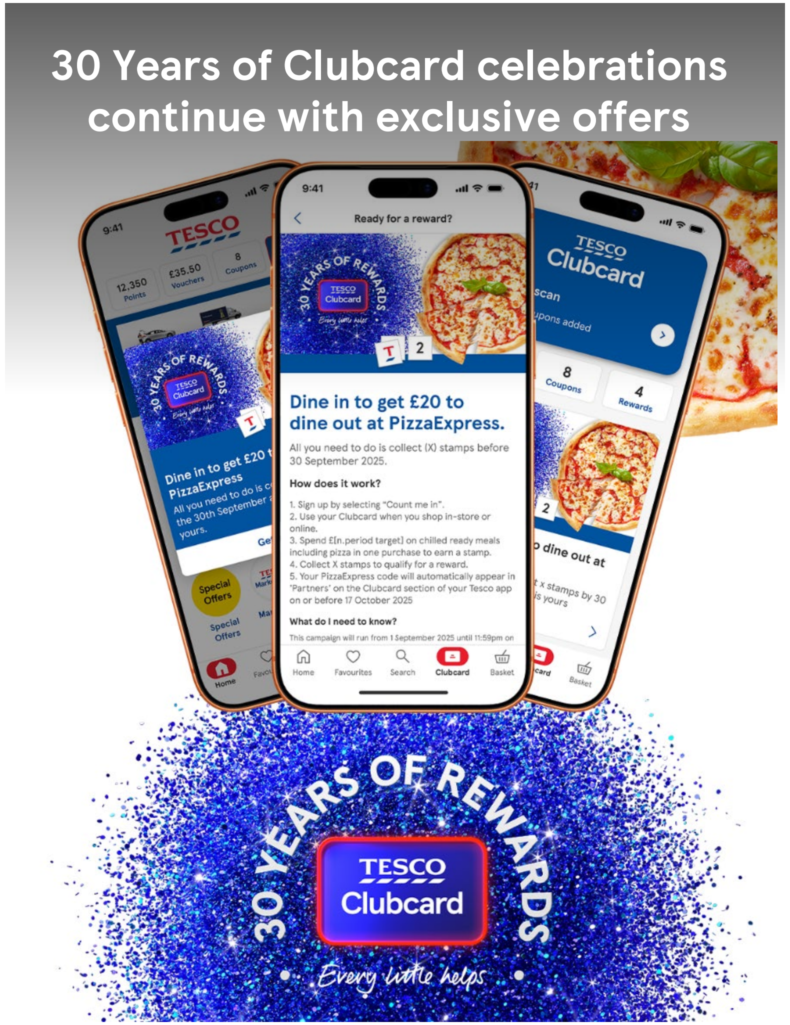
I love my Tesco Clubcard.

New features on Tesco app and Scan as you Shop devices



30 Years of Clubcard celebrations continue with exclusive offers



Clubcard points for charging at Pod EV points

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Working together.

£180m investment in colleague pay

More than 64,000 colleagues participating in company share schemes

Personal safety app offered to all UK colleagues

PEOPLESAFE

Championing an inclusive and gender-equal workforce

THE TIMES TOP 50 EMPLOYERS FOR GENDER EQUALITY 2025

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Committed to all our stakeholders.

Communities

- Expanded Stronger Starts Fruit & Veg programme to 500 UK primary schools
- New campaign with Diabetes UK backed by our >360 pharmacy network
- Clubcard rewards on fruit and veg as part of 5-a-day campaign

Planet

- New PPA with EDF - Hare Craig wind farm in Scotland due to start generating in 2028
- On track to achieve 65% healthy food sales target by end of 2025
- Due to take delivery of our 1,000th EV home delivery van in October 2025

Suppliers

- Supplier satisfaction up 1ppt YoY to 88%[1]
- Additional financial incentives for 400+ farmers to achieve environmental goals
- Produce grown at our low carbon concept farm now available in select UK stores

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1. Kantar Supplier Viewpoint H1 25/26.

Strong progress in H1.

Decisive action to further invest in value, quality and service

Strong UK market share gains, building on already strong momentum

Competitive intensity remains

Creating sustainable value for all our stakeholders

Interim results.

Imran Nawaz

Performance headlines.

On a continuing operations basis[1]

Like-for-like sales growth across all markets

Higher than anticipated market share gains in response to our investments in value, quality and service

Strong cash delivery in line with expectations

Bought back £773m worth of shares in the half

Net debt increase of £430m includes partial return of Bank disposal proceeds to shareholders

Group sales[2]	Adj. Op. Profit[3]
+5.1%	**£1,674m**
Like-for-like +4.3%	+1.6% vs. last year

Free cash flow	Net debt
£1,298m	**£(9,884)m**
+£37m vs. last year	Increased by £430m since year-end

EPS[4]	Dividend
15.43p	**4.80p**
+6.8% vs. last year	+12.9% vs. last year

1. In line with FY 24/25, the performance of the Banking operations in the prior year has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business ('IMS') has been presented on a continuing operations basis and therefore within headline performance measures. There are no discontinued operations in H1 25/26.
2. Group sales at constant rates of exchange and exclude VAT and fuel.
3. Group adjusted operating profit before adjusting items. Change shown at constant exchange rates.
4. Adjusted diluted EPS before adjusting items. Change shown at actual exchange rates.

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Segmental performance.

On a continuing operations basis

	Sales[1]	Change at constant rates	LFL	Adjusted operating profit[2]	Change at constant rates	Margin[3]
UK & ROI	£26,211m	5.6%	4.9%	£1,468m	2.1%	5.0%
Booker	£4,734m	2.4%	1.7%	£162m	0.6%	3.4%
Central Europe	£2,106m	5.0%	3.4%	£44m	(11.2)%	2.0%
Group	**£33,051m**	**5.1%**	**4.3%**	**£1,674m**	**1.6%**	**4.6%**

Note: Following changes to the Group Executive Committee during the period, Booker now meets the definition of an operating segment set out in IFRS 8 'Operating Segments'

1. Sales exclude VAT and fuel.
2. Group adjusted operating profit before adjusting items.
3. Margin % at actual exchange rates.

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UK.

LFL[1] sales +4.9%; continued market share gains +77bps[2] with further volume growth

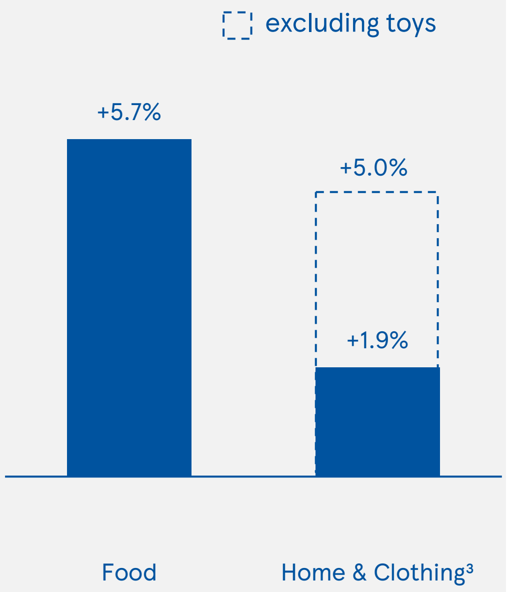
Food +5.7%; volume growth driven by ongoing investments in value and customer experience

Finest +16.2%; in third year of double-digit growth

Clothing +7.8%; new ranges performing strongly

All channels in LFL[1] sales and share growth

LFL – Food / Non-Food view



LFL - Channel view

	LFL growth
Large	4.5%
Convenience	1.4%
Online	11.4%

1. LFL refers to like-for-like sales growth.
2. Market share based on Worldpanel by Numerator Total Grocers Total Till Roll for 12 weeks ended 7 September 2025.
3. Our partnership with The Entertainer means we no longer recognise the full value of toy sales and instead earn commission income.

UK – Online.

Sales growth of +11.4%, driven mainly by volume

Online market share[1] of 36.9%; year-on-year growth of +112bps

Delivery Saver subscribers up +9.3% to 788k

Whoosh contributed c.2ppts to online growth

	H1 25/26	YoY change
Sales inc. VAT	£3.7bn	11.4%
Orders per week	1.45m	12.1%
Basket size[2]	£111	2.8%
% of UK total sales	14.0%	0.7ppts

1. Worldpanel by Numerator Total Grocery Channel Market share – Online for 12 weeks ended 7 September 2025.
2. Basket size relates to grocery home shopping (excludes Tesco Whoosh, F&F online and Marketplace).

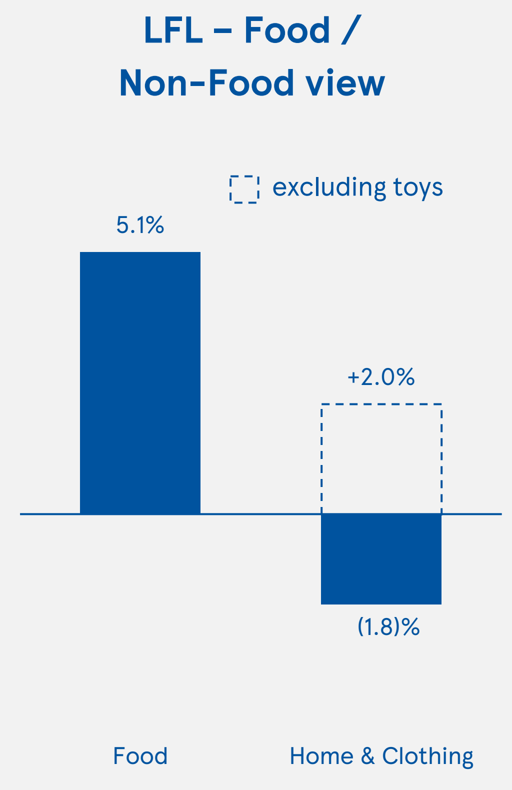
ROI.

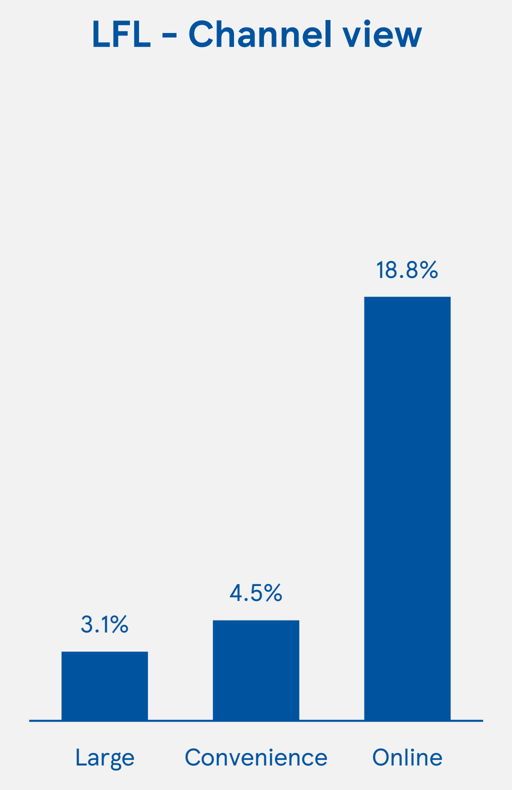
LFL sales +4.8%, supported by volume growth

New space contributing +1.3ppts to total growth, with 8 new stores in the last 12 months

Food sales +5.1% with strong contribution from fresh food and continued growth in Finest, up +13%

Online growth +18.8%, supported by additional capacity and same day delivery





Growth shown at constant exchange rates.

Booker.

Core Retail sales +4.1%; strong growth in symbol brands[1] and 275 net new retail partners

Core Catering sales +5.7%, with volume growth supported by warm weather benefit

Tobacco market continues to decline

Best Food Logistics sales +1.3%, despite weakness in parts of the fast-food market

	Sales	LFL
Core Retail	£1,725m	4.1%
Core Catering[2]	£1,461m	5.7%
Tobacco	£810m	(8.8)%
Best Food Logistics	£738m	1.3%
Total	**£4,734m**	**1.7%**

1. Symbol brands refers to Premier, Londis, Budgens and Family Shopper.
2. Includes sales to small businesses and sales from Venus Wine and Spirit Merchants PLC, which was acquired in June 2024 and included in LFL growth from June 2025.

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Central Europe.

LFL sales +3.4%, with food sales up +4.0%; targeted investments to protect competitiveness

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Improved NPS across all countries

Economic and regulatory pressures continue throughout the region

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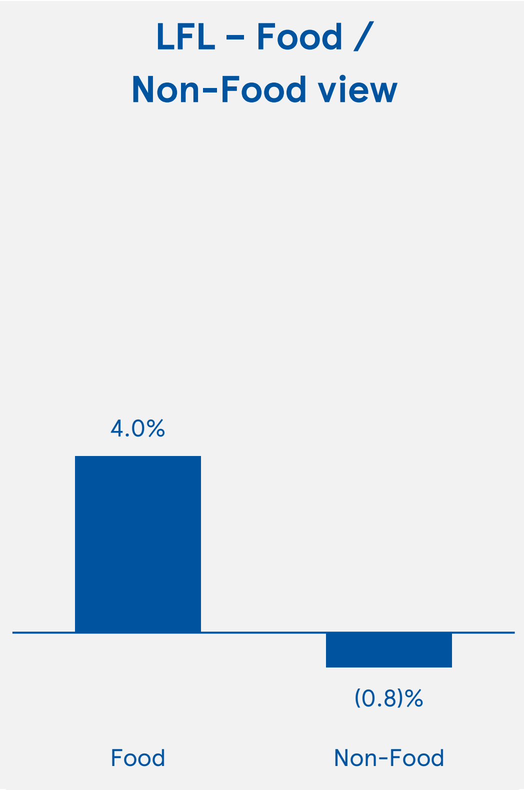
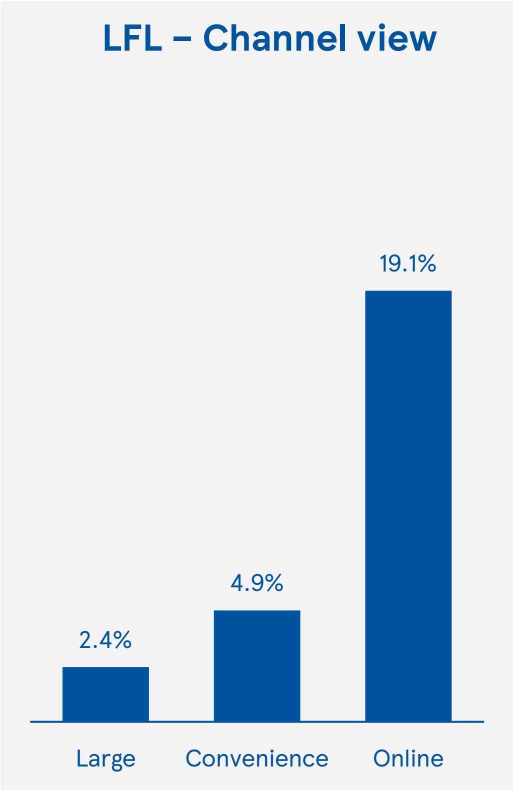
Online growth of +19.1%, supported by a rollout to further nine stores across the region





Growth shown at constant exchange rates.

Group operating profit.

UK & ROI

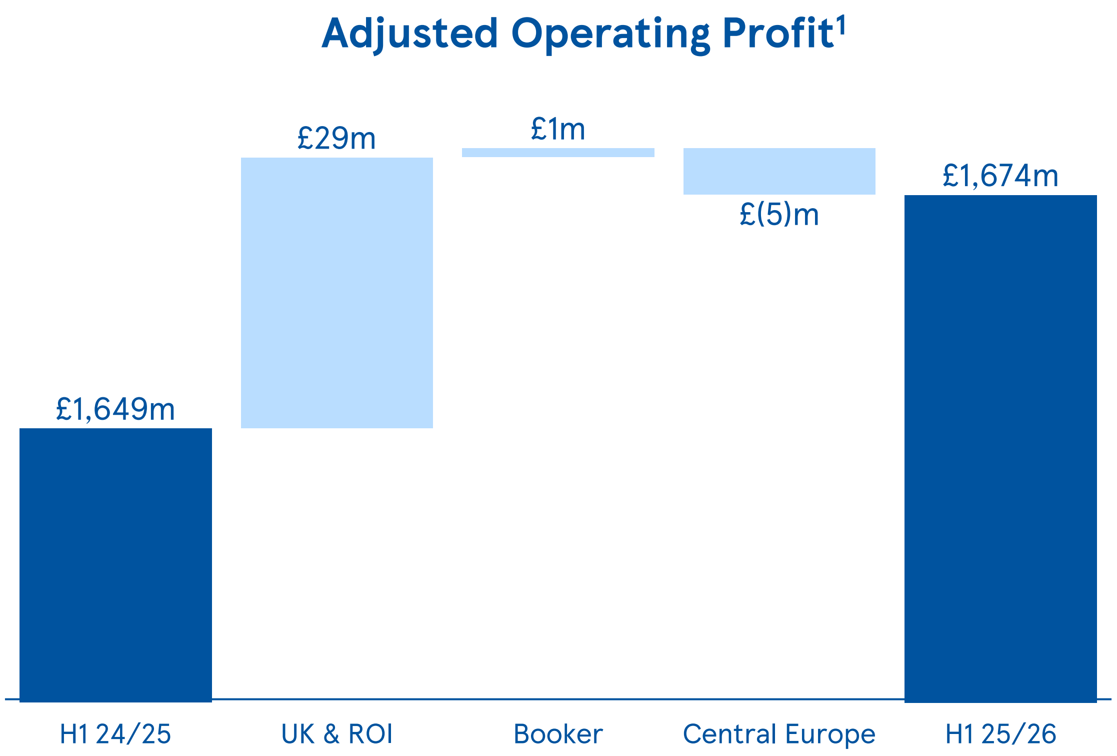
- Strong trading performance and continued delivery of Save to Invest
- More than offset investment in customer offer and ongoing cost inflation
- Strong contribution from IMS

Booker

- Strong sales growth in core retail and catering
- Save to Invest delivery helping offset industry-wide cost inflation

Central Europe

- Targeted price investments
- Impacted by sale of malls in prior year



Operating Margin[2]	5.0%	3.4%	2.0%	4.6%

1. Year-on-year change in operating profit before adjusting items at actual rates.
2. Operating Margin % at actual exchange rates.

Statutory profit after tax.

	H1 25/26 £m	H1 24/25 £m	YoY £m
Adjusted operating profit	**1,674**	**1,649**	**25**
Adjusting items[1]	(71)	(37)	(34)
Operating profit	**1,603**	**1,612**	**(9)**
Net finance costs[2]	(297)	(218)	(79)
Joint ventures and associates	(1)	(2)	1
Group tax[2]	(355)	(370)	15
Statutory profit after tax	**950**	**1,022**	**(72)**

Adjusting items of £(71)m reflects:

- Amortisation of acquired intangibles of £(38)m
- Restructuring and property costs of £(20)m
- Bank separation costs of £(13)m

Net finance costs £(79)m higher due to:

- Decrease in adjusted net finance costs of £6m
- Movement in fair value remeasurements[3] of financial instruments of £(92)m
- Decrease in net pension finance cost of £7m

1. Adjusting items within operating profit.
2. Including adjusting items.
3. Reflects fair value movements in financing derivatives. The Group has certain derivatives that do not qualify for hedge accounting, of which the most significant are index-linked swaps.

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Free cash flow.

Working capital inflow of £408m; year-on-year increase driven by strong sales performance

Cash capex of £716m; more even phasing of investments versus FY 24/25

Net interest up £(24)m; timing impacts on bond coupons and derivatives, and lower deposit rates

Tax paid up £(50)m reflects cessation of historical tax deductions and phasing of tax payments

Dividends received up £50m year-on-year reflecting income received from IMS

	H1 25/26 £m	H1 24/25 £m
Cash generated pre-working capital	**2,426**	**2,382**
Decrease in working capital	408	169
Operating cash flow	**2,834**	**2,551**
Cash capex[1]	(716)	(594)
Net interest	(269)	(245)
Tax paid	(226)	(176)
Dividends received	52	2
Repayment of lease obligations	(314)	(294)
Share schemes	(63)	17
Free cash flow	**1,298**	**1,261**

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1. Cash capex excluding store buybacks, direct store purchases and associated refits.

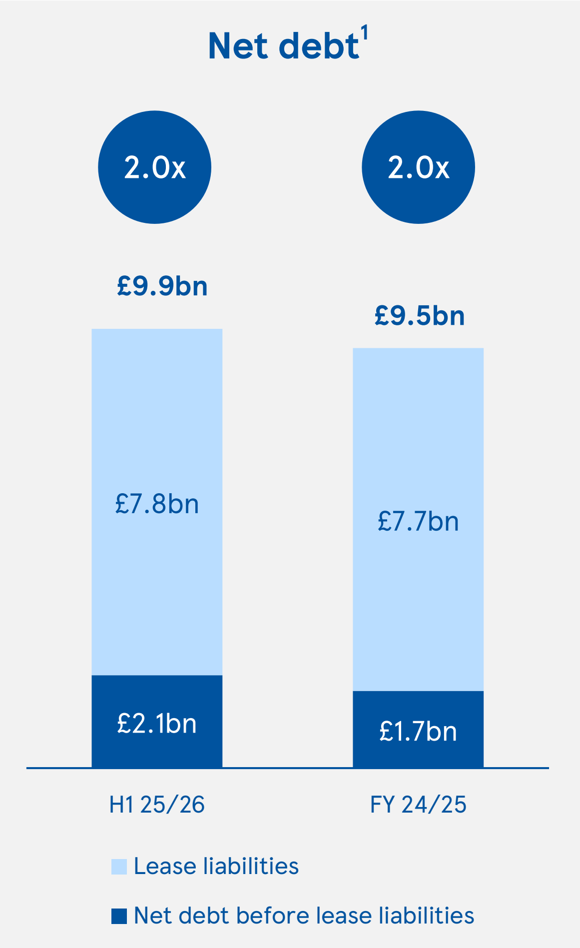
Balance sheet metrics.

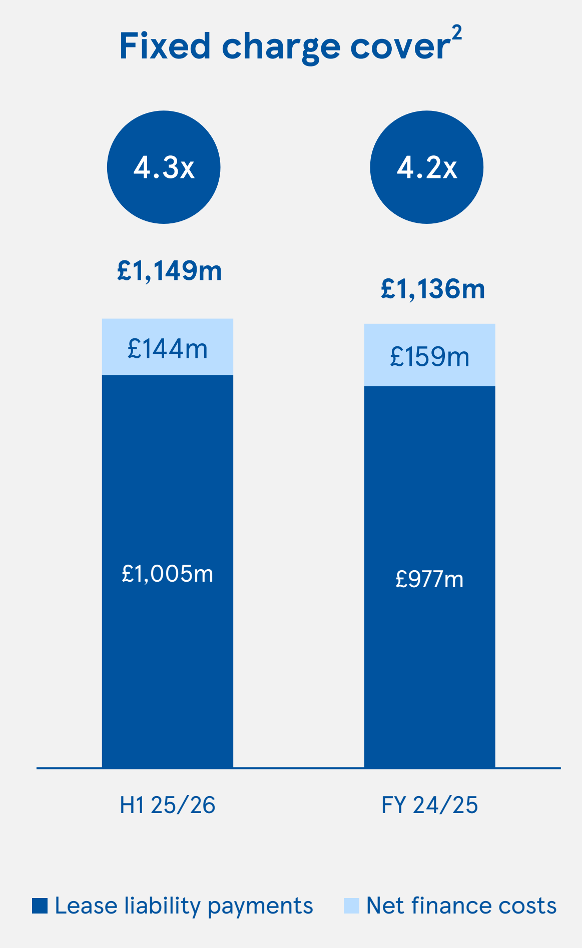
Net debt[1] increase reflects partial return of bank proceeds

Net debt ratio 2.0x reflects strong balance sheet

Fixed charge cover improved to 4.3x

Pension deficit reduced and triennial actuarial pension valuation completed (106% funding level)





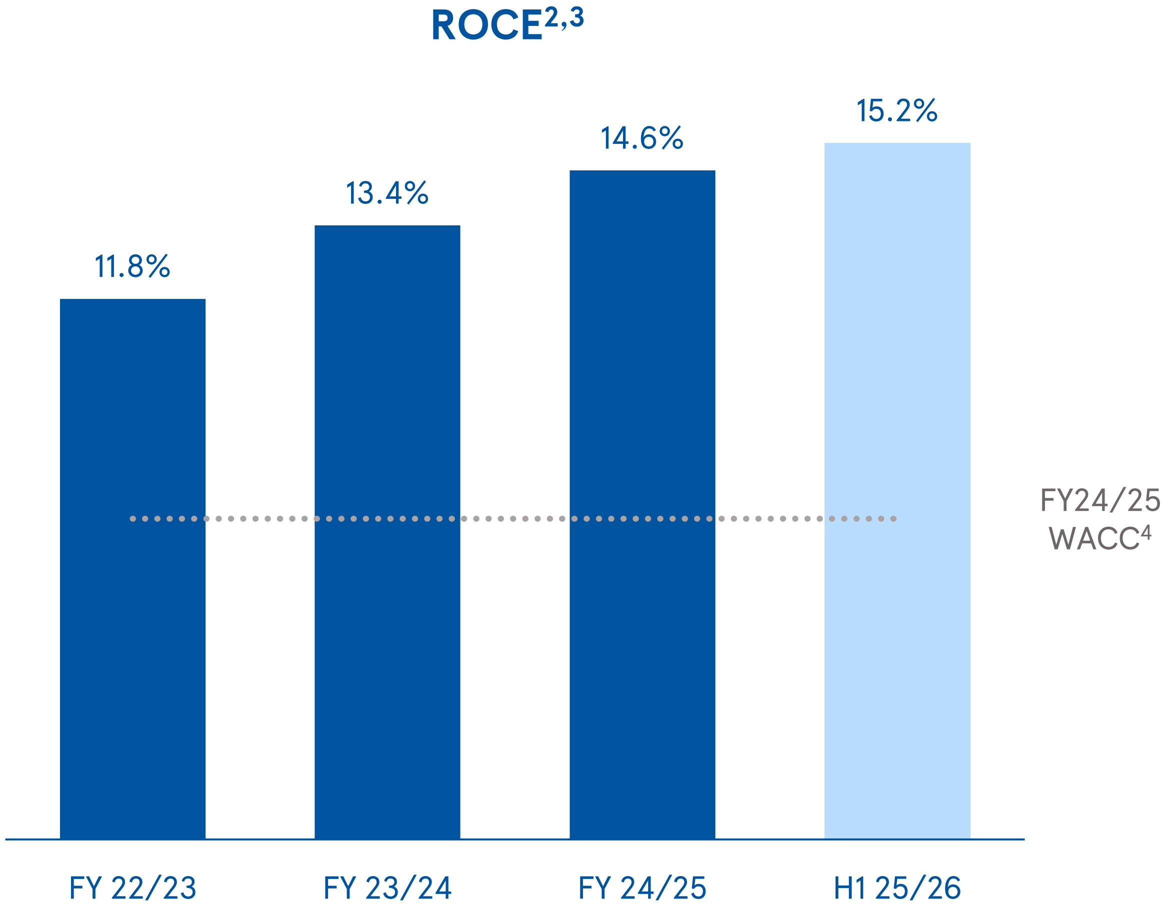
1. Net debt is inclusive of IFRS 16 lease liabilities.
2. Fixed charge comprises net finance costs (excluding net pension finance income/costs, interest expense on lease liabilities, capitalised interest and fair value remeasurements) and total lease liability payments from continuing operations.

Capital expenditure.

Prioritising high returning areas, including distribution automation and digital platforms

Continued investment in our estate;
38 new openings[1] and 112 stores refreshed

H1 capital expenditure £667m; expect FY c.£1.5bn



1. Excludes franchise stores.
2. Return on capital employed (ROCE) is a Group Alternative performance measure (APM), defined in the Glossary starting on page 38 of the 25/26 Interim results statement.
3. ROCE is presented on a Group continuing operations basis in FY 24/25 and H1 25/26, and includes Insurance and Money Services. Prior years have not been restated. H1 25/26 ROCE is based on adjusted operating profit for the 52 weeks ended 23 August 2025.
4. UK pre-tax weighted average cost of capital.

Updated outlook.

H1 investments mitigated by:

- Better than expected customer response to our actions
- Strong Save to Invest contribution
- Benefit of extended period of good weather

Competitive intensity remains elevated

Committed to further investing in our offer

FY 25/26 Guidance

Group adjusted operating profit between £2.9bn and £3.1bn[1]

Free cash flow within our medium-term guidance range of £1.4bn to £1.8bn

1. An increase from previous guidance issued in April 2025 of between £2.7bn to £3.0bn.

Multi-year performance framework.

Drive top-line growth

- Increasing customer satisfaction relative to the market
- Growing or at least maintaining our core UK market share

Grow absolute profits & maintain sector-leading margins

- Leveraging our assets efficiently across all channels
- Accessing new revenue streams across our digital platform
- Targeting productivity initiatives to at least offset inflation

Generate
£1.4bn to £1.8bn
free cash flow per year

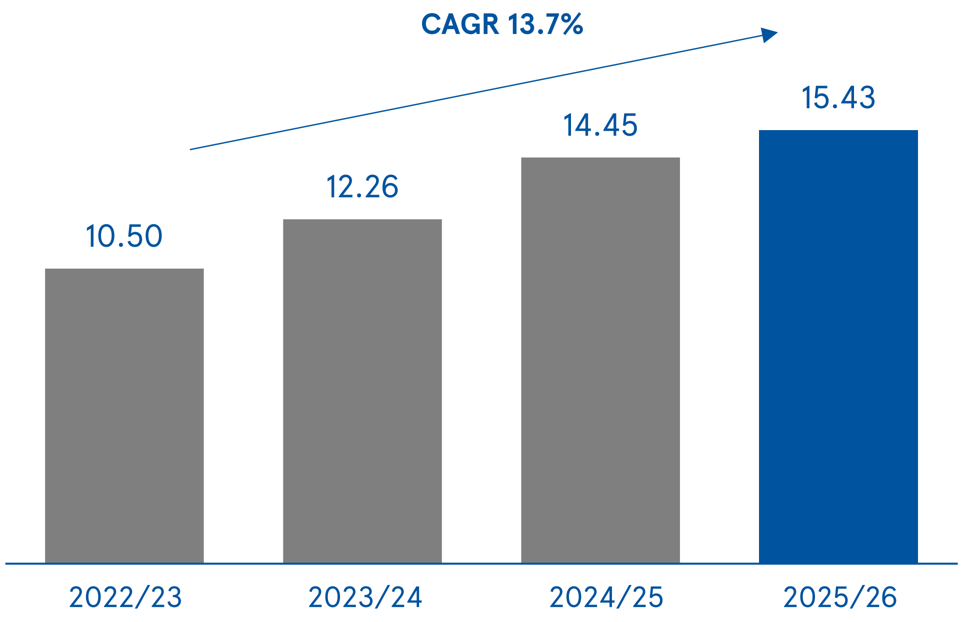
Long term momentum.

Continued investment in customer offer

Strong consistent earnings growth

Cash generation funding capital returns

H1 adjusted diluted EPS[1]



1. Adjusted diluted EPS before adjusting items.

Strategic progress.

Ken Murphy

Our strategic priorities.

Magnetic value for customers

Re-defining value to become the customer's favourite

I love my Tesco Clubcard

Creating a competitive advantage through powerful digital capability

Easily the most convenient

Serving customers wherever, whenever and however they want to be served

Save to Invest

Simplify, become more productive & reduce costs

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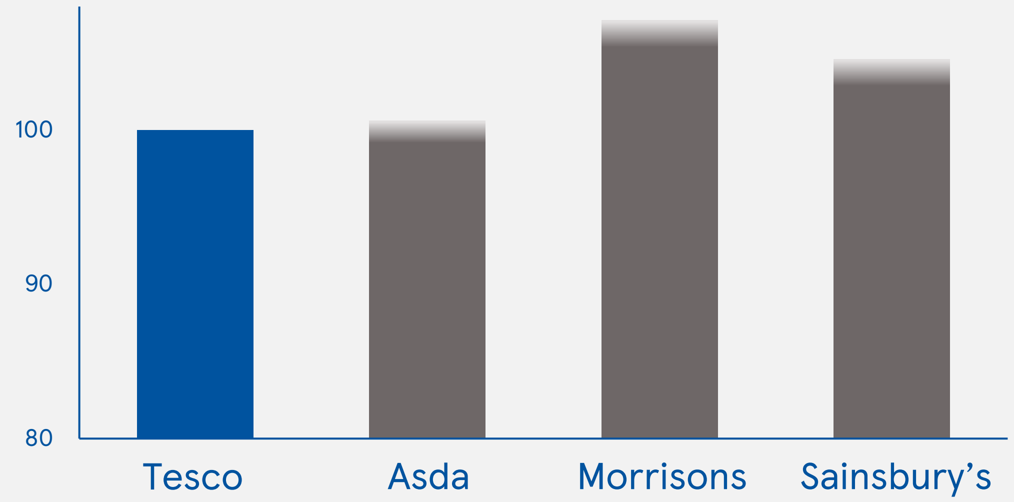
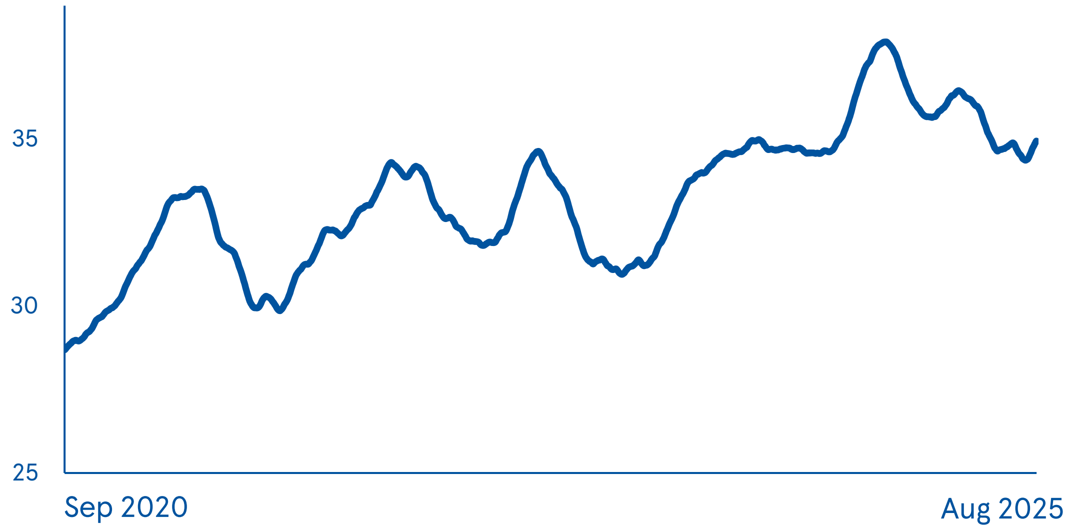
Magnetic value for customers.

Price positioning[1]



Quality perception[2]



+3ppts Easy to find what I am looking for[3]

+4ppts Friendly and helpful staff[3]

1. UK Price Index for first 6 periods of FY 25/26: an internal measure calculated using the retail selling price of each item on a per unit or unit of measure basis. Competitor retail selling prices are collected weekly by a third party. The price index includes price cut promotions and is weighted by sales to reflect customer importance. Grey gradient represents the range between the highest and lowest price ranges during H1 25/26.
2. YouGov BrandIndex scores for the period 23 September 2020 to 24 August 2025.
3. Global Brand Tracker Net Promoter Score (NPS) pillars as at 29 August 2025. YoY change.

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Investing in the core of our business.

Save to Invest progress across operations, property and central overheads

38 new stores opened in the UK, Ireland and Central Europe, and a further 112 refreshed

Opened new semi-automated fresh food distribution centre in Aylesford

Halstead Superstore


Wokingham Superstore


Aylesford distribution centre

Enhancing our leading online offer.

Tesco Whoosh
Orders +48% with average basket size of c.£30. Recently launched in ROI

TESCO Marketplace.

F&F

Home Delivery.

UK online
2.2m active customers, with over 130 new vans added to boost capacity

F&F online
Over 3m site visits per month, shopping over 2,000 products

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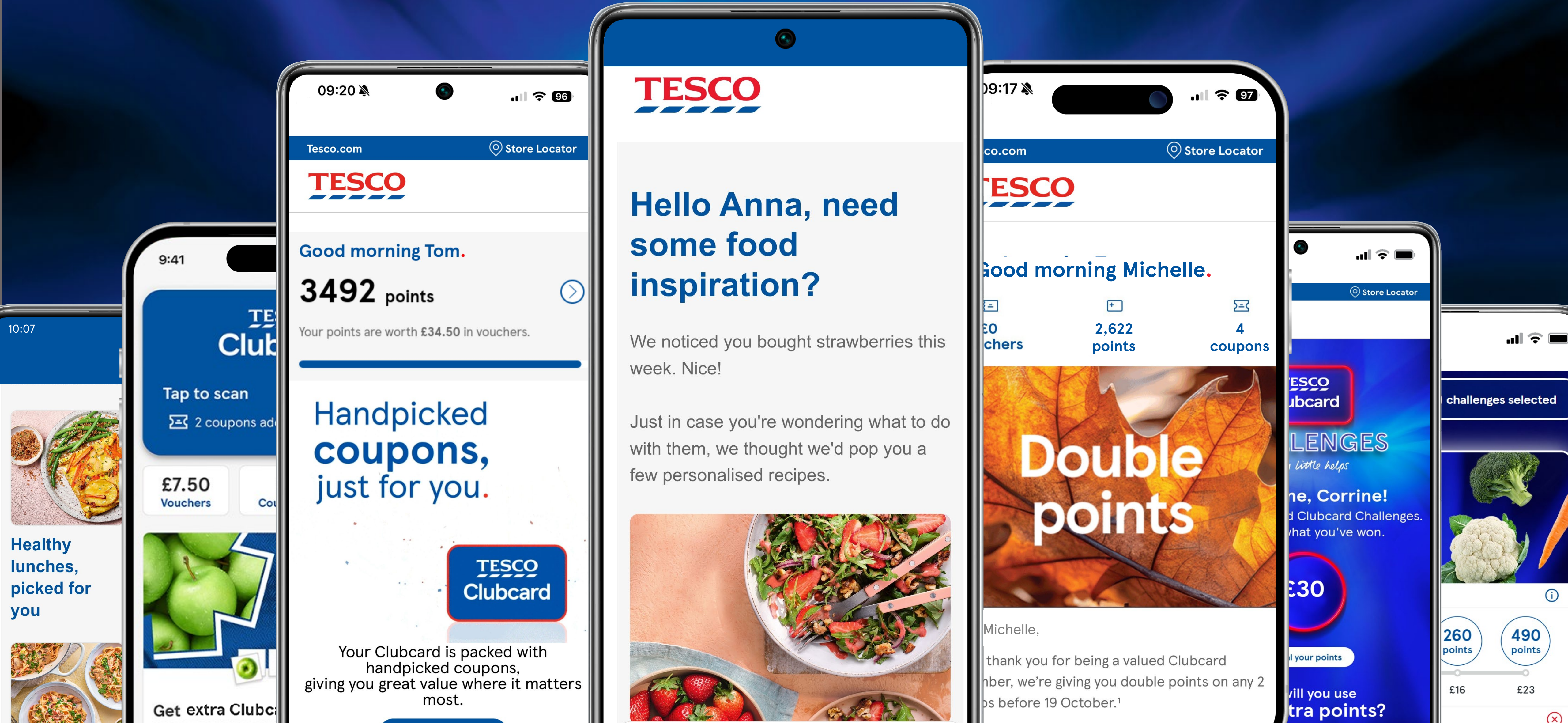
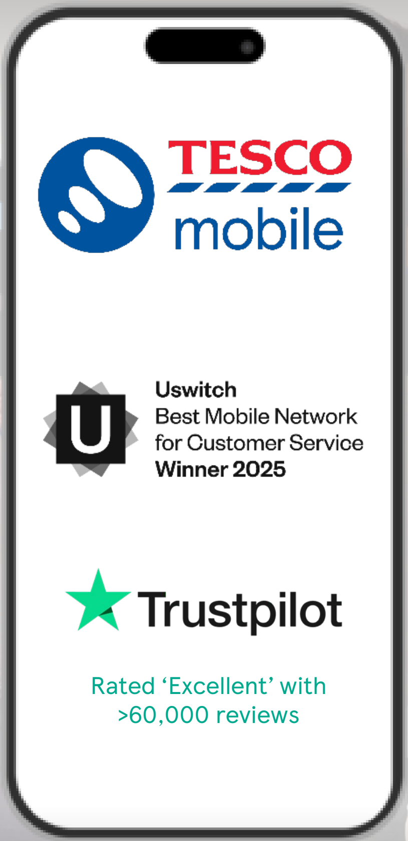
Personalised customer engagement.



Meeting more customer needs.

Save money on peace of mind.

Life insurance added to range of products sold by Tesco Insurance



Tesco Mobile offers exclusive Clubcard offers, no roaming fees and award-winning customer service

F&F Home provides timeless and affordable designs at great prices, made by our in-house designers

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Powerful retail media capability.

Continued development of dunnhumby Sphere end-to-end retail media platform

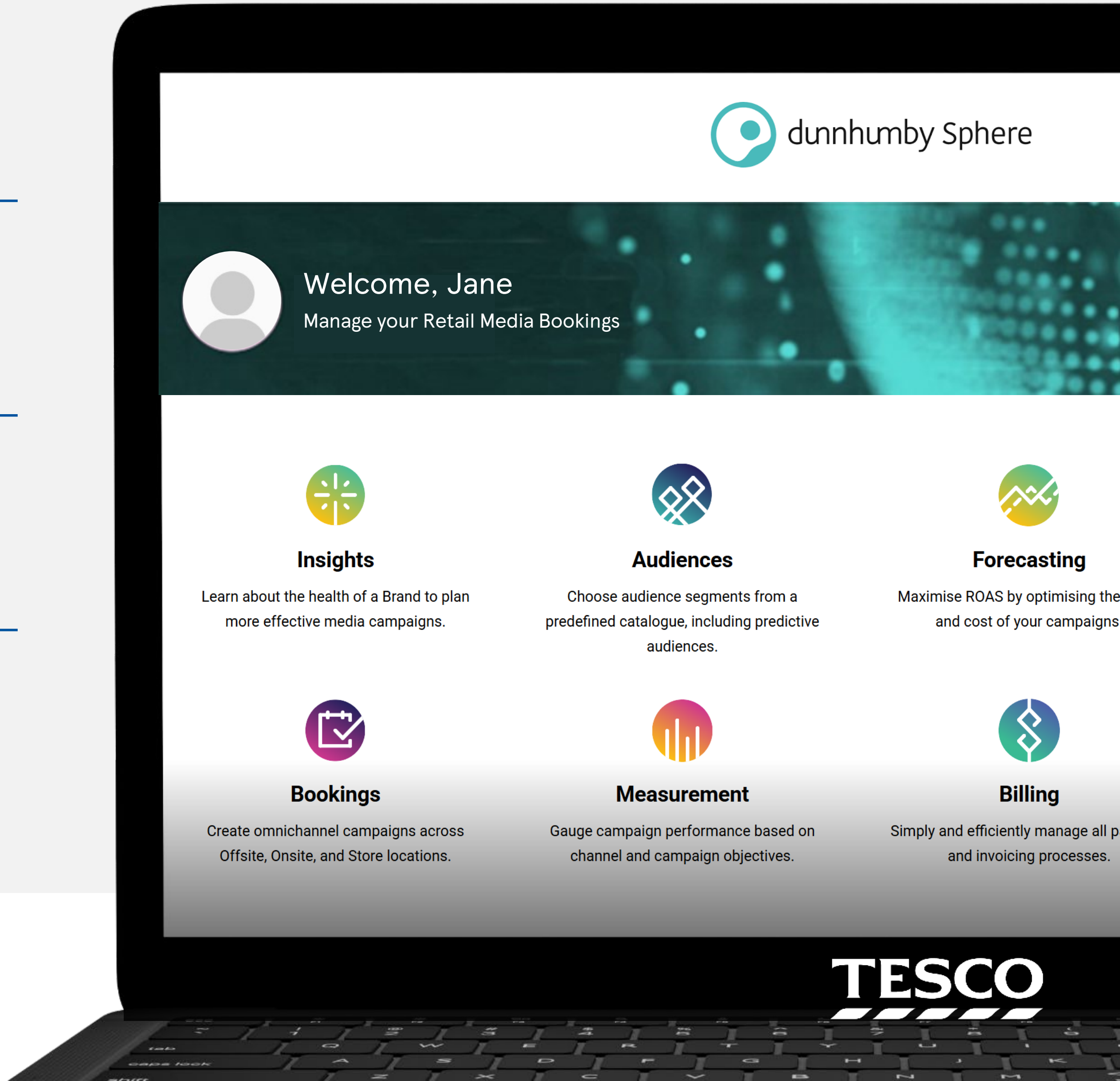
>600
total clients

Growth in smaller brand advertising with tailored and self-serve products

Launched video advertising on Tesco app and rolled out more Express screens

+555
screens in Express stores in H1

Awarded 'Retail Media Network of the Year' at Retail Media X Awards



Building capability with data and AI.

Powering greater customer insight — **Growing supplier partnerships** — **Product innovation and range optimisation** — **Driving operational efficiencies**

A few highlights

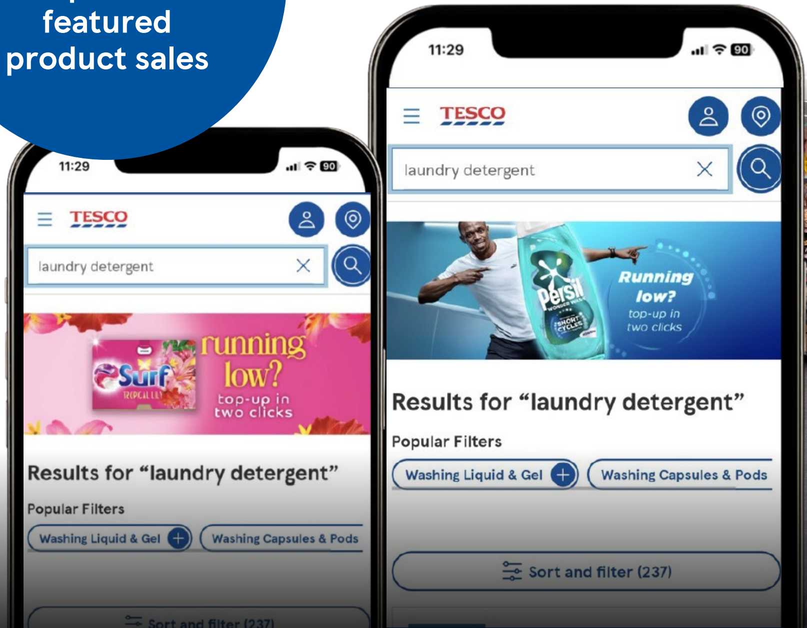
c.30% uplift in featured product sales

Using Clubcard data to predict product replenishment cycles and drive timely, targeted advertising

AI-powered range curation tool enabling improved tailoring of store offer to local shopping habits

Tesco Hive and Bumblebee optimising routes for distribution and home deliveries

c.100k miles per week saved



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Summary.

Strong customer response and market share gains

Continued focus on value and product innovation

Investing in long-term growth opportunities and capability

Expect FY 25/26 Group adjusted operating profit between £2.9bn and £3.1bn

Creating sustainable value for all our stakeholders

Appendix.

Guidance.

Group profit	FY 25/26 Adjusted operating profit between £2.9bn and £3.1bn
Free cash flow	Within our medium-term guidance range of £1.4bn to £1.8bn
Capex	Expect full year capital expenditure of c.£1.5bn
Net finance costs[1]	Broadly in line with last year (FY 24/25: £(536)m)
Leverage ratio	Targeting c.2.8 – 2.3 times Net debt[2]/EBITDA
Tax	Adjusted effective tax rate to remain around 27% in FY 25/26
Dividend	Progressive (broadly targeting c.50% of earnings) Interim dividend 35% of prior year full year dividend
Share buyback	£1,450m share buyback programme announced April 2025, including return of £700m proceeds from sale of banking operations, to be completed by April 2026

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1. Guidance relates to adjusted net finance costs (including finance charges payable on lease liabilities).
2. Net debt is inclusive of IFRS 16 lease liabilities.

Debt and liquidity.

Debt maturity profile

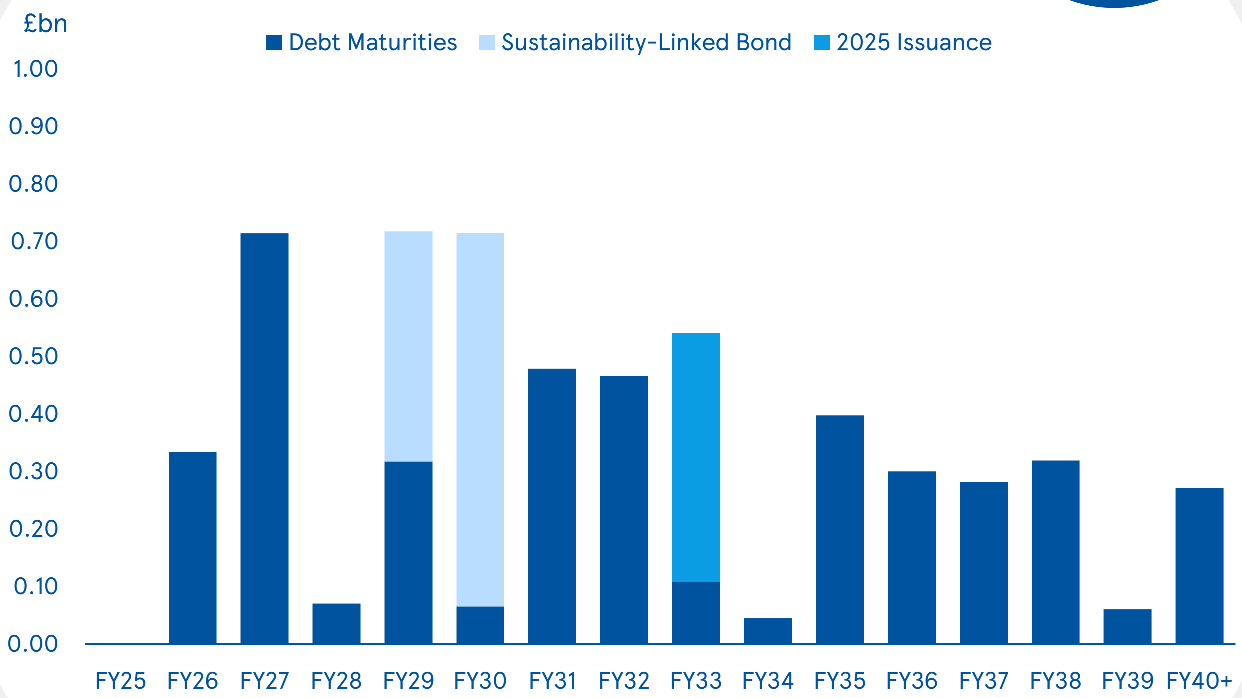
Smooth debt maturity profile

- Less than £1bn maturing in any one year
- Weighted average maturity of c.6 years

Weighted average interest cost of c.4.6%

Strong liquidity position

- £3.4bn cash[1]
- £2.5bn of undrawn committed facilities



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1. Cash and cash equivalents plus short-term investments less reported overdraft.

Adjusting items – H1 25/26.

	H1 25/26 £m	H1 24/25 £m
Amortisation of acquired intangible assets	(38)	(38)
Separation costs related to disposal of Banking operations	(13)	(3)
Restructuring and property (costs) / income	(20)	4
Total adjusting items included within operating profit (continuing operations)	**(71)**	**(37)**
Net finance (costs) / income	(34)	51
Tax credit / (charge)	24	(2)
Total adjusting items included within profit after tax (continuing operations)	**(81)**	**12**
Adjusting items (discontinued operations)	–	(41)
Total adjusting items including discontinued operations	**(81)**	**(29)**

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