

CONTINUED INVESTMENT IN VALUE, QUALITY AND SERVICE DRIVING STRONG MARKET SHARE GAINS.

	H1 25/26	H1 24/25	Change at actual rates	Change at constant rates
Performance highlights (on a continuing operations basis) ^{1,2}				
Group sales (exc. VAT, exc. fuel) ²	£33,051m	£31,463m	5.1%	5.1%
Group adjusted operating profit ²	£1,674m	£1,649m	1.5%	1.6%
Free cash flow ²	£1,298m	£1,261m	2.9%	
Net debt ³	£(9,884)m	£(9,522)m	(3.8)%	
Adjusted diluted EPS ²	15.43p	14.45p	6.8%	
Dividend per share	4.80p	4.25p	12.9%	
Statutory measures (on a continuing operations basis) ¹				
Revenue (exc. VAT, inc. fuel)	£36,036m	£34,773m	3.6%	
Operating profit	£1,603m	£1,612m	(0.6)%	
Profit before tax	£1,305m	£1,392m	(6.3)%	
Diluted EPS	14.22p	14.62p	(2.7)%	
Statutory measures (including discontinued operations) ¹				
Profit after tax	£950m	£1,051m	(9.6)%	
Diluted EPS	14.22p	15.03p	(5.4)%	

Ken Murphy, Chief Executive:

“I am pleased with our first half performance, which builds on already strong momentum. Our market share gains in the UK are a particular highlight and reflect the decisive action we took at the start of the year to further invest in value, quality and service. The extension of our savings programme is helping offset new operating cost inflation, including increased National Insurance and other regulatory costs. Sales have grown across all our businesses, with customer satisfaction scores improving once again.

The steps we have taken to keep prices down for customers have improved our price position relative to the market. We have continued to enhance quality across all our ranges, including Finest, which is now in its third year of double-digit sales growth. Our summer ranges also benefited from over 470 new products and we continued to deliver market-leading availability. The opening of our new semi-automated distribution centre in Aylesford will further support our core fresh food offer.

We are also continuing to invest in our long-term growth, leveraging technology to drive more personalised engagement through Clubcard and deeper retail media reach across channels and suppliers. Our online business is going from strength-to-strength, enhanced by the recent launch of F&F online and continued growth in Whoosh, our rapid delivery service.

Competitive intensity remains high, and with continued pressure on household budgets, we remain committed to ensuring customers get the best possible value by shopping at Tesco. As we continue to invest, we are creating sustainable value for all our stakeholders. Our colleagues are central to everything we do, and I would like to thank them all for the role they have each played in delivering for our customers.”

Strong trading performance with operating profit growth and continued cash generation

- Group LFL⁴ sales up +4.3%, with growth across all markets: UK +4.9%, ROI +4.8%, Booker +1.7%, CE +3.4%
- Group adjusted operating profit² up +1.6% at constant rates to £1,674m:
 - UK & ROI up +2.1% to £1,468m with volume-driven market share gains, good weather and Save to Invest progress offsetting investment in our customer offer and operating cost inflation (incl. National Insurance increase and new packaging levy)
 - Booker up +0.6% to £162m with a good weather tailwind and Save to Invest progress offsetting industry-wide operating cost pressures; Booker is now reported as a separate operating segment (see page 4)
 - Central Europe down (11.2)% to £44m reflecting targeted price investments to counter competitive pressures as well as lower rental income following the sale of mall properties in H2 24/25
- Adjusted diluted EPS² up +6.8% to 15.43p, driven by higher Group adjusted operating profit and the benefit of our ongoing share buyback programme
- Statutory operating profit of £1,603m, down (0.6)% reflecting restructuring and Bank separation adjusting items; statutory diluted EPS of 14.22p, down (2.7)%, which also reflects non-cash fair value remeasurements of financial instruments
- Free cash flow² of £1,298m, up +2.9%, reflecting working capital inflows due to strong sales, and continued capital discipline
- Net debt³ at £(9,884)m versus £(9,454)m at year end which included the full proceeds from the disposal of the Group's Banking operations, which have been partially returned in the half; Net debt/EBITDA stable at 2.0 times

Footnotes can be found at the bottom of page 4.

Serving our customers, communities and planet a little better every day.

Increasing customer satisfaction contributing to further UK market share gains

- UK market share up +77bps YoY to 28.4%, having now gained share for 28 consecutive four-week periods; ROI up +11bps YoY at 23.7%, consolidating three years of consistent market share gains
- Overall brand perception up +96bps YoY; with continued gains in satisfaction (+263bps), value (+89bps) and quality (+13bps); outperforming the competitor average on all six measures as tracked by YouGov
- Improved price position against the market, notably on the products most frequently purchased by customers
- Delivered market-leading availability and highest net promoter score in six years
- Awarded first place in the Advantage supplier survey for tenth year; overall supplier satisfaction of 88%, up +1ppt YoY
- Introduced additional financial incentives totalling c.£10m for over 400 UK farmers across our sustainable farming groups to achieve environmental and animal welfare goals
- Insurance and Money Services adjusted operating profit of £100m, up £6m YoY, with new partnership income and strong cost control helping to offset £42m of non-recurring benefits recognised in the prior year

Continued range innovation with investments in distribution capacity and new AI capabilities

- Over 470 new products launched and a further 560 products improved across our own-brand ranges; Finest sales up +16%, with over 300 new and improved products
- Opened new semi-automated fresh food distribution centre in Aylesford; signed agreement to develop a new distribution centre at DP World London Gateway, which we expect to open in 2029
- Continued development of AI capability across our business, including improvements to in-house tools which find the most efficient journey for every Tesco lorry and delivery van, removing around 100,000 miles per week

Expanding the reach and breadth of our market leading online offer

- UK online sales up +11.4%, driven by growth in orders per week, with market share up +112bps YoY to 36.9%; ROI online sales up +18.8%, supported by the launch of same day delivery last year
- Tesco Whoosh rapid delivery service sales up +59%, with further growth in active customers and basket sizes, and the service now covering over 70% of UK households; Tesco Whoosh recently launched in ROI
- Further build-out of digital ecosystem with recent launch of F&F online, helping more customers access our enhanced range of stylish and affordable clothing, complementing Tesco Marketplace

Enhancing personalised engagement through Clubcard and expanding the Tesco Media and Insight platform

- Over 13m customers are now receiving even more timely and relevant offers, product recommendations and recipe ideas, supported by our new partnership with Adobe
- Targeted digital coupons offered to 10m customers; continuing trial of Your Clubcard Prices
- Growth in advertisers using Tesco Media and Insight Platform; particularly significant growth for smaller advertisers who are building their brands through tailored product offerings; over 1,400 screens added to stores and One Stop trial underway
- Retail media product launches included video advertising on the Tesco app and Express store wraps; shortlisted for eight MediaWeek awards and winner of 'Retail Media Network of the Year' at Retail MediaX Awards

CAPITAL RETURN PROGRAMME.

Since the commencement of our £1.45bn share buyback programme on 10 April 2025 and up until market close on 1 October 2025, we have bought back £891m worth of our ordinary shares. The balance will be completed by April 2026. Since launching our programme in October 2021, we have bought back a total of £3.7bn worth of ordinary shares.

OUTLOOK.

In April, we noted an increase in the competitive intensity of the UK market and provided guidance that allowed us to take decisive action and invest in every aspect of our customer shopping trip.

Competitive intensity remains elevated. However, in the first half, a better-than-expected customer response to our actions and the benefit of an extended period of good weather have helped offset the cost of our investments.

We are committed to doing everything we can to keep prices down and deliver great quality, service and availability for our customers, and are making good progress towards our c.£500m Save to Invest target, helping to mitigate the impact of increased cost inflation.

We now expect FY 25/26 Group adjusted operating profit between £2.9bn and £3.1bn, an increase from the previous range of between £2.7bn and £3.0bn. We continue to expect free cash flow within our medium-term guidance range of £1.4bn to £1.8bn.

FY 25/26 is a 53-week financial year, but for comparability we will also report our key financial metrics on a 52-week basis. All financial guidance is provided on a 52-week basis.

STRATEGIC PRIORITIES.

Our strategic priorities ensure that we focus on offering great value, quality and convenience whilst rewarding loyalty. Through our colleagues, reach and supplier relationships, we are well-placed to serve our customers wherever, whenever and however they need us. Our strategy puts customers at the heart of everything we do, and guides us to deliver top-line growth, grow profit and generate cash and, in doing so, deliver for all our stakeholders.

1) Magnetic Value for Customers – Re-defining value to become the customer's favourite

- Providing great value to customers through Aldi Price Match on >600 lines, Low Everyday Prices on c.1,000 lines and c.10,000 Clubcard Prices deals each week; Clubcard Prices save customers up to £375 off their annual grocery bill
- In the UK, we have reduced the price of 6,500 products year-on-year, with an average reduction of around 9%
- 'That's True Value' campaign inspiring customers with recipe tips and helping them better manage the cost of a weekly shop
- Summer ranges benefited from product innovations including a new and improved sushi offering, enhanced Finest BBQ range and exciting launches such as Finest Gelato and iced coffee concentrates; won Free From 'Retailer of the Year' 2025
- Supporting customers to make healthy choices through new five-a-day fruit and vegetable campaign, with c.2.5m customers invited to earn personalised rewards; expanded Stronger Starts Fruit & Veg programme to 500 schools
- Booker customer satisfaction increased year-on-year, with over 600 prices locked over the summer and new catering ranges launched with support from our Group product development teams
- Central Europe NPS improvements across all three countries as customers responded well to our price investments
- Tesco Mobile named 'Best Mobile Network for Customer Service' at USwitch Telecoms Awards for a fourth consecutive year

2) I Love my Tesco Clubcard – Creating a competitive advantage through our powerful digital capability

- Clubcard penetration remains high in all markets: UK 84%, ROI 87%, Central Europe 87%, with over 24m Clubcard households in the UK; increase in Reward Partner customer awareness and satisfaction
- Clubcard Challenges now in its tenth round, with growing customer and supplier engagement
- Trialling use of Clubcard analytics to anticipate and remind customers when they may be running low on household products
- Celebrating 30 Years of Clubcard with exclusive offers, including £100 gift cards with selected Tesco Mobile deals and cinema tickets for just £2.50 in Clubcard vouchers
- New partnership with Pod, enabling customers to collect Clubcard points on EV charging at Tesco stores

3) Easily the Most Convenient – Serving customers wherever, whenever and however they want to be served

- Opened 38 stores across the Group including 5 large stores and 33 convenience stores: 32 total store openings in the UK, 3 in ROI and 3 in Central Europe
- Expansion in UK grocery home shopping capacity including over 130 new delivery vans; Delivery Saver subscribers at 788k, up +9.3% year-on-year
- Tesco Whoosh expanded to over 1,600 stores across the UK including over 180 large stores giving customers access to an even wider range of products; over 600,000 products now available on Tesco Marketplace
- Tesco app and Scan as you Shop devices now able to provide customers with live stock levels, highlight in-store offers and help them navigate their shopping list in aisle order
- Grew our online reach in Central Europe, with sales up +19.1%; service rolled out to nine more stores
- Added 275 net new retail partners across Booker's symbol brands of Premier, Londis, Budgens and Family Shopper

4) Save to Invest – Significant opportunities to simplify, become more productive and reduce costs

- On track to deliver c.£500m Save to Invest target for FY 25/26, helping offset new cost inflation, including increased National Insurance contributions (FY c.£235m) and the new Extended Producer Responsibility (EPR) packaging levy (FY c.£90m)
- Continued progress across all areas, including goods & services not for resale, operations, property and central overheads
- Further rollout of convertible tills that can be used by colleagues or for self-service, giving greater flexibility
- Optimising in-store routines in Express stores by better aligning delivery schedules with staffing levels
- Re-configuring store catchments for grocery home shopping allowing for a higher number of deliveries per hour
- Remote monitoring of store equipment including refrigeration to identify early maintenance opportunities to improve reliability and reduce energy costs

GROUP REVIEW OF PERFORMANCE.

On a continuing operations basis¹

26 weeks ended 23 August 2025 ²	H1 25/26	H1 24/25	Change at actual rates	Change at constant rates
Sales (exc. VAT, exc. fuel)²	£33,051m	£31,463m	5.1%	5.1%
Fuel	£2,985m	£3,310m	(9.8)%	(9.8)%
Revenue (exc. VAT, inc. fuel)	£36,036m	£34,773m	3.6%	3.7%
Group adjusted operating profit²	£1,674m	£1,649m	1.5%	1.6%
Adjusting items	£(71)m	£(37)m		
Statutory operating profit	£1,603m	£1,612m	(0.6)%	
Net finance costs	£(297)m	£(218)m		
Joint ventures and associates	£(1)m	£(2)m		
Statutory profit before tax	£1,305m	£1,392m	(6.3)%	
Taxation	£(355)m	£(370)m		
Statutory profit after tax	£950m	£1,022m	(7.0)%	
Adjusted diluted EPS ²	15.43p	14.45p	6.8%	
Statutory diluted EPS	14.22p	14.62p	(2.7)%	
Interim dividend per share	4.80p	4.25p	12.9%	
Net debt³	£(9,884)m	£(9,522)m	(3.8)%	
Free cash flow²	£1,298m	£1,261m	2.9%	
Capex⁵	£667m	£530m	25.8%	

Sales² increased by 5.1% at constant rates, with growth across all operating segments. Group sales volumes continued to grow, supported by further investments in the customer offer, particularly in response to an increase in competitive intensity in the UK. Revenue increased by 3.7% at constant rates, including a (9.8)% decline in fuel sales, primarily driven by lower fuel retail prices year-on-year.

Group adjusted operating profit² increased by 1.6% at constant rates, with the growth in sales volumes and our Save to Invest programme offsetting operating cost inflation and allowing us to put even more investment in our customer offer across value, quality and service. Insurance and Money Services performed well, driven by income from the new partnership with Barclays and strong cost control. Group adjusted operating profit margin was down (10)bps reflecting investments in the customer offer. Statutory operating profit decreased by (0.6)% year-on-year, as the growth in adjusted operating profit was offset by an increase in restructuring and property adjusting items, including the fair value remeasurement of certain residential properties transferred to assets held for sale, and separation costs related to the disposal of the Group's Banking operations. The prior year included adjusting income relating to gains on disposal of surplus properties.

Net finance costs increased by £(79)m year-on-year, largely due to mark-to-market movements on certain derivative financial instruments, with adjusted net finance costs broadly flat year-on-year. The reduced tax charge reflects the decrease in statutory profits, driven by adjusting items.

Adjusted diluted EPS² grew by 6.8%, driven by higher adjusted operating profit and the continued benefit from a reduction in share count due to our ongoing share buyback programme. We have announced an interim dividend of 4.80 pence per ordinary share, in line with our policy to pay 35% of the prior full-year dividend.

We generated £1,298m of free cash flow², including a £408m working capital inflow. Net debt, which at year end included c.£700m from the sale of the Group's Banking operations, increased by £(430)m, reflecting the progress made during the first half in returning the proceeds through share buybacks. The net debt/EBITDA ratio was 2.0 times at the end of the first half.

Further commentary on these metrics can be found below and a full income statement can be found on page 15.

Operating segment presentation – UK & ROI and Booker

Following changes to the Group Executive Committee during the period, Booker, which was previously reported as part of the UK & ROI operating segment, now meets the definition of an operating segment in its own right, as set out in IFRS 8 'Operating Segments'. These results are therefore presented on this basis. For comparative purposes and on an equivalent basis, FY 24/25 UK & ROI adjusted operating profit was £2,726m and Booker adjusted operating profit was £290m. There have been no other changes to operating segments since the year end. Further details are included in Note 2 on page 21.

Footnotes:

1. In line with FY 24/25, the performance of the Banking operations in the prior year is presented as a discontinued operation. The Insurance and Money Services business (IMS) is presented on a continuing operations basis and therefore within the headline performance measures. There are no discontinued operations in the current period.
2. The Group has defined and outlined the purpose of its alternative performance measures, including its performance highlights, in the Glossary starting on page 38.
3. Net debt includes Insurance and Money Services, with the prior year reported on a consistent basis. The impact on H1 24/25 is to reduce Net debt by £154m. Further information on Net debt can be found in Note 19, starting on page 35.
4. Like-for-like (LFL) sales growth is a measure of growth in Group sales from stores that have been open for at least a year and online sales (at constant exchange rates, excluding VAT and fuel). LFL excludes revenue from dunnhumby, Insurance and Money Services and mall rental income as this revenue is not directly linked to the sale of goods.
5. Capex excludes additions arising from business combinations, property buybacks (typically stores) and other store purchases and their associated refit costs. Refer to page 43 for further details.

Segmental review of performance:

Sales performance:

(exc. VAT, exc. fuel)^{2,4}

On a continuing operations basis¹

	Sales (£m)	LFL sales change ⁴	Total sales change at actual rates	Total sales change at constant rates
- UK	24,670	4.9%	5.6%	5.6%
- ROI	1,541	4.8%	6.4%	6.5%
UK & ROI	26,211	4.9%	5.6%	5.6%
Booker	4,734	1.7%	2.4%	2.4%
Central Europe	2,106	3.4%	4.4%	5.0%
Sales	33,051	4.3%	5.1%	5.1%

Further information on sales performance is included in the appendices starting on page 47.

Adjusted operating profit² performance:

On a continuing operations basis¹

	Profit (£m)	Change at actual rates	Change at constant rates	Margin % at actual rates	Margin % change at actual rates
UK & ROI	1,468	2.0%	2.1%	5.0%	(9) bps
Booker	162	0.6%	0.6%	3.4%	(6) bps
Central Europe	44	(10.0)%	(11.2)%	2.0%	(30) bps
Group	1,674	1.5%	1.6%	4.6%	(10) bps

Further information on operating profit performance is included in Note 2 starting on page 21.

UK & ROI OVERVIEW:

In the UK & ROI, like-for-like sales increased by 4.9%. We continued to deliver volume growth in both markets, with continued market share and switching gains in the UK in the half, and ROI gaining share year-on-year consolidating three years of market share outperformance. The strong performance in the UK reflects a positive reaction to our targeted price investments in response to increased competitive intensity, with both markets also benefiting from warmer weather.

UK & ROI adjusted operating profit was £1,468m, up 2.1% at constant rates. Profit growth in the segment was driven by the strong trading performance and ongoing Save to Invest delivery more than offsetting investments in the customer offer and ongoing cost inflation, including increased National Insurance contributions and the new Extended Producer Responsibility (EPR) levy. Insurance and Money Services adjusted operating profit increased from £94m to £100m reflecting income from the new partnership with Barclays, which together with strong cost control, helped to offset £42m of non-recurring benefits recognised in the prior year.

UK – A continued focus on value, quality and service driving further volume and market share growth:

Like-for-like sales grew 4.9%, with growth across all channels. Overall market share grew by +77bps year-on-year to 28.4%, with market outperformance across large, convenience and online. We have now delivered 28 consecutive four-week periods of market share gains and 31 consecutive four-week periods of switching gains. Overall brand perception outperformed the market, with strong year-on-year growth in satisfaction (+263bps) and value (+89bps), and a further improvement in quality (+13bps).

Food like-for-like sales grew by 5.7%, with a strong volume performance from fresh food, driven by ongoing range development, focused on product quality and innovation. We launched over 470 new products and improved a further 560. Finest sales continued to grow strongly, with sales up 16% year-on-year and 33% over two years.

We remain committed to ensuring customers get the best value for money by shopping at Tesco and have maintained our strong price positioning relative to the market, reducing the price of over 6,500 products versus last year, with an average reduction of around 9%.

Clothing saw strong like-for-like sales growth of 7.8%, as customers responded well to our Spring / Summer ranges, particularly in womenswear and childrenswear, with volumes also supported by good weather. The recent launch of F&F online has allowed

more of our customers to access a much fuller range of clothing and complements our broader Tesco Marketplace proposition which now includes over 600,000 products.

Home like-for-like sales declined by (2.1)%, which includes a (5.2)ppts drag from the transition to our partnership with The Entertainer, which completed in the second half last year. The partnership, which offers customers an even better range of toys in our stores, means we no longer recognise toy sales, and instead earn commission income. Excluding this impact, Home like-for-like sales grew by 3.1% with the F&F home lifestyle range continuing to perform strongly post-launch in the second half of last year.

Like-for-like sales grew across both our large and convenience store formats with our net promoter score showing improvement in the half across all measures, with the greatest improvement across reputation and quality. Large store like-for-like sales grew by 4.5%, as we maintained our market-leading availability and customers responded well to our investments in the customer offer and shopping experience. Convenience like-for-like sales, which include sales from our One Stop stores, grew by 1.4%. Within this, Tesco Express like-for-like sales were up 1.8%, including a particularly strong performance in fresh food volumes.

Online sales grew by 11.4%, driven primarily by volume growth, including a c.2ppts contribution from Tesco Whoosh, our rapid delivery service. Overall average orders per week grew 12.1% year-on-year as we introduced over 70,000 additional weekly delivery slots and rolled out further improvements to our website and substitution algorithms. The number of Delivery Saver subscribers increased by 9.3% to 788,000. Tesco Whoosh generated double-digit growth, with growth across both basket sizes and number of active customers.

Online performance	H1 25/26	YoY change
Sales inc. VAT	£3.7bn	11.4%
Orders per week	1.45m	12.1%
Basket size (excluding Whoosh, Marketplace and F&F online)	£111	2.8%
Online % of UK total sales	14.0%	0.7ppts

ROI – New store openings complement like-for-like volume growth, driven by Food:

Like-for-like sales grew by 4.8%, with volume growth driven by the continued roll out of our ‘fresh first’ store refresh programme and helped by warmer weather year-on-year. Total sales grew by 6.5% at constant rates, including a 1.3ppt contribution from three new stores in the half and the full year effect of prior year store openings.

Food like-for-like sales grew by 5.1%, with fresh food like-for-like sales up 6.3% as we continued to invest in product quality and innovation across the range. These investments helped support a five-point improvement in our net promoter score, with quality perception up +3ppts year-on-year.

Like-for-like sales grew across all channels. Online sales performed strongly with growth of 18.8%, supported by the launch of same day delivery last year.

Non-food like-for-like sales declined by (1.8)%, which includes a (3.8)ppts impact from the transition to the partnership with The Entertainer. Excluding toys, non-food sales grew by 2.0% supported by volume growth in clothing.

Overall market share grew by +11bps year-on-year to 23.7%, consolidating three years of consistent market share gains.

BOOKER OVERVIEW – Strong growth across core retail and catering offsetting ongoing tobacco industry decline:

	Sales £m	LFL
Core retail	1,725	4.1%
Core catering*	1,461	5.7%
Tobacco	810	(8.8)%
Best Food Logistics	738	1.3%
Total Booker	4,734	1.7%

*Includes sales to small businesses and sales from Venus Wine and Spirit Merchants PLC, which was acquired in June 2024 and is included in LFL growth from June 2025.

Overall like-for-like sales grew by 1.7%, with strong growth in core retail and catering offset by the continuing decline in the tobacco market. Best Food Logistics grew by 1.3% despite ongoing weakness in parts of the fast-food market it serves.

Core retail like-for-like sales increased by 4.1% year-on-year, driven by a strong growth in our symbol brands (Premier, Londis, Budgens and Family Shopper), with a further 275 net new retail partners acquired in the half. Booker retail customer satisfaction levels continued to improve, with gains year-on-year.

Core catering like-for-like sales increased by 5.7%, with volume growth supported by good weather. We continue to be competitive on price and have seen continued improvements in customer satisfaction levels, with gains year-on-year.

We continue to make good progress in integrating Venus, a specialist wine and spirit merchant which we acquired in June last year, extending its coverage with the addition of new fulfilment space within our network.

Booker delivered adjusted operating profit of £162m, up +0.6% year-on-year. A strong trading performance across core retail and catering, supported by favourable weather and savings generated through our Save to Invest programme, helped to offset significant operating cost inflation, including the new EPR levy.

CENTRAL EUROPE OVERVIEW – Sales growth amid challenging regulatory and competitive pressures:

Like-for-like sales grew by 3.4%, with growth across all countries. Food like-for-like sales grew by 4.0% year-on-year, with fresh food like-for-like sales up 7.0%. Our targeted price investments have enabled us to remain competitive across all markets and contributed to an improvement in our customer net promoter scores.

Non-food like-for-like sales were down (0.8)%, impacted by subdued consumer confidence and poor weather, with volumes lower across both home and clothing.

Central Europe adjusted operating profit was £44m, a decrease of £(5)m year-on-year. The decline reflects a reduction in mall income following the sale of mall properties in H2 24/25, increased competition, particularly in Slovakia, and ongoing regulatory pressure. This has been partially offset by the ongoing success of our Save to Invest initiatives.

Adjusting items:

	H1 25/26	H1 24/25
	£m	£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	(71)	(37)
Net finance (costs) / income	(34)	51
Tax credit / (charge)	24	(2)
Total adjusting items included within profit after tax from continuing operations	(81)	12
Adjusting items included within discontinued operations	-	(41)
Total adjusting items including discontinued operations	(81)	(29)

Adjusting items are excluded from our adjusted operating profit performance by virtue of their size and nature, to provide a helpful perspective of the year-on-year performance of our ongoing business. Total adjusting items in statutory operating profit from continuing operations resulted in a net charge of £(71)m, compared to a net charge of £(37)m in the prior period.

We continue to present amortisation of acquired intangible assets, principally relating to the merger with Booker, as an adjusting item. The amortisation of acquired intangible assets was £(38)m, in line with the prior year.

We incurred £(13)m (H1 24/25: £(3)m) in separation costs relating to the disposal of our Banking operations.

Restructuring and property costs relate to our Save to Invest programme and rationalisation of property assets in the UK and Central Europe, including the fair value remeasurement of certain residential properties transferred to assets held for sale. The prior year included adjusting income relating to gains on disposal of surplus properties.

Adjusting items in net finance (costs) / income and tax are set out below. Adjusting items included within discontinued operations in the prior year primarily related to fair value remeasurement of assets of the disposal group, associated with the sale of our Banking operations to Barclays in November 2024.

Further detail on adjusting items can be found in Note 4, starting on page 23.

Net finance costs:

On a continuing operations basis	H1 25/26 £m	H1 24/25 £m
Net interest costs	(67)	(77)
Net finance expenses from insurance contracts	(6)	(6)
Finance charges payable on lease liabilities	(190)	(186)
Adjusted net finance costs	(263)	(269)
Fair value remeasurements of financial instruments	(26)	66
Net pension finance costs	(8)	(15)
Adjusting items in net finance (costs) / income	(34)	51
Net finance costs	(297)	(218)

Adjusted net finance costs of £263m are broadly flat year-on-year, reflecting the impact of refinancing partially offset by lower interest income. Within adjusting items, the £(26)m net cost for fair value remeasurements of financial instruments principally relates to the change in the fair value of index-linked swaps associated with certain rental payments. The cost reflects a decrease in long term UK inflation expectations since the start of the period. In the prior year, inflation expectations had increased, and hence the derivative fair value increased.

Net pension costs decreased by £7m, driven by a reduction in the opening position of the defined benefit pension plan deficit.

Further detail on finance income and costs can be found in Note 5 on page 24, as well as further detail on the adjusting items in Note 4, starting on page 23.

Group tax:

On a continuing operations basis	H1 25/26 £m	H1 24/25 £m
Tax on adjusted profit	(379)	(368)
Tax on adjusting items	24	(2)
Tax on profit	(355)	(370)

Tax on adjusted Group profit was £(379)m, slightly higher than last year reflecting an increase in adjusted Group profit, with the adjusted effective tax rate broadly flat at 26.9% (H1 24/25: 26.7%). The adjusted effective tax rate is higher than the UK statutory rate of 25%, primarily due to the depreciation of assets which do not qualify for tax relief. We continue to expect our adjusted effective tax rate to be around 27% in the current year.

The current year £24m adjusting credit in tax primarily relates to the tax effect of amortisation of acquired intangible assets, fair value remeasurements on derivative financial instruments and separation costs associated with the disposal last year of the Group's Banking operations.

Earnings per share:

On a continuing operations basis	H1 25/26	H1 24/25	YoY change
Adjusted diluted EPS	15.43p	14.45p	6.8%
Statutory diluted EPS	14.22p	14.62p	(2.7)%
Statutory basic EPS	14.38p	14.76p	(2.6)%
On a total basis, including discontinued operations			
Statutory diluted EPS	14.22p	15.03p	(5.4)%
Statutory basic EPS	14.38p	15.18p	(5.3)%

Adjusted diluted EPS was 15.43p, 6.8% higher year-on-year, primarily driven by a reduction in the number of shares in issue from our ongoing share buyback programme and growth in adjusted operating profit.

Statutory diluted EPS was 14.22p, (2.7)% lower year-on-year, driven by adjusting items, including the impact of fair value remeasurements of certain financial instruments.

Dividend:

The interim dividend has been set at 4.80 pence per ordinary share, in line with our policy of setting the interim dividend at 35% of the prior full year dividend.

The interim dividend will be paid on 21 November 2025 to shareholders who are on the register of members at close of business on 10 October 2025 (the Record Date). Shareholders may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 31 October 2025.

Summary of Net debt:

	Aug-25 £m	Feb-25 £m	Movement £m
Net debt before lease liabilities	(2,093)	(1,738)	(355)
Lease liabilities	(7,791)	(7,716)	(75)
Net debt	(9,884)	(9,454)	(430)
Net debt / EBITDA	2.0x	2.0x	

Net debt was £(9,884)m, an increase of £(430)m from year end. The year end Net debt position included c.£700m from the sale of the Group's Banking operations, ahead of returning the proceeds to shareholders. We generated free cash flow of £1,298m in the half, which was more than offset by cash outflows relating to total share buybacks of £(773)m and the payment of last year's final dividend of £(627)m. Lease liabilities increased by £(75)m driven by rent reviews and new store openings.

We had strong levels of liquidity at the end of the first half, including £3.4bn of cash and highly liquid short-term deposits and money market investments. In addition, our £2.5bn committed revolving credit facility remained undrawn and is in place until at least the end of October 2027.

Our Net debt to EBITDA ratio was 2.0 times at the end of the first half, below our target range of 2.8 to 2.3 times.

Fixed charge cover was 4.3 times at the end of the first half versus 4.2 times at the end of FY 24/25.

Defined benefit pension schemes:

	Aug-25 £m	Feb-25 £m	Movement £m
Defined benefit schemes in surplus	68	56	12
Defined benefit schemes in deficit	(231)	(307)	76
Deferred tax asset	51	71	(20)
Deficit in schemes at the end of the period (net of deferred tax)	(112)	(180)	68

Net of tax, the net IAS 19 pension deficit has reduced from £(180)m to £(112)m, principally reflecting the impact of higher discount rates and updated demographic assumptions. The principal defined benefit pension plan within the Group is the Tesco PLC Pension Scheme (the Scheme), a UK scheme that has been closed to future accrual since 2015.

During H1, together with the Scheme trustee, we agreed the 31 March 2025 triennial funding valuation for the Scheme. This showed that the actuarial position of the Scheme for funding purposes was in surplus, with a funding level of 106% (versus 104% at 31 March 2022). As a result, it was agreed with the Scheme trustee that no pension deficit contributions would be required from the Group.

Further detail on post-employment benefits can be found in Note 17, starting on page 32.

Summary free cash flow:

The following table reconciles Group adjusted operating profit to free cash flow. Further details are included in Note 2, starting on page 21.

On a continuing operations basis	H1 25/26 £m	H1 24/25 £m	Movement £m
Group adjusted operating profit	1,674	1,649	25
Less IMS adjusted operating profit	(100)	(94)	(6)
Retail adjusted operating profit	1,574	1,555	19
Add back: Depreciation and amortisation	866	819	47
Other reconciling items	3	22	(19)
Pensions	(17)	(14)	(3)
Decrease in working capital	408	169	239
Cash generated from operations before adjusting items	2,834	2,551	283
Cash capex	(716)	(594)	(122)
Net interest	(269)	(245)	(24)
- Interest related to Net debt before lease liabilities	(76)	(58)	(18)
- Interest related to lease liabilities	(193)	(187)	(6)
Tax paid	(226)	(176)	(50)
Dividends received	52	2	50
Repayment of capital element of obligations under leases	(314)	(294)	(20)
Own shares purchased for share schemes	(63)	17	(80)
Free cash flow	1,298	1,261	37

Memo (not included in free cash flow definition):

- Net acquisitions and disposals	(11)	(50)	39
- Property buybacks, store purchases and disposal proceeds	(11)	(14)	3
- Cash impact of adjusting items	(71)	(52)	(19)

We delivered free cash flow of £1,298m, with cash generated from operations improving by £283m year-on-year driven by growth in operating profit and working capital inflows. Free cash flow was £37m higher than last year, with the increase in cash generated from operations partly offset by the earlier phasing of capital expenditure and own shares purchased for employee share schemes.

The working capital inflow of £408m largely reflects trade seasonality, with the year-on-year improvement driven by our strong sales performance (leading to higher trade balances) and a new c.£90m payable from the EPR levy, the majority of which will be settled in the second half.

Net interest paid was £(24)m higher year-on-year, principally due to the timing of bond coupons and associated derivatives, lower rates on cash deposits and higher lease interest.

Tax paid was £(50)m higher year-on-year, mainly driven by the end of historical tax deductions and phasing of tax payments.

Dividends received were £50m higher, reflecting dividends received from Insurance and Money Services in relation to the prior year.

Within the memo lines shown, the net £(11)m acquisitions and disposals outflow primarily relates to settlement of deferred consideration on Booker's acquisition of Venus Wine and Spirit Merchants PLC. The £(11)m net outflow relating to property transactions relates to the buyback of three stores in the UK, net of the sale of a number of residential units above our stores. The cash impact of adjusting items of £(71)m relates to Save to Invest restructuring costs provided for at the end of the prior financial year, separation costs relating to the disposal of the Group's Banking operations last year and a property transaction in the UK.

Capital expenditure and space:

	UK & ROI		Booker		Central Europe		Group	
	H1 25/26	H1 24/25	H1 25/26	H1 24/25	H1 25/26	H1 24/25	H1 25/26	H1 24/25
Capex	£607m	£477m	£23m	£20m	£37m	£33m	£667m	£530m
Openings (k sq ft)	137	116	-	-	15	44	152	160
Closures (k sq ft)	(8)	(35)	(12)	-	(6)	-	(26)	(35)
Repurposed (k sq ft)	-	-	-	-	(30)	(107)	(30)	(107)
Net space change (k sq ft)	129	81	(12)	-	(21)	(63)	96	18

Space in the above table is defined as net space in store adjusted to exclude checkouts, space behind checkouts, customer service desks and customer toilets. The data above excludes space relating to franchise stores.

Capital expenditure shown in the table above reflects expenditure on ongoing business activities across the Group, excluding property buybacks, and other store purchases along with their associated refit costs.

Our capital expenditure in the first half was £667m, an increase of £137m compared with last year, reflecting a more even shape to this year's investments. We expect total capital expenditure this year of c.£1.5bn. This includes the first phase of investment in our new distribution centre at DP World London Gateway. The site is expected to open in 2029 and will leverage the latest technology to enhance our supply chain and support future growth.

Statutory capital expenditure has seen an increase of £144m to £699m.

We continue to prioritise investments in high returning areas, including automation in parts of our distribution network and developing our digital platforms, in addition to continued investment to improve the customer experience in our store estate.

In the first half, we opened a total of 38 stores across the Group and refreshed a further 112 stores. In the UK, we opened one large store, 24 Tesco Express stores and seven One Stop stores and in ROI we opened two new large stores and one Tesco Express. In Central Europe, we opened two new large stores and one new convenience store.

Further details of current space can be found in the appendices starting on page 47.

Contacts.

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	Teneo	0207 4203 143

This document is available at www.tescopl.com/interims2526.

A webcast including a Q&A will be held today at 9.00am for investors and analysts and will be available on our website at www.tescopl.com/interims2526. This will be available for playback after the event. All presentation materials, including a transcript, will be made available on our website.

We will release our Q3 & Christmas Trading Statement on 8 January 2026.

Sources.

- UK market share based on Worldpanel by Numerator Total Grocers Total Till Roll for 12 weeks ended 7 September 2025.
- UK channels market share based on Worldpanel by Numerator Total Grocery for 12 weeks ended 7 September 2025.
- ROI market share based on Worldpanel by Numerator Total Take Home Grocery on 12-week rolling basis to 7 September 2025.
- Relative price positioning is based on our UK Price index, 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.
- Clubcard Prices saving of up to £375 is based on the top 25% of Tesco Clubcard members and large stores sales between 24 August 2024 and 23 August 2025. Tesco Clubcard Price savings versus regular Tesco price.
- Customer satisfaction and Brand Perception based on YoY changes in YouGov BrandIndex scores for 12 weeks ended 24 August 2025.
- Brand NPS is based on BASIS Global Brand Tracker for 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?”.
- Availability based on Multi channel tracker for 13 weeks ended 23 August 2025. Responses to: “I Can Get What I Want”.
- Number of new Booker retail partners is net of openings and closures, including national accounts.

Additional Disclosures.

Principal Risks and Uncertainties.

The principal risks and uncertainties faced by the Group remain those as set out on pages 40 to 47 of our Annual Report and Financial Statements 2025: cyber security; data privacy; climate change; geopolitics and other global events; technology; responsible sourcing; health and safety; product safety and food integrity; people; macroeconomic exposures; customer, competition and markets; regulatory and compliance; and security of supply.

Statement of Directors' Responsibilities.

The Directors are responsible for preparing the Interim Results for the 26-week period ended 23 August 2025 in accordance with applicable law, regulations and accounting standards. Each of the Directors confirm that to the best of their knowledge the condensed consolidated interim financial statements have been prepared in accordance with IAS 34: 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of the important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remainder of the financial year; and
- material related party transactions in the first 26 weeks of the year and any material changes in the related party transactions described in the last annual report.

The Directors of Tesco PLC are listed on pages 56 to 58 of the Tesco PLC Annual Report and Financial Statements 2025.

A list of current directors is maintained on the Tesco PLC website at: www.tescopl.com.

By order of the Board Directors

Gerry Murphy – Non-executive Chairman

Ken Murphy – Group Chief Executive

Imran Nawaz – Chief Financial Officer

Dame Carolyn Fairbairn*

Melissa Bethell*

Bertrand Bodson*

Thierry Garnier*

Stewart Gilliland*

Chris Kennedy*

Caroline Silver*

Karen Whitworth*

*Independent Non-executive Directors

1 October 2025

Disclaimer.

Certain statements made in this document are forward-looking statements. For example, statements regarding future financial performance, market trends and our product pipeline are forward-looking statements. Phrases such as “aim”, “plan”, “intend”, “should”, “anticipate”, “well-placed”, “believe”, “estimate”, “expect”, “target”, “consider” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions and are subject to a number of known and unknown risks, uncertainties and other important factors that could cause actual results or events to differ materially from what is expressed or implied by those statements. Many factors may cause actual results, performance or achievements of Tesco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of Tesco to differ materially from the expectations of Tesco include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty, including as a result of global pandemics. As such, undue reliance should not be placed on forward-looking statements. Any forward-looking statement is based on information available to Tesco as of the date of the statement. All written or oral forward-looking statements attributable to Tesco are qualified by this caution. Other than in accordance with legal and regulatory obligations, Tesco undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Group income statement

	Notes	26 weeks ended 23 August 2025			26 weeks ended 24 August 2024		
		Before adjusting items £m	Adjusting items (Note 4) £m	Total £m	Before adjusting items £m	Adjusting items (Note 4) £m	Total £m
Continuing operations							
Revenue from sale of goods and services		35,622	-	35,622	34,432	-	34,432
Insurance revenue*		414	-	414	341	-	341
Revenue	2,3	36,036	-	36,036	34,773	-	34,773
Cost of sales		(32,811)	(17)	(32,828)	(31,751)	(5)	(31,756)
Insurance service expenses*		(371)	-	(371)	(272)	-	(272)
Net expenses from reinsurance contracts held*		(15)	-	(15)	(30)	-	(30)
Gross profit/(loss)		2,839	(17)	2,822	2,720	(5)	2,715
Administrative expenses		(1,165)	(54)	(1,219)	(1,071)	(32)	(1,103)
Operating profit/(loss)	2	1,674	(71)	1,603	1,649	(37)	1,612
Share of post-tax profit/(loss) of joint ventures and associates		(1)	-	(1)	(2)	-	(2)
Finance income	5	117	-	117	132	-	132
Finance costs	5	(380)	(34)	(414)	(401)	51	(350)
Profit/(loss) before tax from continuing operations		1,410	(105)	1,305	1,378	14	1,392
Taxation	6	(379)	24	(355)	(368)	(2)	(370)
Profit/(loss) for the period from continuing operations		1,031	(81)	950	1,010	12	1,022
Discontinued operations							
Profit/(loss) for the period from discontinued operations		-	-	-	70	(41)	29
Profit/(loss) for the period		1,031	(81)	950	1,080	(29)	1,051
Attributable to:							
Owners of the parent		1,031	(81)	950	1,080	(29)	1,051
Non-controlling interests		-	-	-	-	-	-
		1,031	(81)	950	1,080	(29)	1,051
Earnings per share from continuing and discontinued operations							
Basic	8			14.38p			15.18p
Diluted	8			14.22p			15.03p
Earnings per share from continuing operations							
Basic	8			14.38p			14.76p
Diluted	8			14.22p			14.62p

* Insurance revenue, insurance service expenses and net expenses from reinsurance contracts held relate to the motor and home insurance policies underwritten by the Group's subsidiary, Tesco Underwriting Limited. Refer to **Note 1** of the Annual Report and Financial Statements 2025 for further details.

The notes on **pages 20 to 37** form part of this condensed consolidated financial information.

Group statement of comprehensive income/(loss)

	Notes	26 weeks ended 23 August 2025 £m	26 weeks ended 24 August 2024 £m
Items that will not be reclassified to the Group income statement			
Change in fair value of financial assets at fair value through other comprehensive income		(1)	-
Remeasurements of defined benefit pension schemes	17	77	252
Net fair value gains/(losses) on inventory cash flow hedges		(81)	(33)
Tax on items that will not be reclassified		(13)	(59)
		(18)	160
Items that may subsequently be reclassified to the Group income statement			
Change in fair value of financial assets at fair value through other comprehensive income		5	13
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		123	(31)
Impact of net investment hedges		(56)	9
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		2	27
Reclassified and reported in the Group income statement		(12)	(36)
Finance income/(expenses) from insurance contracts issued		(1)	(3)
Finance income/(expenses) from reinsurance contracts held		-	1
Tax on items that may be reclassified		(2)	-
		59	(20)
Total other comprehensive income/(loss) for the period		41	140
Profit/(loss) for the period		950	1,051
Total comprehensive income/(loss) for the period		991	1,191
Attributable to:			
Owners of the parent		992	1,191
Non-controlling interests		(1)	-
Total comprehensive income/(loss) for the period		991	1,191
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		992	1,162
Discontinued operations		-	29
		992	1,191

The notes on pages 20 to 37 form part of this condensed consolidated financial information.

Group balance sheet

	Notes	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Non-current assets				
Goodwill and other intangible assets		5,097	5,087	5,116
Property, plant and equipment	9	17,349	17,262	17,136
Right of use assets	10	5,689	5,569	5,434
Investment property		24	24	23
Investments in joint ventures and associates		114	110	100
Other investments		998	934	817
Trade and other receivables		152	158	119
Reinsurance contract assets	15	133	124	122
Derivative financial instruments		610	663	789
Post-employment benefit surplus	17	68	56	42
Deferred tax assets		52	47	39
		30,286	30,034	29,737
Current assets				
Other investments		166	151	166
Inventories		3,038	2,768	2,964
Trade and other receivables		1,300	1,210	1,264
Derivative financial instruments		165	172	10
Current tax assets		7	27	10
Short-term investments	11	1,992	2,223	1,912
Cash and cash equivalents	11	2,434	2,255	3,310
		9,102	8,806	9,636
Non-current assets classified as held for sale and assets of the disposal group	13	123	50	8,185
		9,225	8,856	17,821
Current liabilities				
Trade and other payables		(11,465)	(10,364)	(10,884)
Borrowings	14	(2,262)	(1,861)	(1,516)
Lease liabilities	10	(641)	(618)	(607)
Provisions		(246)	(300)	(259)
Insurance contract liabilities	15	(724)	(652)	(584)
Deposits from central bank		-	-	(582)
Derivative financial instruments		(53)	(12)	(51)
Current tax liabilities		(54)	(13)	(24)
		(15,445)	(13,820)	(14,507)
Liabilities of the disposal group classified as held for sale	13	-	-	(7,512)
Net current liabilities		(6,220)	(4,964)	(4,198)
Non-current liabilities				
Trade and other payables		(34)	(40)	(47)
Borrowings	14	(4,914)	(5,089)	(5,580)
Lease liabilities	10	(7,150)	(7,098)	(6,935)
Provisions		(165)	(166)	(172)
Deposits from central bank		-	-	(175)
Derivative financial instruments		(181)	(205)	(210)
Post-employment benefit deficit	17	(231)	(307)	(426)
Deferred tax liabilities		(586)	(503)	(415)
		(13,261)	(13,408)	(13,960)
Net assets		10,805	11,662	11,579
Equity				
Share capital	18	413	426	433
Share premium		5,165	5,165	5,165
Other reserves	18	2,807	3,140	3,002
Retained earnings		2,425	2,935	2,985
Equity attributable to owners of the parent		10,810	11,666	11,585
Non-controlling interests		(5)	(4)	(6)
Total equity		10,805	11,662	11,579

The notes on **pages 20 to 37** form part of this condensed consolidated financial information.

These unaudited condensed consolidated interim financial statements for the 26 weeks ended 23 August 2025 were approved by the Board on 1 October 2025.

Group statement of changes in equity

	Notes	Share capital £m	Share premium £m	Other reserves (Note 18) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 22 February 2025		426	5,165	3,140	2,935	11,666	(4)	11,662
Profit/(loss) for the period		-	-	-	950	950	-	950
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		-	-	123	-	123	-	123
Impact of net investment hedges		-	-	(56)	-	(56)	-	(56)
Change in fair value of financial assets at fair value through other comprehensive income		-	-	-	4	4	-	4
Remeasurements of defined benefit pension schemes	17	-	-	-	77	77	-	77
Gains/(losses) on cash flow hedges		-	-	(79)	-	(79)	-	(79)
Cash flow hedges reclassified and reported in the Group income statement		-	-	(11)	-	(11)	(1)	(12)
Finance income/(expenses) from insurance contracts issued		-	-	(1)	-	(1)	-	(1)
Tax relating to components of other comprehensive income		-	-	8	(23)	(15)	-	(15)
Total other comprehensive income/(loss)		-	-	(16)	58	42	(1)	41
Total comprehensive income/(loss)		-	-	(16)	1,008	992	(1)	991
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		-	-	42	-	42	-	42
Total inventory cash flow hedge movements		-	-	42	-	42	-	42
Transactions with owners								
Own shares purchased for cancellation	18	-	-	(1,200)	-	(1,200)	-	(1,200)
Own shares cancelled	18	(13)	-	786	(773)	-	-	-
Own shares purchased for share schemes	18	-	-	(160)	-	(160)	-	(160)
Share-based payments		-	-	171	(73)	98	-	98
Dividends	7	-	-	-	(628)	(628)	-	(628)
Transfer from other reserves to retained earnings		-	-	44	(44)	-	-	-
Total transactions with owners		(13)	-	(359)	(1,518)	(1,890)	-	(1,890)
At 23 August 2025		413	5,165	2,807	2,425	10,810	(5)	10,805

	Notes	Share capital £m	Share premium £m	Other reserves (Note 18) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 24 February 2024		445	5,165	3,131	2,930	11,671	(6)	11,665
Profit/(loss) for the period		-	-	-	1,051	1,051	-	1,051
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		-	-	(31)	-	(31)	-	(31)
Impact of net investment hedges		-	-	9	-	9	-	9
Change in fair value of financial assets at fair value through other comprehensive income		-	-	-	13	13	-	13
Remeasurements of defined benefit pension schemes	17	-	-	-	252	252	-	252
Gains/(losses) on cash flow hedges		-	-	(6)	-	(6)	-	(6)
Cash flow hedges reclassified and reported in the Group income statement		-	-	(36)	-	(36)	-	(36)
Finance income/(expenses) from insurance contracts issued		-	-	(3)	-	(3)	-	(3)
Finance income/(expenses) from reinsurance contracts held		-	-	1	-	1	-	1
Tax relating to components of other comprehensive income		-	-	5	(64)	(59)	-	(59)
Total other comprehensive income/(loss)		-	-	(61)	201	140	-	140
Total comprehensive income/(loss)		-	-	(61)	1,252	1,191	-	1,191
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		-	-	9	-	9	-	9
Total inventory cash flow hedge movements		-	-	9	-	9	-	9
Transactions with owners								
Own shares purchased for cancellation	18	-	-	(746)	-	(746)	-	(746)
Own shares cancelled	18	(12)	-	587	(575)	-	-	-
Own shares purchased for share schemes	18	-	-	(101)	-	(101)	-	(101)
Share-based payments		-	-	183	(46)	137	-	137
Dividends	7	-	-	-	(576)	(576)	-	(576)
Total transactions with owners		(12)	-	(77)	(1,197)	(1,286)	-	(1,286)
At 24 August 2024		433	5,165	3,002	2,985	11,585	(6)	11,579

The notes on pages 20 to 37 form part of this condensed consolidated financial information.

Group cash flow statement

	Notes	26 weeks ended 23 August 2025 £m	26 weeks ended 24 August 2024 £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss) of continuing operations		1,603	1,612
Operating profit/(loss) of discontinued operations		-	40
Depreciation and amortisation		915	866
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale		(1)	(3)
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property		9	-
Net remeasurement loss on non-current assets held for sale		-	44
Defined benefit pension scheme payments	17	(17)	(14)
Share-based payments		1	19
Fair value movements included in operating profit/(loss)		-	10
(Increase)/decrease in inventories		(250)	(328)
(Increase)/decrease in trade and other receivables and reinsurance assets		(72)	(20)
Increase/(decrease) in trade and other payables and insurance liabilities		760	549
Increase/(decrease) in provisions		(58)	(52)
Increase/(decrease) in deposits from central bank		-	(151)
(Increase)/decrease in working capital of the Banking operations disposal group		-	41
(Increase)/decrease in working capital ^(a)		380	39
Cash generated from/(used in) operations		2,890	2,613
Interest paid ^(b)		(385)	(390)
Corporation tax paid		(230)	(181)
Net cash generated from/(used in) operating activities		2,275	2,042
Cash flows generated from/(used in) investing activities			
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale		32	16
Purchase of property, plant and equipment and investment property		(600)	(480)
Purchase of intangible assets		(151)	(141)
Acquisition of subsidiaries, net of cash acquired		(9)	(46)
Proceeds from sale of joint ventures and associates		1	-
Investments in joint ventures and associates		(5)	(6)
Dividends received from joint ventures and associates		2	2
Cash inflows from maturing short-term investments – deposits ^(c)		683	942
Cash outflows on investing in short-term investments – deposits ^(c)		(833)	(781)
(Investments in)/proceeds from other short-term investments ^(c)		381	55
Proceeds from sale of other investments ^(b)		91	893
Purchase of other investments		(167)	(91)
Interest received		120	136
Net cash generated from/(used in) investing activities		(455)	499
Cash flows generated from/(used in) financing activities			
Own shares purchased for cancellation	18	(773)	(575)
Own shares purchased for share schemes, net of cash received from employees	18	(63)	17
Repayment of capital element of obligations under leases ^(b)		(346)	(296)
Cash outflows exceeding the incremental increase in assets in a property buyback		(11)	(14)
Increase in borrowings		419	342
Repayment of borrowings ^(b)		(430)	(587)
Cash inflows from derivative financial instruments ^(b)		46	24
Cash outflows from derivative financial instruments ^(b)		(36)	(25)
Dividends paid to equity owners	7	(627)	(575)
Net cash generated from/(used in) financing activities		(1,821)	(1,689)
Net increase/(decrease) in cash and cash equivalents		(1)	852
Cash and cash equivalents at the beginning of the period		1,399	1,874
Effect of foreign exchange rate changes		2	(8)
Cash and cash equivalents, including cash held in the disposal group, at the end of the period		1,400	2,718
Less: Cash held in the disposal group		-	(381)
Cash and cash equivalents at the end of the period	11	1,400	2,337

(a) Comparative (increase)/decrease in working capital has been re-presented to present increase/(decrease) in deposits from central bank and increase/(decrease) in working capital of the Banking operations disposal group separately following the sale of the Group's Banking operations in the prior year. These were previously included in the subsection relating to Tesco Bank. There is no impact on net cash generated from operating, investing, or financing activities, and no impact on any APMs.

(b) Comparatives have been re-presented following the Group's change in accounting policy for economic hedges. There is no impact on Net increase/(decrease) in cash and cash equivalents, and no impact on any APMs. See **Note 20** for further details.

(c) Comparative decrease and increase in short-term investments have been re-presented as cash inflows from maturing short-term investments – deposits, cash outflows on investing in short-term investments – deposits and (investments in)/proceeds from other short-term investments, in order to provide additional information. There is no impact on net cash generated from operating, investing or financing activities, and no impact on any APMs.

The notes on **pages 20 to 37** form part of this condensed consolidated financial information.

Note 1 Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority, and with IAS 34 'Interim Financial Reporting' under UK-adopted international accounting standards. Unless otherwise stated (refer to **Note 20**), the accounting policies applied, and the judgements, estimates and assumptions made in applying these policies, are consistent with those used in preparing the Annual Report and Financial Statements 2025. The financial period represents the 26 weeks ended 23 August 2025 (prior financial period 26 weeks ended 24 August 2024, prior financial year 52 weeks ended 22 February 2025).

These condensed consolidated interim financial statements for the current period and prior financial periods do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the prior financial year has been filed with the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The Directors have, at the time of approving the condensed consolidated interim financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which reflects a period of 18 months from the date of approval of the condensed consolidated interim financial statements, and have concluded that there are no material uncertainties relating to going concern. The Directors have therefore continued to adopt the going concern basis in preparing the condensed consolidated interim financial statements. Further information about the Group's liquidity position is given in the Summary of Net debt section of the Group review of performance.

Adoption of new IFRSs

Standards, interpretations and amendments effective in the current financial period have not had a material impact on the condensed consolidated interim financial statements.

The Group has not applied any other standards, interpretations or amendments that have been issued but are not yet effective. The impact of the following is under assessment:

- IFRS 18 'Presentation and disclosure in financial statements', which will become effective in the consolidated Group financial statements for the financial year ending 26 February 2028, subject to UK endorsement.

Other standards, interpretations and amendments issued but not yet effective are not expected to have a material impact.

Alternative performance measures (APMs)

In the reporting of financial information, the Directors have adopted various APMs. Refer to the Glossary for a full list of the Group's APMs, including comprehensive definitions, their purpose, reconciliations to IFRS measures and details of any changes to APMs.

Note 2 Segmental reporting

The Group's operating segments are determined based on the Group's organisational structure and internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group Chief Executive, with support from the Executive Committee, as the function primarily responsible for the allocation of resources to segments and assessment of performance of the segments. The Group's operating segments are the same as its reportable segments listed below.

Consistent with the Annual Report and Financial Statements 2025, as a result of the disposal of the Group's Banking operations in that financial year, the comparative segmental disclosures have been restated to include the Insurance and Money Services business (previously part of the Tesco Bank segment) within the UK & ROI segment. Additionally, following changes to the Group Executive Committee and management reporting to the CODM within the period, Booker is now a separate operating and reportable segment. The comparatives have been restated accordingly.

The principal activities of the Group are presented in the following reportable segments:

- UK & ROI – the United Kingdom and Republic of Ireland
- Booker
- Central Europe – Czech Republic, Hungary and Slovakia

The CODM uses Adjusted operating profit, as reviewed at periodic Executive Committee meetings, as the key measure of the segments' results as it reflects the segments' trading performance and aids comparability over time. Adjusted operating profit is a consistent measure within the Group as defined within the Glossary. Refer to **Note 4** for adjusting items.

Income statement

The segment results and the reconciliation of the segment measures to the respective statutory items included in the Group income statement are as follows:

26 weeks ended 23 August 2025							
At constant exchange rates	Notes	UK & ROI £m	Booker £m	Central Europe £m	Total at constant exchange £m	Foreign exchange £m	Total at actual exchange £m
Revenue	3	29,116	4,734	2,150	36,000	36	36,036
Less: Fuel sales		(2,916)	–	(68)	(2,984)	(1)	(2,985)
Sales		26,200	4,734	2,082	33,016	35	33,051
Adjusted operating profit		1,469	162	44	1,675	(1)	1,674
Adjusting items	4	(26)	(39)	(6)	(71)	–	(71)
Operating profit		1,443	123	38	1,604	(1)	1,603
Adjusted operating margin		5.0%	3.4%	2.0%	4.7%		4.6%

26 weeks ended 23 August 2025							
At actual exchange rates	Notes	UK & ROI £m	Booker £m	Central Europe £m			Total £m
Revenue	3	29,127	4,734	2,175			36,036
Less: Fuel sales		(2,916)	–	(69)			(2,985)
Sales		26,211	4,734	2,106			33,051
Adjusted operating profit		1,468	162	44			1,674
Adjusting items	4	(26)	(39)	(6)			(71)
Operating profit		1,442	123	38			1,603
Adjusted operating margin		5.0%	3.4%	2.0%			4.6%
Share of post-tax profit/(loss) of joint ventures and associates							(1)
Finance income	5						117
Finance costs	5						(414)
Profit before tax							1,305

Note 2 Segmental reporting continued

26 weeks ended 24 August 2024 At actual exchange rates	Notes	UK & ROI (restated*) £m	Booker £m	Central Europe £m	Total £m
Revenue	3	28,045	4,623	2,105	34,773
Less: Fuel sales		(3,232)	–	(78)	(3,310)
Sales		24,813	4,623	2,027	31,463
Adjusted operating profit		1,439	161	49	1,649
Adjusting items	4	1	(38)	–	(37)
Operating profit		1,440	123	49	1,612
Adjusted operating margin		5.1%	3.5%	2.3%	4.7%
Share of post-tax profit/(loss) of joint ventures and associates					(2)
Finance income	5				132
Finance costs	5				(350)
Profit before tax					1,392

* Comparatives have been restated to reflect the reclassification of Insurance and Money Services from the former Tesco Bank segment to the UK & ROI segment, and the reclassification of the Booker business to its own segment.

Included within the UK & ROI segment is £563m of revenue and sales (26 weeks ended 24 August 2024: £519m), £100m of adjusted operating profit (26 weeks ended 24 August 2024: £94m), £(13)m of adjusting items (26 weeks ended 24 August 2024: £(4)m) and £87m of operating profit (26 weeks ended 24 August 2024: £90m) related to the Insurance and Money Services business.

Other segment information

The tables below show the Group's total capital expenditure, depreciation and amortisation for continuing operations:

26 weeks ended 23 August 2025	UK & ROI £m	Booker £m	Central Europe £m	Total £m
Capital expenditure (including acquisitions through business combinations):				
Property, plant and equipment ^(a)	492	23	32	547
Goodwill and other intangible assets ^(b)	151	–	4	155
Depreciation and amortisation:				
Property, plant and equipment	(414)	(25)	(41)	(480)
Right of use assets	(217)	(45)	(25)	(287)
Other intangible assets	(104)	(39)	(5)	(148)

(a) Includes £nil (26 weeks ended 24 August 2024: £1m) of property, plant and equipment acquired through business combinations.

(b) Includes £3m (26 weeks ended 24 August 2024: £56m) of goodwill and other intangible assets acquired through business combinations.

As a result of the separation of the UK & ROI and Booker operating segments, the £3.7bn goodwill previously allocated to the UK group of cash-generating units including Booker has been allocated to the UK (£3.3bn) and Booker (£0.4bn) businesses based on their relative values, as required by IAS 36. The goodwill and associated other non-current asset balances have been reviewed for any indicators of impairment. No indicators were observed and both the UK and Booker had significant headroom.

26 weeks ended 24 August 2024	UK & ROI (restated ^(c)) £m	Booker £m	Central Europe £m	Total £m
Capital expenditure (including acquisitions through business combinations):				
Property, plant and equipment ^(a)	371	24	28	423
Goodwill and other intangible assets ^(b)	129	56	4	189
Depreciation and amortisation:				
Property, plant and equipment	(392)	(25)	(42)	(459)
Right of use assets	(206)	(40)	(23)	(269)
Other intangible assets	(95)	(38)	(5)	(138)

(a)-(b) Refer to previous table for footnotes.

(c) Comparatives have been restated to reflect the reclassification of Insurance and Money Services from the former Tesco Bank segment to the UK & ROI segment, and the reclassification of the Booker business to its own segment.

Note 3 Revenue

	Notes	26 weeks 2025 £m	26 weeks 2024 £m
Continuing operations			
UK		27,586	26,596
ROI		1,541	1,449
UK & ROI	2	29,127	28,045
Booker	2	4,734	4,623
Hungary		744	705
Czech Republic		733	710
Slovakia		698	690
Central Europe	2	2,175	2,105
Total Group	2	36,036	34,773

Note 4 Adjusting items

Group income statement

26 weeks ended 23 August 2025

Profit/(loss) for the period included the following adjusting items:

	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Total adjusting items £m
Property transactions ^(a)	(10)	-	(10)	-	1	(9)
Net impairment (loss)/reversal of non-current assets ^(b)	-	(9)	(9)	-	-	(9)
Restructuring ^(c)	1	(2)	(1)	-	-	(1)
Amortisation of acquired intangible assets ^(d)	-	(38)	(38)	-	10	(28)
Separation programme costs related to disposal of Banking operations ^(e)	(8)	(5)	(13)	-	3	(10)
Net pension finance income/(costs) ^(f)	-	-	-	(8)	2	(6)
Fair value remeasurements of financial instruments ^(f)	-	-	-	(26)	8	(18)
Total adjusting items	(17)	(54)	(71)	(34)	24	(81)

(a) Includes costs associated with a distribution simplification programme in Central Europe. The prior period predominantly related to the disposal of surplus properties.

(b) Refer to **Note 9** for further details on net impairment (loss)/reversal of non-current assets.

(c) Provisions relating to operational restructuring changes announced as part of 'Save to Invest', a multi-year programme which commenced in June 2022. The total cost of the programme recognised as adjusting since its start date is £(276)m (26 weeks ended 24 August 2024: £(235)m). Future cost savings will not be reported within adjusting items.

(d) Amortisation of acquired intangibles relates to assets acquired through business combinations and does not reflect the Group's ongoing trading performance.

(e) Separation programme costs incurred in the continuing Group in relation to the disposal of the Group's Banking operations in the prior year.

(f) Net pension finance costs and fair value remeasurements of financial instruments are included within adjusting items, as they can fluctuate significantly due to external market factors that are outside management's control. Refer to **Note 5** for details of finance income and costs and **Note 17** for details of pension schemes.

26 weeks ended 24 August 2024

Profit/(loss) for the period included the following adjusting items:

	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Adjusting items included within discontinued operations £m	Total adjusting items £m
Property transactions	-	7	7	-	(1)	-	6
Restructuring	(3)	-	(3)	-	1	-	(2)
Amortisation of acquired intangible assets	-	(38)	(38)	-	9	-	(29)
Separation programme costs related to disposal of Banking operations	(2)	(1)	(3)	-	1	-	(2)
Net pension finance income/(costs)	-	-	-	(15)	4	-	(11)
Fair value remeasurements of financial instruments	-	-	-	66	(16)	-	50
Total adjusting items from continuing operations	(5)	(32)	(37)	51	(2)	-	12
Adjusting items relating to discontinued operations	-	-	-	-	-	(41)	(41)
Total adjusting items	(5)	(32)	(37)	51	(2)	(41)	(29)

Note 4 Adjusting items continued

Group cash flow statement

The table below shows the impact of adjusting items on the Group cash flow statement:

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
	26 weeks 2025 £m	26 weeks 2024 £m	26 weeks 2025 £m	26 weeks 2024 £m	26 weeks 2025 £m	26 weeks 2024 £m
Property transactions ^(a)	(10)	-	30	15	(31)	-
Restructuring ^(b)	(30)	(52)	-	-	-	-
Separation programme costs related to disposal of Banking operations ^(c)	(12)	-	-	-	-	-
Total adjusting items	(52)	(52)	30	15	(31)	-

(a) Property transactions include £30m proceeds from the sale of 17 sites and the leaseback of nine associated stores in the UK and a £(31)m premium related to a significant transaction in the UK, which due to their size and nature, are treated as adjusting. The prior period related to the sale of stores in Poland not included in the sale of the corporate business and the sale of other surplus property.

(b) Cash outflows relating to operational restructuring changes as part of the multi-year 'Save to Invest' programme, which commenced in June 2022.

(c) Separation programme costs incurred in the continuing Group in relation to the disposal of the Group's Banking operations in the prior year.

Note 5 Finance income and costs

	Notes	26 weeks 2025 £m	26 weeks 2024 £m
Continuing operations			
Finance income			
Interest income on:			
Bank balances		49	55
Short-term investments		56	65
Loans to joint ventures and associates		4	4
Other investments		6	6
Net investment in leases		1	1
Finance income on reinsurance contracts held		1	1
Total finance income		117	132
Finance costs			
GBP MTNs and loans		(91)	(102)
EUR MTNs		(37)	(46)
USD bonds		(7)	(9)
Interest expense on lease liabilities*		(190)	(186)
Finance expense on insurance contracts issued		(7)	(7)
Interest expense on bank overdrafts		(43)	(46)
Undrawn committed facility fee		(2)	(2)
Unwind of discount on provisions		(3)	(3)
Total finance costs before adjusting items		(380)	(401)
Fair value remeasurements of financial instruments		(26)	66
Net pension finance income/(costs)	17	(8)	(15)
Total finance costs		(414)	(350)
Net finance costs		(297)	(218)

* Interest expense on lease liabilities is presented net of £5m of hedging impact (26 weeks ended 24 August 2024: £nil).

Note 6 Taxation

Recognised in the Group income statement

	26 weeks 2025 £m	26 weeks 2024 £m
Current tax charge		
UK corporation tax	257	256
Overseas tax	36	39
	293	295
Deferred tax charge		
Origination and reversal of temporary differences	62	75
	62	75
Total income tax charge	355	370
Analysed as:		
Tax charge/(credit) on adjusted profit	379	368
Tax charge/(credit) on adjusting items	(24)	2
Total income tax charge	355	370
Effective tax rate	27.2%	26.6%
Adjusted effective tax rate	26.9%	26.7%

The tax charge in the Group income statement is based on management's best estimate of the full year effective tax rates by geographical unit applied to half year profits, which is then adjusted for tax on adjusting items arising in the period to 23 August 2025. The appropriate statutory rate of corporation tax has been applied to the adjusting items, based on the geographical unit of that item. Refer to **Note 4** for further details.

Note 7 Dividends

	26 weeks ended 23 August 2025		26 weeks ended 24 August 2024	
	Pence/share	£m	Pence/share	£m
Paid prior financial year final dividend*	9.45	628	8.25	576
(Increase)/decrease in unclaimed dividends	-	(1)	-	(1)
Dividends paid in the financial period		627		575
Interim dividend declared for the current period	4.80	314	4.25	291

* Excludes £5m prior financial year dividend waived (26 weeks ended 24 August 2024: £5m).

The interim dividend was approved by the Board of Directors on 1 October 2025. It will be paid on 21 November 2025 to shareholders who are on the Register of members at close of business on 10 October 2025.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 31 October 2025.

Note 8 Earnings/(losses) per share and diluted earnings/(losses) per share

	26 weeks ended 23 August 2025			26 weeks ended 24 August 2024		
	Basic	Dilutive share options and awards	Diluted	Basic	Dilutive share options and awards	Diluted
Profit/(loss) (£m)						
Continuing operations	950	-	950	1,022	-	1,022
Discontinued operations	-	-	-	29	-	29
Total	950	-	950	1,051	-	1,051
Weighted average number of shares (millions)	6,606	74	6,680	6,922	70	6,992
Earnings/(losses) per share (pence)						
Continuing operations	14.38	(0.16)	14.22	14.76	(0.14)	14.62
Discontinued operations	-	-	-	0.42	(0.01)	0.41
Total	14.38	(0.16)	14.22	15.18	(0.15)	15.03

Note 8 Earnings/(losses) per share and diluted earnings/(losses) per share continued

APM: Adjusted diluted earnings/(losses) per share

Continuing operations	Notes	26 weeks 2025	26 weeks 2024
Profit before tax (£m)		1,305	1,392
Exclude: Adjusting items (£m)	4	105	(14)
Adjusted profit before tax (£m)		1,410	1,378
Adjusted profit before tax attributable to the owners of the parent (£m)		1,410	1,378
Taxation on adjusted profit before tax attributable to the owners of the parent (£m)	6	(379)	(368)
Adjusted profit after tax attributable to the owners of the parent (£m)		1,031	1,010
Basic weighted average number of shares (millions)		6,606	6,922
Adjusted basic earnings per share (pence)		15.61	14.59
Diluted weighted average number of shares (millions)		6,680	6,992
Adjusted diluted earnings per share APM (pence)		15.43	14.45

Note 9 Property, plant and equipment

	23 August 2025			24 August 2024		
	Land and buildings £m	Other ^(a) £m	Total £m	Land and buildings £m	Other ^(a) £m	Total £m
Net carrying value						
Opening balance	14,759	2,503	17,262	14,997	2,224	17,221
Foreign currency translation	117	23	140	(15)	(4)	(19)
Additions ^(b)	183	364	547	158	264	422
Acquired through business combinations	-	-	-	-	1	1
Reclassification	-	-	-	3	(2)	1
Transfers (to)/from assets classified as held for sale ^(c)	(91)	(2)	(93)	(18)	-	(18)
Disposals	(14)	(4)	(18)	(11)	(2)	(13)
Depreciation charge for the period	(231)	(249)	(480)	(230)	(229)	(459)
Impairment losses	(7)	(2)	(9)	-	-	-
Closing balance	14,716	2,633	17,349	14,884	2,252	17,136
Construction in progress included above^(d)	175	365	540	114	247	361

(a) Other assets consist of fixtures and fittings with a net carrying value of £2,015m (22 February 2025: £1,874m, 24 August 2024: £1,713m), office and store equipment with a net carrying value of £258m (22 February 2025: £269m, 24 August 2024: £235m) and motor vehicles with a net carrying value of £360m (22 February 2025: £360m, 24 August 2024: £304m).

(b) Includes £35m (22 February 2025: £199m, 24 August 2024: £25m) relating to store buybacks, direct store purchases and refits associated with both direct store purchases and business combinations.

(c) Refer to **Note 13**.

(d) Construction in progress does not include land.

Commitments for capital expenditure contracted for, but not incurred, at 23 August 2025 were £577m (22 February 2025: £191m, 24 August 2024: £358m) principally relating to store development and multi-year distribution investment.

Impairment of non-current assets

The Group recognised an impairment charge of £9m (26 weeks ended 24 August 2024: £nil) immediately prior to classifying specific non-trading sites as held for sale (refer to **Note 13**), impairing these sites to fair value less cost to sell. The methodology to calculate the fair value is unchanged from that described in **Note 15** of the Annual Report and Financial Statements 2025.

At each reporting date, the Group reviews the carrying amounts of its freehold and leasehold non-current asset store estate to determine whether there is any indication of impairment loss or impairment reversal. The Group has concluded there were no such indicators during the 26 weeks ended 23 August 2025 (26 weeks ended 24 August 2024: £nil).

Note 10 Leases

Group as lessee

Right of use assets

	23 August 2025			24 August 2024		
	Land and buildings £m	Other £m	Total £m	Land and buildings £m	Other £m	Total £m
Net carrying value						
Opening balance	5,431	138	5,569	5,365	113	5,478
Additions (including sale and leaseback transactions)	112	51	163	87	31	118
Acquired through business combinations	-	-	-	5	-	5
Depreciation charge for the period	(263)	(24)	(287)	(251)	(18)	(269)
Other movements*	244	-	244	102	-	102
Closing balance	5,524	165	5,689	5,308	126	5,434

* Other movements include lease terminations, modifications and reassessments, foreign exchange, reclassifications between asset classes and entering into finance subleases.

Lease liabilities

The following table shows the discounted lease liabilities included in the Group balance sheet and the contractual undiscounted lease payments:

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Current	641	618	607
Non-current	7,150	7,098	6,935
Total lease liabilities	7,791	7,716	7,542
Total undiscounted lease payments	10,950	10,876	10,570

A reconciliation of the Group's opening to closing lease liabilities balance is presented in **Note 19**.

Note 11 Cash and cash equivalents and short-term investments

Cash and cash equivalents

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Cash at bank and on hand	2,345	2,190	3,223
Short-term deposits	89	65	87
Cash and cash equivalents in the Group balance sheet*	2,434	2,255	3,310
Bank overdrafts	(1,034)	(856)	(973)
Cash and cash equivalents in the Group cash flow statement	1,400	1,399	2,337

* At 24 August 2024 the balance included £757m which was used in October 2024 to settle deposits from the Bank of England's Term Funding Scheme with additional incentives for small and medium-sized enterprises (TFSME), as was disclosed in the Glossary - APMs: Reconciliation of cash flow measures in the Annual Report and Financial Statements 2025.

Short-term investments

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Money market funds, deposits and similar instruments	1,992	2,223	1,912

Cash and cash equivalents include £27m (22 February 2025: £26m, 24 August 2024: £28m) of restricted amounts mainly relating to unclaimed dividends, the Group's pension schemes and employee benefit trust.

Note 12 Commercial income

Below are the commercial income balances included within inventories and trade and other receivables, or netted against trade and other payables.

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Current assets			
Inventories	(15)	(14)	(12)
Trade and other receivables			
Trade/other receivables	93	110	81
Accrued income	126	142	114
Current liabilities			
Trade payables	135	173	108

Note 13 Assets classified as held for sale

The following table presents a breakdown of non-current assets classified as held for sale and the assets and liabilities of the Banking operations disposal group in the prior period.

	23 August 2025	22 February 2025	24 August 2024		
	Other ^(a) £m	Other ^(a) £m	Banking operations £m	Other ^(a) £m	Total £m
Assets of the disposal group ^(b)	-	-	8,084	-	8,084
Non-current assets classified as held for sale ^(c)	123	50	-	101	101
Total non-current assets classified as held for sale and assets of the disposal group	123	50	8,084	101	8,185
Liabilities of the disposal group ^(b)	-	-	(7,512)	-	(7,512)
Total non-current assets classified as held for sale and net assets of the disposal group	123	50	572	101	673

(a) Other non-current assets classified as held for sale consist of properties in the UK (22 February 2025: UK, 24 August 2024: UK and Central Europe) due to be sold within one year. Due to the individual nature of each property, fair values are classified as Level 3 within the fair value hierarchy.

(b) Refer to **Note 8** of the Annual Report and Financial Statements 2025 for details relating to the Group's disposal of Banking operations in that year.

(c) The movement in the period principally relates to a reclassification of £96m of properties from property, plant and equipment for a number of sites expected to be sold within one year, partially offset by £19m of disposals.

Note 14 Borrowings

Borrowings are classified as current and non-current based on their scheduled repayment date, and not their maturity date. Repayments of principal amounts are classified as current if the repayment is scheduled to be made within one year of the balance sheet date. In the 26 weeks ended 23 August 2025, the Group made principal repayments of £400m relating to a GBP MTN which matured in May 2025 and principal repayments on amortising secured debt of £30m. A new €500m bond was issued in April 2025, maturing in May 2032. This bond is designated as a net investment hedge.

In the 26 weeks ended 24 August 2024, the Group made principal repayments of €473m relating to a Euro MTN which matured in July 2024, a €50m partial repayment on the Euro 2047 MTN and principal repayments on amortising secured debt of £27m. Tesco Bank repaid Senior MREL Notes of £146m. In addition, the Group issued a £350m bond, maturing in May 2034.

Current

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Bank loans and overdrafts	1,059	882	998
Borrowings	1,203	979	518
	2,262	1,861	1,516

Non-current

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Borrowings	4,914	5,089	5,580

Borrowing facilities

The Group has a £2.5bn syndicated revolving credit facility available at 23 August 2025 expiring in more than two years (22 February 2025: £2.5bn, 24 August 2024: £2.5bn and, prior to the Banking operations disposal, Tesco Bank had a £200m committed repurchase facility). The revolving credit facility was undrawn at those dates. All conditions precedent had been met at those dates. It incurs commitment fees at market rates and would provide funding at floating rates, both linked to three ESG targets.

Note 15 Insurance

Balances disclosed in this note relate to the Group's subsidiary, Tesco Underwriting Limited (TU), part of the UK & ROI segment.

Insurance contract liabilities and reinsurance contract assets

The breakdown of portfolios and groups of insurance contracts issued, and reinsurance contracts held is set out in the table below:

	At 23 August 2025			At 22 February 2025			At 24 August 2024		
	Insurance contract liabilities £m	Reinsurance contracts held £m	Net (liabilities)/assets £m	Insurance contract liabilities £m	Reinsurance contracts held £m	Net (liabilities)/assets £m	Insurance contract liabilities ^(a) £m	Reinsurance contracts held ^(a) £m	Net (liabilities)/assets ^(a) £m
(Liabilities)/assets for remaining coverage	(276)	185	(91)	(270)	181	(89)	(258)	173	(85)
(Liabilities)/assets for incurred claims	(448)	(52)	(500)	(382)	(57)	(439)	(326)	(51)	(377)
	(724)	133	(591)	(652)	124	(528)	(584)	122	(462)
Contracts measured under PAA	(582)	80	(502)	(510)	71	(439)	(440)	68	(372)
Contracts not measured under PAA ^(c)	(142)	53	(89)	(142)	53	(89)	(144)	54	(90)
	(724)	133	(591)	(652)	124	(528)	(584)	122	(462)

(a) Comparatives have been re-presented to reclassify £(68)m from Liabilities for remaining coverage (LRC) to Liabilities for incurred claims (LIC).

(b) Comparatives have been re-presented due to the reclassification of quota share funds withheld of £447m relating to services received from Assets for remaining coverage (ARC) to Assets for incurred claims (AIC).

(c) Contracts not measured under the premium allocation approach (PAA) are measured using the general measurement model (GMM).

Measurement components of insurance contract liabilities and reinsurance contract assets are set out in the table below. The estimate of the present value of future cash flows is adjusted for events since the actuarial valuation:

	At 23 August 2025				At 22 February 2025				At 24 August 2024			
	Present value of future cash flows £m	Risk adjustment £m	CSM* £m	Total £m	Present value of future cash flows £m	Risk adjustment £m	CSM* £m	Total £m	Present value of future cash flows £m	Risk adjustment £m	CSM* £m	Total £m
Insurance contract liabilities	(625)	(28)	(71)	(724)	(557)	(24)	(71)	(652)	(495)	(18)	(71)	(584)
Reinsurance contract assets	90	9	34	133	83	7	34	124	89	6	27	122
Net (liabilities)/assets	(535)	(19)	(37)	(591)	(474)	(17)	(37)	(528)	(406)	(12)	(44)	(462)

* Contractual service margin.

Note 16 Financial instruments

The expected maturity of financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Fair value of financial assets and liabilities measured at amortised cost

The table excludes cash and cash equivalents, short-term investments, trade receivables and payables, other receivables and payables, and accruals where the carrying values approximate fair value. The levels in the table refer to the fair value measurement hierarchy.

		23 August 2025		22 February 2025		24 August 2024	
	Level	Carrying value £m	Fair value ^(a) £m	Carrying value £m	Fair value ^(a) £m	Carrying value £m	Fair value ^(a) £m
Financial assets measured at amortised cost							
Investment securities at amortised cost ^(b)	1 and 2	194	198	196	201	197	209
Joint ventures and associates loan receivables	2	97	107	97	105	96	107
Financial liabilities measured at amortised cost							
Borrowings							
Amortised cost	1	(5,506)	(5,260)	(4,916)	(4,651)	(5,079)	(4,871)
Bonds in fair value hedge relationships	1	(1,670)	(1,723)	(2,034)	(2,088)	(2,017)	(2,067)

(a) Refer to the fair value measurement section below for details on Level 2 methodology.

(b) These are principally Level 1 instruments.

Fair value measurement by level of fair value hierarchy

The following tables present the Group's financial assets and liabilities that are measured at fair value, by level of fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There have been no changes to the fair value methodology as disclosed in **Note 26** of the Annual Report and Financial Statements 2025.

At 23 August 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	953	–	17	970
Short-term investments at fair value through profit or loss	1,082	–	–	1,082
Cash and cash equivalents at fair value through profit or loss	–	61	–	61
Derivative financial instruments:				
Interest rate swaps	–	–	15	15
Cross-currency swaps	–	–	124	124
Index-linked swaps	–	–	620	620
Foreign currency forward contracts	–	16	–	16
Total assets	2,035	77	776	2,888
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	–	(77)	(77)
Cross-currency swaps	–	–	(99)	(99)
Foreign currency forward contracts	–	(54)	–	(54)
Commodity derivatives	–	(4)	–	(4)
Total liabilities	–	(58)	(176)	(234)
Net assets	2,035	19	600	2,654

Note 16 Financial instruments continued

At 22 February 2025

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	855	-	19	874
Short-term investments at fair value through profit or loss	1,386	-	-	1,386
Cash and cash equivalents at fair value through profit or loss	-	61	-	61
Other investments at fair value through profit or loss	-	-	15	15
Derivative financial instruments:				
Interest rate swaps	-	-	24	24
Cross-currency swaps	-	-	138	138
Index-linked swaps	-	-	646	646
Foreign currency forward contracts	-	27	-	27
Total assets	2,241	88	842	3,171
Liabilities				
Derivative financial instruments:				
Interest rate swaps	-	-	(74)	(74)
Cross-currency swaps	-	-	(130)	(130)
Foreign currency forward contracts	-	(11)	-	(11)
Commodity derivatives	-	(2)	-	(2)
Total liabilities	-	(13)	(204)	(217)
Net assets	2,241	75	638	2,954

At 24 August 2024

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	751	-	19	770
Short-term investments at fair value through profit or loss	949	-	-	949
Cash and cash equivalents at fair value through profit or loss	-	63	-	63
Other investments at fair value through profit or loss	-	-	16	16
Derivative financial instruments:				
Interest rate swaps	-	-	11	11
Cross-currency swaps	-	-	141	141
Index-linked swaps	-	-	636	636
Foreign currency forward contracts	-	11	-	11
Total assets	1,700	74	823	2,597
Liabilities				
Derivative financial instruments:				
Interest rate swaps	-	-	(88)	(88)
Cross-currency swaps	-	-	(130)	(130)
Foreign currency forward contracts	-	(38)	-	(38)
Commodity derivatives	-	(5)	-	(5)
Total liabilities	-	(43)	(218)	(261)
Net assets	1,700	31	605	2,336

During the period, there were no transfers (26 weeks ended 24 August 2024: no transfers) between Level 1 and Level 2 fair value measurements.

Level 3 instruments

The following table presents the changes in Level 3 instruments:

	26 weeks ended 23 August 2025		26 weeks ended 24 August 2024	
	Uncollateralised derivatives £m	Unlisted investments £m	Uncollateralised derivatives £m	Unlisted investments £m
At the beginning of the period	604	34	545	37
Gains/(losses) recognised in finance costs ^(a)	(22)	-	36	(1)
Gains/(losses) recognised in other comprehensive income not reclassified to the income statement	-	(1)	-	-
Gains/(losses) recognised in other comprehensive income that may subsequently be reclassified to the income statement	-	-	26	-
Disposals	-	(16)	-	-
Settlements	1	-	(37)	-
Transfer of assets from Level 3 ^(b)	-	-	-	(1)
At the end of the period	583	17	570	35

(a) Net unrealised gains/(losses) of £5m (26 weeks ended 24 August 2024: £69m) are attributable to those assets and liabilities held at the end of the period and have been recognised in finance costs in the Group income statement.

(b) There were £nil transfers from Level 3 to Level 2 (26 weeks ended 24 August 2024: £nil) and £nil transfers from Level 3 to Level 1 (26 weeks ended 24 August 2024: £11m). There were £nil transfers (26 weeks ended 24 August 2024: £nil) to Level 3 from Level 2 and £nil (26 weeks ended 24 August 2024: £nil) to Level 3 from Level 1.

Note 17 Post-employment benefits

Pensions

The Group operates several post-employment benefit arrangements, covering both funded and unfunded defined benefit schemes and defined contribution schemes.

The principal defined benefit pension plan within the Group is the Tesco PLC Pension Scheme (the Scheme), a UK scheme that has been closed to future accrual since 2015. The latest triennial actuarial pension funding valuation for the Scheme as at 31 March 2025 showed a funding level under the Technical Provisions basis of 106% (31 March 2022: 104%). During the period, and following this triennial valuation, it was agreed with the Scheme Trustee that no pension deficit contributions would be required from the Company.

In June 2025 the UK Government announced that it intends to introduce legislation to deal with issues arising from the Virgin Media vs NTL Pension Trustees judgement. From the work performed to date, management's view continues to be that no material adjustments to the financial statements are needed as a result of this judgement – see **Note 29** of the Annual Report and Financial Statements 2025 for further details.

IFRIC 14

For schemes in an accounting surplus position, these surpluses are recognised on the balance sheet in line with IFRIC 14, as the Group has an unconditional legal right to any future economic benefits by way of future refunds following a gradual settlement.

Movement in the Group pension surplus/(deficit) during the financial period

	Net defined benefit surplus/(deficit)		
	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Opening balance	(248)	(631)	(631)
Administration costs	(9)	(17)	(9)
Finance income/(cost)	(8)	(32)	(15)
Included in the Group income statement	(17)	(49)	(24)
Remeasurement gain/(loss):			
Financial assumptions gain/(loss)	725	981	(74)
Demographic assumptions gain/(loss)	129	17	(7)
Experience gain/(loss)	(80)	(62)	(62)
Return on plan assets excluding finance income	(696)	(550)	395
Foreign currency translation	2	(1)	-
Included in the Group statement of comprehensive income/(loss)	80	385	252
Employer contributions	9	17	9
Additional employer contributions	13	23	12
Benefits paid	4	7	2
Other movements	26	47	23
Closing balance	(159)	(248)	(380)
Withholding tax on surplus ^(a)	(4)	(3)	(4)
Closing balance, net of withholding tax	(163)	(251)	(384)
Consisting of:			
Schemes in deficit	(231)	(307)	(426)
Schemes in surplus ^(b)	68	56	42
Deferred tax asset/(liability) ^(c)	51	71	102
Surplus/(deficit) in schemes at the end of the period, net of deferred tax	(112)	(180)	(282)

(a) The movement in the period is recognised through other comprehensive income in remeasurements of defined benefit pension schemes.

(b) Schemes in surplus in the UK are presented on the balance sheet net of a 25% (22 February 2025 and 24 August 2024: 25%) withholding tax.

(c) Including £(7)m deferred tax liability relating to the ROI scheme in surplus where no withholding tax is applicable (22 February 2025: £(6)m, 24 August 2024: £(4)m).

Note 17 Post-employment benefits continued

Scheme principal assumptions

The principal assumptions, on a weighted average basis, used by external actuaries to value the defined benefit obligation of the Scheme were as follows:

	23 August 2025 %	22 February 2025 %	24 August 2024 %
Discount rate ^(a)	6.0	5.7	5.1
Price inflation	2.8	3.0	2.9
Rate of increase in deferred pensions ^(b)	2.4	2.6	2.5
Rate of increase in pensions in payment ^(b)			
Benefits accrued before 1 June 2012	2.7	2.9	2.8
Benefits accrued after 1 June 2012	2.4	2.6	2.5

(a) The discount rate for the Scheme is determined by reference to market yields of high-quality corporate bonds of suitable currency and term to the Scheme cash flows and extrapolated based on the trend observable in corporate bond yields.

(b) In excess of any guaranteed minimum pension (GMP) element.

Sensitivity analysis of significant actuarial assumptions

The sensitivity of significant assumptions upon the Scheme defined benefit obligation is detailed below:

Financial assumptions – Increase/(decrease) in UK defined benefit obligation	23 August 2025		24 August 2024	
	Discount rate £m	Inflation rate £m	Discount rate £m	Inflation rate £m
Impact of 0.1% increase of the assumption	(138)	127	(182)	170
Impact of 0.1% decrease of the assumption	148	(127)	195	(158)
Impact of 1.0% increase of the assumption	(1,302)	1,312	(1,690)	1,763
Impact of 1.0% decrease of the assumption	1,609	(1,132)	2,152	(1,484)

The sensitivities reflect the range of recent assumption movements and illustrate that the financial assumption sensitivities do not move in a linear fashion. Movements in the defined benefit obligation from discount rate and inflation rate changes may be partially offset by movements in assets.

Note 18 Share capital and other reserves

Share capital

	26 weeks ended 23 August 2025		52 weeks ended 22 February 2025	
	Ordinary shares of 6½p each		Ordinary shares of 6½p each	
	Number	£m	Number	£m
Allotted, called-up and fully paid:				
At the beginning of the financial period	6,736,841,762	426	7,038,930,440	445
Shares cancelled	(199,836,693)	(13)	(302,088,678)	(19)
At the end of the financial period	6,537,005,069	413	6,736,841,762	426

No shares were issued during the current or prior financial period in relation to share options or bonus awards. The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Other reserves

The tables below set out the movements in other reserves:

	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held* £m	Merger reserve £m	Insurance finance reserve £m	Total £m
At 22 February 2025	80	49	186	(280)	3,090	15	3,140
Other comprehensive income/(loss)							
Retranslation of net assets of overseas subsidiaries, joint ventures and associates	-	-	123	-	-	-	123
Impact of net investment hedges	-	-	(56)	-	-	-	(56)
Gains/(losses) on cash flow hedges	-	(79)	-	-	-	-	(79)
Cash flow hedges reclassified and reported in the Group income statement	-	(11)	-	-	-	-	(11)
Finance income/(expenses) from insurance contracts issued	-	-	-	-	-	(1)	(1)
Tax relating to components of other comprehensive income	-	8	-	-	-	-	8
Total other comprehensive income/(loss)	-	(82)	67	-	-	(1)	(16)
Inventory cash flow hedge movements							
(Gains)/losses transferred to the cost of inventory	-	42	-	-	-	-	42
Total inventory cash flow hedge movements	-	42	-	-	-	-	42
Transactions with owners							
Own shares purchased for cancellation	-	-	-	(1,200)	-	-	(1,200)
Own shares cancelled	13	-	-	773	-	-	786
Own shares purchased for share schemes	-	-	-	(160)	-	-	(160)
Share-based payments	-	-	-	171	-	-	171
Transfer from own shares held to retained earnings	-	-	-	44	-	-	44
Total transactions with owners	13	-	-	(372)	-	-	(359)
At 23 August 2025	93	9	253	(652)	3,090	14	2,807

* Includes 29.7 million shares held by the Tesco International Employee Benefit Trust (22 February 2025: 37.1 million, 24 August 2024: 39.9 million).

	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held* £m	Merger reserve £m	Insurance finance reserve £m	Total £m
At 24 February 2024	61	75	206	(315)	3,090	14	3,131
Other comprehensive income/(loss)							
Retranslation of net assets of overseas subsidiaries, joint ventures and associates	-	-	(31)	-	-	-	(31)
Impact of net investment hedges	-	-	9	-	-	-	9
Gains/(losses) on cash flow hedges	-	(6)	-	-	-	-	(6)
Cash flow hedges reclassified and reported in the Group income statement	-	(36)	-	-	-	-	(36)
Finance income/(expenses) from insurance contracts issued	-	-	-	-	-	(3)	(3)
Finance income/(expenses) from reinsurance contracts held	-	-	-	-	-	1	1
Tax relating to components of other comprehensive income	-	5	-	-	-	-	5
Total other comprehensive income/(loss)	-	(37)	(22)	-	-	(2)	(61)
Inventory cash flow hedge movements							
(Gains)/losses transferred to the cost of inventory	-	9	-	-	-	-	9
Total inventory cash flow hedge movements	-	9	-	-	-	-	9
Transactions with owners							
Own shares purchased for cancellation	-	-	-	(746)	-	-	(746)
Own shares cancelled	12	-	-	575	-	-	587
Own shares purchased for share schemes	-	-	-	(101)	-	-	(101)
Share-based payments	-	-	-	183	-	-	183
Total transactions with owners	12	-	-	(89)	-	-	(77)
At 24 August 2024	73	47	184	(404)	3,090	12	3,002

Refer to previous table for footnote.

Note 18 Share capital and other reserves continued

Own shares held

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

	23 August 2025 £m	24 August 2024 £m
Own shares purchased for cancellation		
Included in the Group statement of changes in equity	(1,200)	(746)
Outstanding amount recognised as financial liabilities ^(a)	427	171
Included in the Group cash flow statement^(b)	(773)	(575)

(a) Shares to be delivered under a share repurchase agreement with an external bank, included in other payables.

(b) 199.8 million (24 August 2024: 182.2 million) shares purchased at an average price of £3.87 per share (24 August 2024: £3.16).

199.8 million (26 weeks ended 24 August 2024: 182.2 million) shares, representing 3.1% of the called-up share capital as at 23 August 2025 (24 August 2024: 2.7%) were cancelled and charged to retained earnings. Total consideration was £773m (24 August 2024: £575m), including stamp duty of £4m (24 August 2024: £3m).

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:

	23 August 2025 £m	24 August 2024 £m
Own shares purchased for share schemes		
Included in the Group statement of changes in equity	(160)	(101)
Shares withheld to settle employee tax	49	54
Cash received from employees exercising SAYE options	48	64
Included in the Group cash flow statement	(63)	17

Note 19 Analysis of changes in Net debt

The Group's Net debt APM is defined in the Glossary.

	23 August 2025 £m	22 February 2025 £m	24 August 2024 £m
Borrowings, excluding overdrafts	(6,142)	(6,094)	(6,123)
Lease liabilities	(7,791)	(7,716)	(7,542)
Net financing derivatives	585	602	567
Share purchase obligations	(427)	-	(171)
Liabilities from financing activities	(13,775)	(13,208)	(13,269)
Cash and cash equivalents in the balance sheet	2,434	2,255	3,310
Overdrafts ^(a)	(1,034)	(856)	(973)
Cash and cash equivalents (including overdrafts) in the cash flow statement	1,400	1,399	2,337
Short-term investments	1,992	2,223	1,912
Joint venture loans	97	97	96
Interest and other receivables	19	19	17
Net operating and investing derivatives	(44)	16	(29)
Exclude: Share purchase obligations	427	-	171
Exclude: Cash and cash equivalents held to settle deposits from central bank ^(b)	-	-	(757)
Net debt APM^(c)	(9,884)	(9,454)	(9,522)

(a) Overdraft balances are included within borrowings in the Group balance sheet, and within cash and cash equivalents in the Group cash flow statement. Refer to **Note 11**.

(b) Net debt at 24 August 2024 is presented excluding the temporary benefit of cash proceeds from the disposal of an investment portfolio in that period by Insurance and Money Services. This was used in October 2024 to settle deposits from the Bank of England's Term Funding Scheme with additional incentives for small and medium-sized enterprises (TFSME), as was disclosed in the Glossary – APMs: Reconciliation of cash flow measures in the Annual Report and Financial Statements 2025. The TFSME deposits were not included in Net debt.

(c) As disclosed in the Annual Report and Financial Statements 2025, following the disposal of the Group's Banking operations in that year, Net debt is now presented on a Group continuing operations basis including Insurance and Money Services, rather than on a Retail basis including Retail discontinued operations. The comparative for the 26 weeks ended 24 August 2024 has been restated.

Note 19 Analysis of changes in Net debt continued

The tables below set out the movements in liabilities arising from financing activities:

	Borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivative financial instruments ^(a) £m	Share purchase obligations ^(b) £m	Liabilities from Group financing activities ^(b) £m
At 22 February 2025	(6,094)	(7,716)	602	-	(13,208)
Cash flows arising from financing activities ^(c)	11	348	(12)	773	1,120
Cash flows arising from operating activities:					
Interest paid ^(c)	141	191	3	-	335
Non-cash movements:					
Fair value gains/(losses)	(24)	-	19	-	(5)
Foreign exchange	(71)	(46)	-	-	(117)
Interest income/(charge)	(105)	(195)	(27)	-	(327)
Lease additions, terminations, modifications and reassessments	-	(373)	-	-	(373)
Share purchase agreements	-	-	-	(1,200)	(1,200)
At 23 August 2025	(6,142)	(7,791)	585	(427)	(13,775)

(a) Net financing derivatives comprise those derivatives which hedge the Group's exposures in respect of lease liabilities and borrowings. Net operating and investing derivatives of £(44)m (26 weeks ended 24 August 2024: £(29)m), which form part of the Group's Net debt APM, are not included in liabilities from Group financing activities.

(b) Share purchase obligations form part of the liabilities arising from the Group's financing activities, but do not form part of Net debt. Cash flows arising from financing activities exclude £48m (26 weeks ended 24 August 2024: £64m) cash received from employees exercising SAYE options.

(c) Cash flows arising from financing activities and Interest paid for Lease liabilities and Net financing derivative financial instruments are presented gross. In the Group cash flow statement, these amounts are presented net.

	Borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivative financial instruments ^(a) £m	Share purchase obligations ^(b) £m	Liabilities from Group financing activities ^(b) £m
At 24 February 2024	(6,407)	(7,622)	544	-	(13,485)
Cash flows arising from financing activities ^{(c)(d)}	280	296	(35)	575	1,116
Cash flows arising from operating activities:					
Interest paid ^{(c)(d)(e)}	142	186	15	-	343
Non-cash movements:					
Fair value gains/(losses)	(59)	-	93	-	34
Foreign exchange	29	4	-	-	33
Interest income/(charge) ^(e)	(108)	(186)	(50)	-	(344)
Acquisitions and disposals	-	(5)	-	-	(5)
Lease additions, terminations, modifications and reassessments	-	(215)	-	-	(215)
Share purchase agreements	-	-	-	(746)	(746)
At 24 August 2024	(6,123)	(7,542)	567	(171)	(13,269)

(a)-(c) Refer to previous table for footnotes.

(d) Following the Group's change in presentation of economic hedges in the Group cash flow statement, Cash flows arising from financing activities and Interest paid within Net financing derivative financial instruments have been re-presented by £1m each. See **Note 20** for full details.

(e) Interest paid and Interest income/(charge) have been re-presented to exclude interest on overdrafts.

Note 20 Change in accounting policy

Presentation of economic hedges in the Group cash flow statement

The Group now classifies economic hedges in the same cash flow statement category as the underlying risk or hedged item and presents the related derivative cash flow movements net with the cash flows from the underlying risk being hedged. This simplification in presentation is consistent with the existing presentation of derivatives in formal hedge accounting relationships and is considered reliable and more relevant because the Group manages its risk exposure in cash flow terms on a net, after-hedging basis, regardless of whether the derivatives are in a formal hedge accounting relationship or not.

The Group previously presented such economic hedges on a gross basis in the investing and financing sections, separately to the cash flows from the underlying risk being hedged.

To the extent that any derivative cash flows do not have an associated risk cash flow, such as for financing activities across the Group related to the management of foreign exchange on intercompany loans or foreign currency funding needs, these derivative cash flows will continue to be presented on a gross basis in the financing section.

The comparatives for the period ended 24 August 2024 have been re-presented as follows:

	As reported £m	Adjustment £m	Re-presented £m
Interest paid	(389)	(1)	(390)
Cash flows generated from/(used in) investing activities	2,043	(1)	2,042
Proceeds from sale of other investments	866	27	893
Investing cash inflows from derivative financial instruments	27	(27)	-
Net cash generated from/(used in) investing activities	499	-	499
Repayment of capital element of obligations under leases	(297)	1	(296)
Repayment of borrowings	(622)	35	(587)
Financing cash inflows from derivative financial instruments	438	(414)	24
Financing cash outflows from derivative financial instruments	(404)	379	(25)
Net cash generated from/(used in) financing activities	(1,690)	1	(1,689)
Net increase/(decrease) in cash and cash equivalents	852	-	852
Free cash flow	1,261	-	1,261

Note 21 Contingent liabilities

There have been no material changes to the contingent liabilities of the Group in the period.

In relation to the Equal Pay Claims, details of which are reported in **Note 33** of the Annual Report and Financial Statements 2025, the employment tribunal hearing of the material factor defences originally expected to commence in September 2025 is now due to commence in March 2026.

Note 22 Events after the reporting period

There were no material events after the reporting period requiring disclosure.

Glossary – Alternative performance measures

Introduction

In the reporting of financial information, the Directors have adopted various Alternative performance measures (APMs).

These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

Purpose

The Directors believe that these APMs assist in providing additional useful information on the trends, performance and position of the Group. APMs aid comparability between geographical units or provide measures that are widely used across the industry. They also aid comparability between reporting periods; adjusting for certain costs or incomes that derive from events or transactions that fall within the normal activities of the Group but which, by virtue of their size or nature, are adjusted, can provide a helpful alternative perspective on year-on-year trends, performance and position that aids comparability over time.

The alternative view presented by these APMs is consistent with how management views the business, and how it is reported internally to the Board and Executive Committee for performance analysis, planning, reporting, decision-making and incentive-setting purposes.

Further information on the Group's adjusting items, which is a critical accounting judgement, can be found in **Note 4**.

Some of the Group's IFRS measures are translated at constant exchange rates. Constant exchange rates are the average actual periodic exchange rates for the previous financial period and are used to eliminate the effects of exchange rate fluctuations in assessing performance. Actual exchange rates are the average actual periodic exchange rates for that financial period.

All income statement measures are presented on a continuing operations basis.

Changes to APMs

There were no changes to APMs in the 26 weeks ended 23 August 2025.

Consistent with the APM changes set out in the Annual Report and Financial Statements 2025, comparatives for the following APMs have been re-presented:

- Net debt has been refined to include the continuing Insurance and Money Services business and exclude all discontinued operations. This reflects the Group's segmental reporting structure (refer to **Note 2**) and ensures that all continuing operations are included in the APM. Comparatives have been restated.
- The Group no longer makes the distinction between Retail and Tesco Bank since the disposal of the Group's Banking operations in the 52 weeks ended 22 February 2025. Accordingly, Retail free cash flow is now called Free cash flow. Free cash flow does not include cash generated directly by the Insurance and Money Services business but does include any ordinary cash dividends this business pays to Tesco PLC.
- Free cash flow and Capex have been refined to also exclude refit costs directly associated with store purchases (including those acquired through business combinations). Such costs are a necessary and directly attributable cost of such acquisitions. The impact is immaterial to both the current and prior periods.

Glossary – Alternative performance measures continued

Group APMs

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Income statement			
Revenue measures			
Sales	Revenue	Fuel sales	<ul style="list-style-type: none"> Excludes the impact of fuel sales made at petrol filling stations. This removes volatilities outside of the control of management, associated with the movement in fuel prices. This measure is presented on a country, segmental and Group continuing operations basis. This is a key management incentive metric.
Growth in sales	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> Growth in sales is a ratio that measures year-on-year movement in Group Sales for continuing operations for 26 weeks. It shows the annual rate of increase in the Group's Sales and is considered a good indicator of how rapidly the Group's core business is growing. This measure is presented at both actual and constant foreign exchange rates.
Like-for-like (LFL) sales growth	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> LFL sales growth is a measure of growth in Group online sales and sales from stores that have been open for at least a year (but excludes prior year sales of stores closed during the year) at constant foreign exchange rates. It excludes revenue from dunnhumby, Insurance and Money Services and mall rental income as this revenue is not directly linked to the sale of goods. It is a widely used indicator of a retailer's current trading performance and is important when comparing growth between retailers that have different profiles of expansion, disposals and closures.
Profit measures			
Adjusted operating profit	Operating profit from continuing operations ^(a)	Adjusting items ^(b)	<ul style="list-style-type: none"> Adjusted operating profit is the headline measure of the Group's performance, based on operating profit from continuing operations before the impact of adjusting items. Amortisation of acquired intangibles is included within adjusting items because it relates to business combinations and does not reflect the Group's ongoing trading performance (related revenue and other costs from acquisitions are not adjusted). This measure is presented on a segmental and Group continuing operations basis. This is a key management incentive metric.
Adjusted net finance costs	Net finance costs	Adjusting items ^(b)	<ul style="list-style-type: none"> Adjusting items within net finance costs include net pension finance income/(costs) and fair value remeasurements on financial instruments. Net pension finance income/(costs) are impacted by corporate bond yields, which can fluctuate significantly and are reset each year based on external market factors that are outside management's control. Fair value remeasurements are impacted by changes to credit risk and various market indices, applying to financial instruments resulting from liability management exercises, which can fluctuate significantly outside of management's control. This measure helps to provide an alternative view of year-on-year trends in the Group's net finance costs.
Adjusted profit before tax	Profit before tax	Adjusting items ^(b)	<ul style="list-style-type: none"> This measure is the summation of the impact of all adjusting items on profit before tax. Refer to the APM Purpose section of the Glossary.
Adjusted operating margin	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> Adjusted operating margin is calculated as Adjusted operating profit divided by revenue. Progression in Adjusted operating margin is an important indicator of the Group's operating efficiency.
Adjusted diluted earnings per share	Diluted earnings per share from continuing operations	Adjusting items ^(b)	<ul style="list-style-type: none"> This metric shows the adjusted profit after tax from continuing operations attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period, adjusted for the effects of dilutive share options.
EBITDA (earnings before adjusting items, interest, tax, depreciation and amortisation)	Operating profit from continuing operations ^(a)	Adjusting items ^(b) Depreciation and amortisation	<ul style="list-style-type: none"> This measure is widely used by analysts, investors and other users of the accounts to evaluate comparable profitability of companies, as it excludes the impact of differing capital structures and tax positions, variations in tangible asset portfolios, and differences in identification and recognition of intangible assets. It is used to derive the Net debt/EBITDA ratio, and Fixed charge cover APMs.
Tax measures			
Adjusted effective tax rate	Effective tax rate	Adjusting items ^(b)	<ul style="list-style-type: none"> Adjusted effective tax rate is calculated as total income tax credit/(charge) excluding the tax impact of adjusting items, divided by Adjusted profit before tax. This APM provides an indication of the ongoing tax rate across the Group.

(a) Operating profit is presented on the Group income statement and is a generally accepted profit measure.

(b) Refer to **Note 4** and the APM Purpose section of the Glossary for further information on adjusting items.

Glossary – Alternative performance measures continued

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Balance sheet measures			
Net debt	No direct equivalent	N/A	<ul style="list-style-type: none"> Net debt excludes the net debt of discontinued operations to reflect the net debt obligations of the continuing business. Net debt comprises borrowings, lease liabilities and net derivative financial instruments, offset by cash and cash equivalents, short-term investments, joint venture loans, and interest and other receivables. It is a useful measure of the progress in generating cash and strengthening of the Group's balance sheet position.
Net debt/EBITDA ratio	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> Net debt/EBITDA ratio is calculated as Net debt divided by the rolling 12-month EBITDA. It is a measure of the Group's ability to meet its payment obligations, showing how long it would take the Group to repay its current Net debt if both Net debt and EBITDA remained constant. It is widely used by analysts and credit rating agencies.
Fixed charge cover	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> Fixed charge cover is calculated as the rolling 12-month EBITDA divided by the sum of net finance costs (excluding net pension finance costs, finance charges payable on lease liabilities, capitalised interest and fair value remeasurements on financial instruments) and all lease liability payments from continuing operations. It is a measure of the Group's ability to meet its payment obligations and is widely used by analysts and credit rating agencies.
Capex	Property, plant and equipment, intangible asset, and investment property additions, excluding those from business combinations	<ul style="list-style-type: none"> Additions relating to property buybacks and store purchases Additions relating to decommissioning provisions and similar items 	<ul style="list-style-type: none"> Capex excludes additions arising from business combinations, buybacks of properties (typically stores), purchases of store properties, refits associated with business combinations and purchases of store properties, as well as additions relating to decommissioning provisions and similar items. Property buybacks and purchases of store properties are variable in timing, with the number and value of transactions dependent on opportunities that arise within any given financial year. Excluding property buybacks and store property purchases therefore gives an alternative view of trends in capital expenditure in the Group's ongoing trading operations. Additions relating to decommissioning provisions and similar items are adjusted because they do not result in near-term cash outflows.
Return on capital employed (ROCE)	No direct equivalent	Ratio N/A	<ul style="list-style-type: none"> ROCE is Adjusted operating profit divided by the average of opening and closing capital employed from continuing operations. Capital employed from continuing operations is defined as net assets of the Group excluding: the pension deficit/surplus; net assets of the disposal group and non-current assets classified as held for sale; current and deferred tax balances and an adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations; and Net debt. This metric represents the profit generated as a proportion of the total average capital that the business has utilised in the period. Management believes this is a useful measure to assess performance.
Cash flow measures			
Free cash flow	No direct equivalent	N/A	<ul style="list-style-type: none"> Free cash flow includes the following cash flows (excluding Insurance and Money Services and adjusting cash flows): <ul style="list-style-type: none"> Continuing cash flows from operating activities of the business. Investing cash flows relating to: the purchase of property, plant and equipment (excluding property buybacks and store purchases and refits associated with both store purchases and business combinations) and investment property; the purchase of intangible assets; dividends received from Insurance and Money Services (excluding special dividends); dividends received from joint ventures and associates; and interest received. Financing cash flows relating to: market purchase of shares net of proceeds from shares issued in relation to share schemes; and repayment of obligations under leases. Directors and management believe this provides a view of free cash flow generated by the Group's trading operations, excluding Insurance and Money Services, that is more predictable and comparable over time, and reflects the cash available to shareholders. Insurance and Money Services is excluded because free cash flow is not a common metric within this industry. This is a key management incentive metric.

Glossary – Alternative performance measures continued

APMs: Reconciliation of income statement measures

As the incomes and expenses included in debt APMs are calculated using a rolling 12-month period, the amounts for the 12 months to 23 August 2025 are not disclosed in the notes to the condensed consolidated interim financial statements for the current financial period.

Sales

A reconciliation from revenue to Sales is provided in **Note 2**.

Growth in sales and Like-for-like (LFL) sales growth

	Notes	26 weeks ended 23 August 2025	26 weeks ended 24 August 2024
Continuing operations			
Revenue – current period (£m)	2,3	36,036	34,773
Revenue – prior period (£m)		34,773	33,801
Revenue growth		3.6%	2.9%
Include: Central Europe comparable days adjustment		0.1%	–
Exclude: Fuel impact		1.4%	0.6%
Growth in sales at actual rate		5.1%	3.5%
Exclude: Foreign exchange		–	0.5%
Growth in sales at constant rate		5.1%	4.0%
Exclude: Revenue from dunnhumby, Insurance and Money Services, and mall rental income ^{a)}		(0.3)%	(0.6)%
Exclude: Underlying net new space impact		(0.3)%	(0.5)%
Exclude: Impact of retail partnerships reclassification ^{b)}		(0.2)%	–
Like-for-like sales growth		4.3%	2.9%

a) From the start of the current financial year, mall rental income was reclassified from cost of sales to revenue. The prior period revenue has not been restated as amounts were immaterial. This has no impact on Like-for-like (LFL) sales growth because mall rental income is excluded in both periods.

b) From the start of the current financial year, certain retail partnerships income was reclassified from cost of sales to revenue. The prior period revenue has not been restated as amounts were immaterial. Growth in retail partnerships income has been excluded in the year of change to ensure a like-for-like comparison and will be included in future reporting periods.

Adjusted operating profit and EBITDA

	52 weeks ended 23 August 2025 £m	52 weeks ended 22 February 2025 £m
Continuing operations		
Operating profit	2,702	2,711
Exclude: Adjusting items	451	417
Adjusted operating profit	3,153	3,128
Include: Depreciation and amortisation before adjusting items	1,744	1,697
EBITDA	4,897	4,825

Adjusted profit before tax

A reconciliation of Adjusted profit before tax is provided in the Group income statement.

Adjusted operating margin

A reconciliation of Adjusted operating margin is provided in **Note 2**.

Adjusted diluted earnings per share

A reconciliation of Adjusted diluted earnings per share is provided in **Note 8**.

Adjusted effective tax rate

Adjusted effective tax rate is provided in **Note 6**.

Glossary – Alternative performance measures continued

APMs: Reconciliation of balance sheet measures

Net debt

A reconciliation of Net debt is provided in **Note 19**.

Reconciliation from Free cash flow to Net debt

	Notes	23 August 2025 £m	24 August 2024 (restated ^(a)) £m
Opening Net debt	19	(9,454)	(9,684)
Free cash flow		1,298	1,261
Other cash movements:			
Own shares purchased for cancellation		(773)	(575)
Dividends paid to equity owners		(627)	(575)
Adjusting items included in operating cash flow activities		(52)	(52)
Repayments of capital element of obligations under leases		346	295
Interest paid on lease liabilities		193	187
Net other interest paid/(received)		72	66
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets held for sale		32	16
Cash outflows attributable to property buybacks and store purchases		(43)	(30)
Proceeds from/(purchase of) other investments		(76)	802
Cash and cash equivalents held to settle deposits from central bank ^(b)	19	-	(757)
Other cash movements		10	(27)
Non-cash movements in Net debt:			
Fair value movements		(68)	4
Foreign exchange movements		(69)	21
Net interest charge		(59)	(72)
Non-cash movements in lease liabilities		(614)	(397)
Non-cash movement arising from acquisitions and disposals		-	(5)
Closing Net debt	19	(9,884)	(9,522)

(a) As disclosed in the Annual Report and Financial Statements 2025, following the disposal of the Group's Banking operations in that year, Net debt is now presented on a Group continuing operations basis including Insurance and Money Services, rather than on a Retail basis including Retail discontinued operations. Comparatives have been restated. In addition, comparatives been re-presented where applicable following the Group's change in accounting policy for economic hedges. There is no impact on Net debt. See **Note 20** for further details.

(b) Net debt at 24 August 2024 is presented excluding the temporary benefit of cash proceeds from the disposal of an investment portfolio in that period by Insurance and Money Services. This was used in October 2024 to settle deposits from the Bank of England's Term Funding Scheme with additional incentives for small and medium-sized enterprises (TFSME), as was disclosed in the Glossary – APMs: Reconciliation of cash flow measures in the Annual Report and Financial Statements 2025. The TFSME deposits were not included in Net debt.

Net debt/EBITDA ratio

	Notes	23 August 2025 £m	22 February 2025 £m
Net debt	19	9,884	9,454
EBITDA		4,897	4,825
Net debt/EBITDA ratio		2.0	2.0

Adjusted net finance costs and Fixed charge cover

	52 weeks ended 23 August 2025 £m	52 weeks ended 22 February 2025 £m
Net finance costs	571	492
Exclude: Net pension finance income/(costs)	(25)	(32)
Exclude: Fair value remeasurements of financial instruments	(16)	76
Adjusted net finance costs	530	536
Exclude: Interest expense on lease liabilities*	(386)	(377)
Adjusted net finance costs, excluding interest expense on lease liabilities	144	159
Include: Total lease liability payments	1,006	980
Exclude: Discontinued operations total lease liability payments	(1)	(3)
	1,149	1,136
EBITDA	4,897	4,825
Fixed charge cover (ratio)	4.3	4.2

* Interest expense on lease liabilities is presented gross of £12m hedging impact (22 February 2025: £7m).

Glossary – Alternative performance measures continued

APMs: Reconciliation of balance sheet measures continued

Capex

	Notes	23 August 2025 £m	24 August 2024 £m
Property, plant and equipment additions*	9	547	422
Goodwill and other intangible asset additions*		152	133
Exclude: Additions from property buybacks		(27)	(22)
Exclude: Additions from store purchases and associated refits		(6)	(3)
Exclude: Additions from refits associated with business combinations		(2)	-
Exclude: Additions relating to decommissioning provisions and similar items		3	-
Capex		667	530

* Excluding amounts acquired through business combinations.

Return on capital employed (ROCE)

	Notes	52 weeks ended 23 August 2025 £m	52 weeks ended 22 February 2025 £m
Adjusted operating profit		3,153	3,128
Capital employed from continuing operations:			
Net assets		10,805	11,662
Exclude: Pension deficit/(surplus) gross of deferred tax	17	163	251
Exclude: Non-current assets classified as held for sale	13	(123)	(50)
Exclude: Net current tax (asset)/liability		47	(14)
Exclude: Deferred tax assets		(52)	(47)
Exclude: Deferred tax liabilities		586	503
Exclude: Adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations		(133)	(133)
Exclude: Net debt	19	9,884	9,454
Capital employed		21,177	21,626
Average capital employed		20,744	21,475
Return on capital employed (ROCE)		15.2%	14.6%

Glossary – Alternative performance measures continued

APMs: Reconciliation of cash flow measures

Free cash flow

	Continuing operations excluding Insurance and Money Services			Insurance and Money Services	Tesco Group
	Before adjusting items £m	Adjusting items £m	Total £m	Total £m	Total £m
26 weeks ended 23 August 2025					
Operating profit/(loss)	1,574	(58)	1,516	87	1,603
Depreciation and amortisation	866	40	906	9	915
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property	-	9	9	-	9
Defined benefit pension scheme payments	(17)	-	(17)	-	(17)
Share-based payments	2	-	2	(1)	1
Other reconciling items ^(a)	1	(2)	(1)	-	(1)
Cash generated from/(used in) operations excluding working capital	2,426	(11)	2,415	95	2,510
(Increase)/decrease in working capital	408	(29)	379	1	380
Cash generated from/(used in) operations	2,834	(40)	2,794	96	2,890
Interest paid	(385)	-	(385)	-	(385)
Corporation tax paid	(226)	-	(226)	(4)	(230)
Net cash generated from/(used in) operating activities	2,223	(40)	2,183	92	2,275
Include the following cash flows generated from/(used in) investing activities:					
Purchase of property, plant and equipment and investment property ^(b)	(567)	-	(567)	(1)	(568)
Purchase of intangible assets	(149)	-	(149)	(2)	(151)
Ordinary dividends received from Insurance and Money Services	50	-	50	(50)	-
Dividends received from joint ventures and associates	2	-	2	-	2
Interest received	116	-	116	4	120
Include the following cash flows generated from/(used in) financing activities:					
Own shares purchased for share schemes, net of cash received from employees	(63)	-	(63)	-	(63)
Repayment of capital element of obligations under leases	(314)	(31)	(345)	(1)	(346)
Free cash flow	1,298				

(a) Other reconciling items consist of individually immaterial items, primarily relating to (profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets classified as held for sale and early termination of leases. Refer to the Group cash flow statement.

(b) Total purchase of property, plant and equipment and investment property in the Group cash flow statement of £(600)m (26 weeks ended 24 August 2024; £(480)m), excluding £(32)m (26 weeks ended 24 August 2024; £(16)m) of store buybacks, direct store purchases and refits associated with both direct store purchases and business combinations.

Glossary – Alternative performance measures continued

APMs: Reconciliation of cash flow measures continued

Free cash flow

	Continuing operations excluding Insurance and Money Services			Insurance and Money Services	Discontinued operations	Tesco Group
	Before adjusting items	Adjusting items	Total	Total	Total	Total
	£m	£m	£m	£m	£m	£m
26 weeks ended 24 August 2024						
Operating profit/(loss)	1,555	(33)	1,522	90	40	1,652
Depreciation and amortisation	819	38	857	9	-	866
Net remeasurement (gain)/loss on non-current assets held for sale	-	-	-	-	44	44
Defined benefit pension scheme payments	(14)	-	(14)	-	-	(14)
Share-based payments	19	-	19	(2)	2	19
Fair value movements included in operating profit/(loss)	-	-	-	(3)	13	10
Other reconciling items ^(a)	3	(10)	(7)	4	-	(3)
Cash generated from/(used in) operations excluding working capital	2,382	(5)	2,377	98	99	2,574
(Increase)/decrease in working capital	169	(47)	122	(124)	41	39
Cash generated from/(used in) operations	2,551	(52)	2,499	(26)	140	2,613
Interest paid ^(c)	(381)	-	(381)	(8)	(1)	(390)
Corporation tax paid	(176)	-	(176)	(5)	-	(181)
Net cash generated from/(used in) operating activities	1,994	(52)	1,942	(39)	139	2,042

Include the following cash flows generated from/(used in) investing activities:

Purchase of property, plant and equipment and investment property ^(b)	(464)	-	(464)	-	-	(464)
Purchase of intangible assets	(130)	-	(130)	(5)	(6)	(141)
Dividends received from joint ventures and associates	2	-	2	-	-	2
Interest received	136	-	136	-	-	136

Include the following cash flows generated from/(used in) financing activities:

Own shares purchased for share schemes, net of cash received from employees	17	-	17	-	-	17
Repayment of capital element of obligations under leases ^(c)	(294)	-	(294)	(1)	(1)	(296)

Free cash flow **1,261**

(a)-(b) Refer to previous table for footnotes.

(c) As a result of the Group's change in presentation of economic hedges in the Group cash flow statement, comparatives for Interest paid and Repayment of capital element of obligations under leases have been re-presented. There is no impact on the Free cash flow APM. See **Note 20** for full details.

Glossary – Other

ESG

Environmental, social and governance.

MREL

Minimum requirements for own funds and eligible liabilities (European Banking Authority).

MTN

Medium term note.

Net promoter score (NPS)

This is a loyalty measure based on a single question requiring a score between 0-10. The NPS is calculated by subtracting the percentage of detractors (scoring 0-6) from the percentage of promoters (scoring 9-10). This generates a figure between -100 and 100 which is the NPS.

Independent review report to Tesco PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 23 August 2025 which comprises the Group income statement, the Group statement of comprehensive income/(loss), the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 22 (pages 20 to 37).

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 23 August 2025 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, “Interim Financial Reporting”.

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, England
1 October 2025

Appendices

Appendix 1

One-year like-for-like sales performance (exc. VAT, exc. fuel)

	Like-for-like sales					
	H1 2024/25	H2 2024/25	FY 2024/25	Q1 2025/26	Q2 2025/26	HY 2025/26
UK & ROI*	4.1%	4.1%	4.1%	5.1%	4.6%	4.9%
UK	4.0%	4.1%	4.0%	5.1%	4.6%	4.9%
ROI	4.7%	4.4%	4.6%	5.5%	4.0%	4.8%
Booker	(1.9)%	(1.6)%	(1.8)%	2.0%	1.3%	1.7%
Central Europe	0.6%	3.8%	2.2%	4.1%	2.9%	3.4%
Like-for-like sales growth	2.9%	3.2%	3.1%	4.6%	4.0%	4.3%

* The 2024/25 UK & ROI figures have been restated to exclude Booker. Refer to **Note 2**.

Appendix 2

Growth in sales (exc. VAT, exc. fuel)

	Actual rates				Constant rates			
	H1 2024/25	H2 2024/25	FY 2024/25	H1 2025/26	H1 2024/25	H2 2024/25	FY 2024/25	H1 2025/26
UK & ROI*	5.3%	4.6%	5.0%	5.6%	5.4%	4.8%	5.1%	5.6%
UK	5.4%	4.8%	5.1%	5.6%	5.4%	4.8%	5.1%	5.6%
ROI	3.6%	2.2%	2.9%	6.4%	5.6%	5.6%	5.6%	6.5%
Booker	(1.7)%	(0.3)%	(1.0)%	2.4%	(1.7)%	(0.3)%	(1.0)%	2.4%
Central Europe	(4.2)%	(1.9)%	(3.0)%	4.4%	0.9%	4.0%	2.5%	5.0%
Growth in sales	3.5%	3.5%	3.5%	5.1%	4.0%	4.1%	4.0%	5.1%

* The 2024/25 UK & ROI figures have been restated to exclude Booker. Refer to **Note 2**.

Country level revenue detail is provided in **Note 3**.

Appendix 3

UK sales area by size of store

Store size (sq. ft.)	23 August 2025			22 February 2025		
	No. of stores	Million sq. ft.	% of total sq. ft.	No. of stores	Million sq. ft.	% of total sq. ft.
0-3,000	2,743	6.0	15.5%	2,716	5.9	15.4%
3,001-20,000	282	3.0	7.8%	281	3.0	7.7%
20,001-40,000	302	9.0	23.2%	302	9.0	23.3%
40,001-60,000	192	9.7	25.1%	192	9.7	25.2%
60,001-80,000	111	7.6	19.6%	111	7.6	19.6%
80,001-100,000	31	2.7	7.0%	31	2.7	7.0%
Over 100,000	6	0.7	1.8%	6	0.7	1.8%
Total*	3,667	38.7	100.0%	3,639	38.6	100.0%

* Excludes Booker and franchise stores.

Appendices continued

Appendix 4

Actual Group space – store numbers

	2024/25 year end	Openings	Closures/ disposals	Net gain/ (reduction) ^(a)	As at 23 August 2025	Repurposing/ extensions ^(b)
Large	809	1	-	1	810	-
Convenience	2,094	24	(1)	23	2,117	-
Dotcom only	6	-	-	-	6	-
UK excluding One Stop	2,909	25	(1)	24	2,933	-
One Stop ^(c)	730	7	(3)	4	734	-
UK^{(c)(d)}	3,639	32	(4)	28	3,667	-
ROI	182	3	-	3	185	-
UK & ROI^{(c)(d)}	3,821	35	(4)	31	3,852	-
Booker	190	-	(1)	(1)	189	-
Czech Republic ^(c)	184	-	(1)	(1)	183	3
Hungary	198	1	(1)	-	198	2
Slovakia ^(c)	179	2	-	2	181	4
Central Europe^(c)	561	3	(2)	1	562	9
Group excluding franchise stores^(c)	4,572	38	(7)	31	4,603	9
UK (One Stop)	354	23	(10)	13	367	-
Czech Republic	114	1	(1)	-	114	-
Franchise stores	468	24	(11)	13	481	-
Total Group	5,040	62	(18)	44	5,084	9

(a) The net gain/(reduction) reflects the number of store openings less the number of store closures/disposals and, for sq. ft. tables, adjustments for repurposing/extensions.

(b) Repurposing of retail selling space.

(c) Excludes franchise stores.

(d) The 2024/25 figures have been restated to exclude Booker. Refer to **Note 2**.

Actual Group space – '000 sq. ft.

	2024/25 year end	Openings	Closures/ disposals	Repurposing/ extensions ^(b)	Net gain/ (reduction) ^(a)	As at 23 August 2025
Large	31,092	15	-	-	15	31,107
Convenience	5,615	70	(3)	-	67	5,682
Dotcom only	716	-	-	-	-	716
UK excluding One Stop	37,423	85	(3)	-	82	37,505
One Stop ^(c)	1,205	13	(5)	-	8	1,213
UK^{(c)(d)}	38,628	98	(8)	-	90	38,718
ROI	3,572	39	-	-	39	3,611
UK & ROI^{(c)(d)}	42,200	137	(8)	-	129	42,329
Booker^(e)	7,653	-	(12)	-	(12)	7,641
Czech Republic ^(c)	4,085	-	(3)	(17)	(20)	4,065
Hungary	5,316	3	(3)	-	-	5,316
Slovakia ^(c)	3,179	12	-	(13)	(1)	3,178
Central Europe^(c)	12,580	15	(6)	(30)	(21)	12,559
Group excluding franchise stores^{(c)(e)}	62,433	152	(26)	(30)	96	62,529
UK (One Stop)	509	32	(12)	-	20	529
Czech Republic	103	1	(1)	-	-	103
Franchise stores	612	33	(13)	-	20	632
Total Group^(e)	63,045	185	(39)	(30)	116	63,161

(a)-(d) Refer to previous table for footnotes.

(e) The 2024/25 figures have been re-presented for sales area remeasurements.

Appendices continued

Group space forecast to 28 February 2026 – '000 sq. ft

	As at 23 August 2025	Openings	Closures/ disposals	Repurposing/ extensions ^(b)	Net gain/ (reduction) ^(a)	2025/26 year end
Large	31,107	65	-	8	73	31,180
Convenience	5,682	123	(21)	3	105	5,787
Dotcom only	716	-	-	-	-	716
UK excluding One Stop	37,505	188	(21)	11	178	37,683
One Stop ^(c)	1,213	2	(60)	-	(58)	1,155
UK^{(a)(d)}	38,718	190	(81)	11	120	38,838
ROI	3,611	55	-	3	58	3,669
UK & ROI^{(a)(d)}	42,329	245	(81)	14	178	42,507
Booker	7,641	-	-	-	-	7,641
Czech Republic ^(c)	4,065	20	-	-	20	4,085
Hungary	5,316	11	-	(17)	(6)	5,310
Slovakia ^(c)	3,178	14	-	1	15	3,193
Central Europe^(c)	12,559	45	-	(16)	29	12,588
Group excluding franchise stores^(c)	62,529	290	(81)	(2)	207	62,736
UK (One Stop)	529	72	(5)	-	67	596
Czech Republic	103	-	-	-	-	103
Franchise stores	632	72	(5)	-	67	699
Total Group	63,161	362	(86)	(2)	274	63,435

Refer to previous table for footnotes.