

STRONG FINANCIAL & STRATEGIC PROGRESS WITH RECORD CUSTOMER SATISFACTION

	H1 26/27	H1 25/26	Change at actual rates	Change at constant rates
Performance highlights¹				
Sales (exc. VAT, exc. fuel) ^{1,2}	£33,776m	£33,051m	2.0%	1.6%
Adjusted operating profit ¹	£1,783m	£1,674m	6.5%	6.3%
Free cash flow ¹	£1,570m	£1,298m	21.0%	
Net debt ¹	£(10,037)m	£(9,884)m	(1.5)%	
Adjusted diluted EPS ¹	17.3p	15.4p	12.2%	
Interim dividend per share	5.05p	4.80p	5.2%	
Statutory measures				
Revenue (exc. VAT, inc. fuel)	£37,353m	£36,036m	3.7%	
Operating profit	£1,709m	£1,603m	6.6%	
Profit before tax	£1,455m	£1,305m	11.5%	
Diluted EPS	16.7p	14.2p	17.4%	

Ken Murphy, Chief Executive:

“Customers are at the heart of everything we do, and I am proud that we have achieved our highest-ever customer satisfaction score, reflecting our continued focus on value, quality and service. Our strong performance enables us to keep investing in the customer offer and the capabilities that will drive future growth. None of this would be possible without the hard work and dedication of our colleagues and suppliers, whose drive and commitment make a real difference for customers every day.

Against an uncertain external backdrop, we have continued to invest in giving customers the very best value for money. Alongside maintaining our strong value proposition, we have continued to innovate across all our ranges, launching over 800 new and improved products during the half. This included broadening ranges that make healthy, affordable eating even more accessible, such as our fibre-enriched bakery range. Finest continues to outperform, with sales up 9%.

Our digital channels are important growth drivers for Tesco, with online sales growing 8% in the half. We are complementing our leading position in grocery home shopping with strong growth in Whoosh, up 37% in the half and on track to deliver sales of over £500m this year. Our recent partnerships with Uber Eats and Deliveroo are further extending our unique rapid delivery reach, and our new F&F website is helping even more customers discover and shop our full range of clothing.

We are also making strong progress on AI-enabled personalisation, extending Your Clubcard Prices and beginning the customer rollout of our meal planning assistant, helping customers manage their busy lives. Tesco Media grew strongly in the half, attracting new advertisers and offering improved analytics and automation through an enhanced self-service platform.

Our focus remains on helping customers get the best possible value from their weekly shop. Looking ahead, we're excited to bring our new Christmas ranges to customers and help them enjoy a great festive season. By putting customers first and delivering against our strategic ambitions, we will continue to create long-term value for all our stakeholders.”

Strong financial performance with growth in sales, profit and free cash flow

- Customer satisfaction at an all-time high; Group sales^{1,2} up +1.6% at constant rates including +2.1% in the UK
- Group like-for-like² sales up +1.0%, with UK +1.5% (inc. Food +2.4%), ROI +4.1%, CE +0.4%, and Booker (2.6)%
- Group adjusted operating profit¹ up +6.3% at constant rates to £1,783m reflecting:
 - UK and ROI up +6.0% to £1,557m, with improved sales mix, strong Save to Invest delivery and growth in newer income streams (including Tesco Media & Whoosh), offsetting investment into the customer offer and operating cost inflation
 - Booker up +0.1% to £163m, with better buying and Save to Invest offsetting lower sales
 - Central Europe up +38.4% to £63m, benefiting from volume growth supported by investment in value and strong Save to Invest delivery
- Adjusted diluted EPS¹ grew +12.2% to 17.3p, driven by higher Group adjusted operating profit and the benefit of our ongoing share buyback programme
- Free cash flow¹ of £1,570m, reflecting a similarly strong performance to H1 last year plus a c.£250m net benefit, primarily relating to the timing of our payroll cycle which unwinds in the second half
- Statutory operating profit of £1,709m, up +6.6% at actual exchange rates; statutory diluted EPS up +17.4%, growing ahead of Adjusted diluted EPS due to favourable movements in the mark-to-market of certain financial instruments
- Net debt¹ reduced 5.0% versus FY 25/26 to £(10,037)m; Net debt/EBITDA ratio strong at 2.0x
- Current year share buyback increased to £950m from £750m reflecting strong balance sheet & sustained strong cash flow

STRATEGIC PROGRESS

Our strategy is centred on five mutually reinforcing ambitions that build on our underlying strengths and allow us to deliver even more value for our customers, creating a path to long-term sustainable growth.

1. **Winning in food**
2. **Meeting more everyday customer needs**
3. **Being the most strategic partner for suppliers**
4. To be **connected, personalised and loved by customers**
5. All underpinned by **long-term business sustainability**

Over the last six months, we have continued to make strong progress:

1) Winning in food

We want to deliver the very best value, quality, range, and innovation in food. Delicious, affordable and nutritious food matters more than ever to our customers and their families, and our ability to provide this at the very best price underpins our whole business. Through our market-leading presence across stores, online grocery and rapid delivery, combined with the reach of Booker's wholesale business, we are better placed than anyone to serve customers great value and great tasting food wherever, whenever and however they want to be served.

- Record customer satisfaction, with UK NPS at 33, up +3 points versus FY 25/26; includes improvements in value, quality and range scores; named Britain's Favourite Supermarket for the twelfth consecutive year at the 2026 Grocer Gold Awards
- Cheapest full-line grocer, with c.700 Aldi Price Match products and more than 10,000 Clubcard Prices, supported by Everyday Low Prices across a broad range of key daily essentials
- Worldpanel UK market share remains strong at 27.8%; (24)bps YoY change reflects exceptionally strong prior year base, as anticipated; two-year increase of +23bps and four-year increase of +113bps reflect our sustained competitive momentum
- Latest four-week Nielsen UK market share read, which includes rapid delivery, shows gain of +14bps year-on-year
- ROI market share at 24.1%, up +44bps YoY reflecting strong like-for-like sales growth and new space openings
- UK Food LFL sales up +2.4% supported by innovation across our ranges; over 800 new and improved products launched; quality widely recognised, including 35 Great Taste Awards and further success at the International Wine Challenge
- Finest once again delivered strong sales growth across all regions, including UK +8.9%; over 350 new and improved products launched, including a major relaunch of Finest Bakery and significant innovation across Finest fish, BBQ and Deli ranges
- Continued to innovate to make healthy food choices more accessible for our customers, including enhancing the nutrient profile of own-brand ranges such as fibre-enriched bakery; expanding ranges such as high-protein ready-meals, gut-friendly dairy options, and wellness shots; and complementing these with brand exclusives such as HIDE and Fresh & Naked Salads
- Online sales grew strongly across all markets, with UK up +8.4%, ROI up +11.9% and CE up +19.2%; UK online market share strong at 36.7%, up +16bps YoY; expanded delivery capacity including recent c.10% increase in slots available in the UK
- Extended Whoosh coverage to over 75% of UK households; complemented Whoosh's strong strategic position with launch of Tesco groceries on Uber Eats in August and Deliveroo in September, further expanding our unique rapid delivery offer

2) Meeting more everyday customer needs

We want to help customers with more of their daily needs, and the frequency and trust we earn through food allows us to serve a wider range of products and services. In addition to further growth in existing offers such as F&F clothing, Pharmacy, Insurance & Money Services and Tesco Mobile, we are building emerging digital businesses such as Tesco Marketplace and F&F Online. Meeting these additional needs helps deepen our customer relationships, while generating capital-light revenue streams.

- Continued the strategic repositioning of our Clothing and Home offer, bringing it together under one cohesive F&F brand
- Further elevated F&F Clothing's quality and style credentials, helping drive further growth in full-price and planned-event sales; new ranges include 'The Edit: On Duty', a new-season collection of elevated, workwear-inspired womenswear
- Broadened reach and appeal of F&F Online with major website and app upgrade, including new discovery tools such as 'Shop the Look' and product videos, helping even more customers browse and shop our full clothing range

- Enhanced Clubcard benefits across Tesco Insurance & Money Services (IMS), including new 10% Clubcard discount on motor insurance; further growth in IMS H1 adjusted operating profit, up £5m to £105m; 2.7m in-force insurance policies across IMS
- Leveraged our banking partnership to offer Barclays Cashback Rewards on fuel purchases at Tesco, providing customers with additional ways to save and helping enhance the value of the relationship
- Continued to strengthen Tesco Mobile for its six million customers, including simplified pay-as-you-go options & new travel eSIM; over 200 refreshed in-store phone shops to date, helping us better serve customers & showcase latest mobile ranges
- Over 1,000 sellers now on Tesco Marketplace, up over 80% year-on-year, supported by improved AI-enabled onboarding process; range and supplier expansion helping drive satisfaction scores for 'I can get what I want' and 'prices are good'

3) Being the most strategic partner for suppliers

By using our unique data and insights to build new revenue opportunities and partnerships, we can work with our suppliers to become the most strategic retail partner for innovation and brand-building. By leveraging our store and digital footprint we will grow advertising income with Tesco Media and, as we meet more everyday needs, we can further build our understanding of customers, creating a more holistic data set. The additional insights, innovations and financial benefits we generate can flow back into our core customer offer, further enhancing the value we offer customers and reinforcing our ability to win in food.

- Voted #1 in the Advantage supplier survey for the eleventh consecutive year; ranked #1 for 'partnership', 'vision' and 'execution', underlining the strength of our supplier relationships and long-term collaboration
- Strong revenue and profit growth at Tesco Media; +17% growth in active advertisers and a further increase in campaigns per advertiser; Tesco Media won the Retail category at Campaign's Media Company of the Year Awards in April 2026
- Further enhanced Tesco Media platform, helping support scalable, cost-effective growth, particularly with smaller advertisers; enhancements include improved analytics, automation and self-service capabilities
- Over 7,500 digital screens now in place across the Group, including in Booker and One Stop; media spend through 'Scan as you Shop' hand-held devices doubled year-on-year
- Connecting our unrivalled store network, customer insight and Tesco Media to bring distinctive supplier innovation to market at scale, including exclusive product launches from Hellmann's, Poppi, Nestlé Iced Coffee, and Walkers
- Latest iterations of the Tesco Accelerator Programme launched, helping bring a further 23 new challenger brands to market across a range of categories; brands include Surreal high-protein, low-sugar cereals and Bubble Skincare

4) Connected, personalised and loved by customers

We want shopping with us to be easier, more personalised and increasingly rewarding. As the glue that holds the whole Tesco ecosystem together, Clubcard and new AI tools can make every interaction more seamless and relevant by anticipating needs, offering timely nudges and making smarter recommendations. Our unrivalled store network will continue to meet local needs better than anyone, with our colleagues continuing to provide the most helpful service.

- Launched AI-powered meal planning assistant in April, trialling with c.280,000 colleagues before starting wider customer rollout in September
- Further personalised our offer with the rollout of Your Clubcard Prices to around 2.5 million customers
- Made Clubcard even more rewarding with initiatives including Freebie Thursdays offering customers unexpected rewards, multi-step Clubcard Missions, and chances to win, including £10,000 tech-bundles as part of the 'Best Night In' campaign
- Continued to advance personalisation capabilities through the Adobe x Tesco Innovation Lab, more than doubling our capacity to test and optimise customer communications; applications include targeted Whoosh push notifications
- 'Most Helpful Shopping Trip' training programme completed by 200,000 UK store colleagues, marking our biggest investment in colleague training for more than five years

5) Long-term business sustainability

We are always looking for ways to further strengthen our resilience, efficiency and sustainability. From best-in-class store, transport and distribution infrastructure, optimised through our ongoing Save to Invest programme, to resilient and secure supply chains, we are constantly evolving our business model to adapt to environmental and geopolitical change. As a key enabler, we will continue to enhance our best-in-class retail technology capability, harnessing the power of AI.

- Delivered a further £251m of savings in the period and on track to deliver £500m Save to Invest target for the full year
- Save to Invest initiatives during the period include online picking optimisation, AI-led improvements to in-store replenishment processes, in-store energy efficiency, and actions that are helping reduce inventory loss
- Continued investment in projects that will sustain longer-term Save to Invest programme; includes starting the rollout of electronic shelf-edge labels, improving the customer experience and simplifying routine tasks for colleagues
- Enhanced Tesco Sustainable Beef Group, giving 200 farmers supplying Finest Steakhouse range a new three-year contract with a premium offered for meeting higher standards for quality, breeding, animal health and welfare, and sustainability
- Issued six new and updated sustainability commitments* focused on areas where we can have the greatest impact; commitments cover decarbonisation, nature, healthier diets, food waste, circularity and packaging reform
- Doubled our Free Fruit & Veg scheme to over 1,000 schools as part of our longer-term ambition to help one million school children access free fruit and veg through Tesco school and community programmes
- Agreed a new multi-year deal with Women's Super League Football as its Official Supermarket Partner
- Launched plan to create 5,000 work experience placements for 18-24 year olds as part of 'Opening Shift' scheme; building on wider commitments to young people, including pledge to provide 1,500 Stronger Starts apprenticeships by 2027
- Committed £20m as anchor investor in Bramble Fund; Tesco-Bramble Innovation Partnership will identify, test and scale innovations that make food healthier, more sustainable and more affordable
- Investment complements W23 Global, a collaboration of five global grocery leaders which has now invested in 13 companies leveraging AI & technology across retail priorities such as product data, retail media, sustainability and security

**Further detail on our new and updated sustainability commitments is available at <https://www.tescopl.com/sustainability-report-2026>*

CAPITAL ALLOCATION AND SHAREHOLDER RETURNS

Our strategy is underpinned by our unchanged capital allocation framework:

- **Reinvestment into the business and customer offer**
- **Maintain a solid investment-grade balance sheet:** Net debt/EBITDA c.2.3-2.8x
- **Paying a progressive dividend:** pay-out ratio c.50% of earnings
- **The consideration of inorganic growth opportunities**
- **The return of surplus cash to shareholders**

Our Return on capital employed is strong (H1 26/27: 15.2%), and gives us the confidence to further invest for the long-term. As a result, we are raising our FY 26/27 capital expenditure guidance to c.£1.7bn (from c.£1.6bn), with further investment in technology and the capabilities that will drive long-term sustainable growth. In addition, supported by the strength of our balance sheet and sustained strong cash delivery, we are increasing the size of our share buyback programme for the current year to £950m (from £750m).

Since commencing our FY 26/27 share buyback programme on 16 April 2026 and up until market close on 7 October 2026, we have bought back £550m worth of our ordinary shares. The share buyback programme for the current year will be completed by April 2027.

Since launching our share buyback programme in October 2021, we have bought back a total of £4.8bn worth of ordinary shares, at an average share price of 329p.

MULTI-YEAR PERFORMANCE FRAMEWORK

When we first set out our multi-year performance framework in October 2021, we shared an ambition to drive sustainable sales, profit and cash growth over the short, medium and long-term, while noting that progress may not always be linear.

- **Drive top-line growth**, underpinned by:
 - Increasing customer satisfaction relative to the market
 - Growing or at least maintaining our core UK market share
- **Grow our absolute profits whilst maintaining sector-leading margins** through:
 - Leveraging our assets efficiently across all channels
 - Accessing new revenue streams across our digital platform
 - Targeting productivity initiatives to at least offset inflation
- In doing so, **generate between £1.5bn and £2.0bn free cash flow** per year

Over the last four years, we have grown sales by an average of 5.2% per year, adjusted operating profit by 7.9% per year, and generated over £7.9bn of cumulative free cash flow*.

We are confident that disciplined capital management and progress against our strategic ambitions will allow us to continue to deliver further strong growth and sustainable long-term value for all our stakeholders.

OUTLOOK

While consumer confidence has remained relatively resilient in the first half of the year, ongoing geopolitical tensions continue to create uncertainty, and we remain focused on helping customers get the best possible value from their weekly shop.

Our strong financial performance positions us well as we go into the second half, supporting our ongoing investment in the customer offer and the capabilities that will drive future growth. We now expect Group adjusted operating profit between £3.15bn and £3.30bn (versus the £3.0bn to £3.3bn range we communicated in April 2026).

We continue to expect free cash flow of between £1.5bn and £2.0bn, in line with our medium-term guidance range.

As noted above, supported by the strength of our balance sheet and sustained strong cash delivery, we are increasing the size of our share buyback programme for the current year to £950m (from £750m).

* FY 22/23 to FY 25/26; comparatives for FY 22/23 were restated in FY 23/24 for the adoption of IFRS 17 'Insurance contracts' and to present Banking operations as a discontinued operation

GROUP REVIEW OF PERFORMANCE

26 weeks ended 29 August 2026	H1 26/27	H1 25/26	Change at actual rates	Change at constant rates
Sales (exc. VAT, exc. fuel)^{1,2}	£33,776m	£33,051m	2.0%	1.6%
Fuel	£3,577m	£2,985m	19.8%	19.7%
Revenue (exc. VAT, inc. fuel)	£37,353m	£36,036m	3.7%	3.2%
Statutory operating profit	£1,709m	£1,603m	6.6%	
Adjusted operating profit¹	£1,783m	£1,674m	6.5%	6.3%
Adjusted net finance costs ¹	£(274)m	£(263)m	(4.2)%	
Joint ventures and associates	£(4)m	£(1)m		
Tax on adjusted profit	£(404)m	£(379)m		
Adjusted profit after tax	£1,101m	£1,031m	6.8%	
Adjusting items after tax	£(39)m	£(81)m		
Statutory profit after tax	£1,062m	£950m	11.8%	
Adjusted diluted EPS ¹	17.3p	15.4p	12.2%	
Statutory diluted EPS	16.7p	14.2p	17.4%	
Interim dividend per share	5.05p	4.80p	5.2%	
Net debt¹	£(10,037)m	£(9,884)m	(1.5)%	
Free cash flow¹	£1,570m	£1,298m	21.0%	
Capex¹	£732m	£667m	9.7%	

Sales¹ increased by 1.6% at constant rates, building on the strong performance last year. This reflected continued investment in value, quality and service, with both UK & ROI and Central Europe increasing sales in the half. Booker sales declined, reflecting the impact of lapping strong growth in the prior year and the continued decline of the tobacco market. Revenue increased by 3.2% at constant rates, including a 19.7% increase in fuel sales, primarily from higher oil prices increasing retail fuel prices.

Adjusted operating profit¹ increased by 6.3% at constant and 6.5% at actual exchange rates, with profit growth ahead of sales growth across all our segments.

Statutory operating profit growth was 6.6% at actual rates, slightly higher than the 6.5% increase in Adjusted operating profit at actual exchange rates, reflecting a proportionately lower level of adjusting items in operating profit in the current year.

Adjusted net finance costs¹ of £(274)m were £(11)m higher year-on-year, primarily due to lower interest income, with the prior period benefiting from interest earned on Banking disposal proceeds before they were returned to shareholders during FY 25/26.

Adjusted diluted EPS¹ grew by 12.2% driven by higher Adjusted operating profit and the reduction in average share count, driven by our ongoing share buyback programme and the return to shareholders of proceeds from the disposal of our Banking operations last year. We have announced an interim dividend of 5.05 pence per ordinary share, in line with our policy to pay 35% of the prior full year dividend.

We generated Free cash flow¹ of £1,570m, an increase of £272m year-on-year, reflecting higher cash profit and working capital inflows, partly offset by increased capital expenditure. Free cash flow included a net benefit of c.£250m, primarily relating to the timing of our payroll cycle which will reverse in the second half. Excluding this net benefit, Free cash flow was similarly strong to last year and represents significant progress towards our full year guidance.

Net debt¹ decreased by £526m since February 2026, with strong Free cash flow more than offsetting the £(613)m payment of the prior year final dividend and cash outflows relating to share buybacks of £(558)m. Our Net debt/EBITDA ratio¹ was 2.0 times at the end of the first half (FY 25/26: 2.1 times).

Further commentary on these metrics can be found below, and a full income statement can be found on page 16.

Footnotes:

1. The Group has defined and outlined the purpose of its Alternative Performance Measures, including its performance highlights, in the Glossary starting on page 38.
2. 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. As last year's financial year included a 53rd week and to align seasonal events throughout each year, like-for-like comparisons for H1 are against an offset week in the prior year – that is, comparing weeks 1-26 this year with weeks 2-27 last year. Total sales change aligns to reporting periods, reflecting weeks 1-26 in both years, which for Central Europe includes an adjustment for the difference in days between these weeks and the statutory accounting date.
3. Two-year LFL is calculated by comparing current year sales to sales in 2024/25 for those stores that were trading in both years. The Venus Wines and Spirits business was acquired in June 2024 and is therefore included from that date.

Segmental review of performance:

Sales performance: (exc. VAT, exc. fuel)¹

	Sales (£m)	LFL sales change ²	Total sales change at actual rates	Total sales change at constant rates	2-year LFL sales change ³
- UK	25,182	1.5%	2.1%	2.1%	6.4%
- ROI	1,666	4.1%	8.1%	6.7%	9.0%
UK & ROI	26,848	1.7%	2.4%	2.4%	6.6%
Booker	4,616	(2.6)%	(2.5)%	(2.5)%	(1.0)%
Central Europe	2,312	0.4%	6.9%	1.1%	3.8%
Group	33,776	1.0%	2.0%	1.6%	5.2%

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

Adjusted operating profit¹ performance:

	Profit (£m)	Change at actual rates	Change at constant rates	Margin % at actual rates	Margin % change at actual rates
UK & ROI	1,557	6.1%	6.0%	5.1%	9 bps
Booker	163	0.1%	0.1%	3.5%	10 bps
Central Europe	63	43.1%	38.4%	2.6%	62 bps
Group	1,783	6.5%	6.3%	4.8%	13 bps

Further information on operating profit performance is included in Note 2 starting on page 22.

UK & ROI OVERVIEW:

In the UK & ROI, sales grew 2.4% at both constant and actual exchange rates with like-for-like sales up by 1.7%. Both markets saw strong customer satisfaction improvements year-on-year. UK sales grew against a demanding prior year comparative. We continued to invest in the customer offer, maintaining a strong price index across the half and making targeted improvements in the shopping trip. In ROI, we delivered strong growth and made consistent market share gains across the half, including +44bps of share in the latest 12-week read, taking our market share to 24.1%.

UK & ROI adjusted operating profit grew 6.0% at constant rates to £1,557m, with the combined benefits of an improved sales mix, strong Save to Invest delivery, and growth in our newer income streams (including Tesco Media and Whoosh) more than offsetting further investments in the customer offer and operating cost inflation.

UK – Customer satisfaction at an all-time high, with sales growth on top of a strong prior year base:

Total sales grew 2.1% with like-for-like sales up 1.5% (6.4% on a two-year basis). Food sales continued to grow, supported by our ongoing investment in value, quality and innovation, and Online continued to perform strongly.

Our market share was 27.8%, back (24)bps as we lapped exceptional market share gains supported by disruption at competitors in the prior period. On a two-year basis market share grew by +23bps. As we continued to invest in the customer offer, we achieved a record high customer satisfaction score of 33, with strong improvements across value, quality and range. We remain committed to ensuring customers get the very best value for money when they shop with us and are proud to be the cheapest full-line grocer.

Food like-for-like sales grew 2.4%, supported by ongoing range development as we launched or improved over 800 products in the half. Tesco Finest sales continued to benefit from strong volume growth, with sales growth of 8.9% and two-year growth of 26.6%.

Home and Clothing like-for-like sales declined by (0.6)%. Within Home, softer performance in home textiles was partially offset by strong demand for TVs and collectables for the World Cup and other summer sporting events. In Clothing, markdown sales

were lower year-on-year, while full-price and planned promotional sales grew, outperforming a subdued industry backdrop. We have seen continued positive performance within Womenswear, with strong growth in our Active ranges and the launch of our Style It Out campaign. F&F Online has continued to grow and, towards the end of the period, we launched a new F&F website which further enhances the customer experience.

Large store like-for-like sales grew 1.1% against a demanding base. Tesco Express performance was supported by a 1.4ppts contribution from net new store openings, with total Tesco Express sales broadly flat year-on-year. Total Convenience sales, including One Stop, declined slightly, with the ongoing contraction in the tobacco market offsetting growth from new store openings.

Online growth remains strong, with sales of £3.7bn, up +8.4% year-on-year. For our well-established Grocery home shopping business, average orders per week grew 4.9% and the number of Delivery Saver subscribers increased by 6.1% year-on-year to 836,000. Our online market share (which excludes rapid delivery) grew +16bps to 36.7%. Within our rapid delivery business, Whoosh sales grew c.37%, driven by growth in average orders per week and basket size. Our new partnerships with Uber Eats and Deliveroo will further expand our rapid grocery reach to new customers and allow us to serve even more shopping missions.

Tesco Marketplace continued to grow, with over 1,000 sellers, unique product count increasing by more than 50% since the start of the year, and average weekly traffic increasing by c.32%.

ROI – Ongoing volume growth driving further market share gains:

Our ROI business continues to deliver strong growth with market share gains of +44bps to 24.1% and strong like-for-like sales growth of 4.1%, driven by volume growth. Total sales growth at constant rates of 6.7% was principally supported by a new space contribution of 2.2ppts.

Strong volume growth across both Fresh and Packaged continued to drive food like-for-like sales, which grew 4.4%. Food growth was further supported by a strong Tesco Finest performance, which saw growth of 12.8% year-on-year.

We delivered like-for-like sales growth across all channels, with Online growth the standout, up 11.9% year-on-year. Whoosh launched in Ireland during FY 25/26 and is now available in 47 stores, contributing 1.9ppts to overall Online growth. Large store like-for-like sales grew 3.3% as we continue to maintain a competitive price position in the market and Convenience grew 3.1%.

Non-food sales grew 1.5% on a like-for-like basis, with a strong performance in Home, supported by volume growth.

BOOKER OVERVIEW – Growth impacted by strong comparator and ongoing decline in tobacco market:

	Sales £m	LFL sales change ²	2-year LFL sales change ³
Core retail*	1,714	(0.6)%	3.3%
Core catering	1,418	(3.2)%	2.3%
Best Food Logistics	744	0.6%	2.1%
Booker excluding tobacco*	3,876	(1.4)%	2.7%
Tobacco	740	(8.9)%	(16.6)%
Total Booker	4,616	(2.6)%	(1.0)%

* Core retail LFL sales change includes a c.(200)bps impact from the exit of a lower-margin national account in August 2025. Excluding this impact, Core retail LFL sales grew 1.4% and Booker excluding tobacco LFL sales declined (0.5)%.

Booker made underlying progress during the period, with our year-on-year performance predominantly reflecting a contract change in Core retail, a challenging base in Core catering, and ongoing decline in the tobacco market.

In Core retail, while our symbol brands continued to perform strongly, supported by the addition of a further 275 net new retail partners during the half, overall Core retail like-for-like sales declined due to the exit of a lower-margin national account in August 2025. Excluding this impact, Core retail LFL sales grew 1.4%. As part of the UK's largest convenience network, we were particularly pleased to see Londis recognised as 'Symbol/Franchise Retailer of the Year' at The Grocer Awards.

The decline in Core catering one-year like-for-like sales reflects a strong comparative period; on a two-year basis, like-for-like sales grew by 2.3%. In a tough market for our Catering customers, we've strengthened our core proposition to ensure we continue to offer outstanding value on key essentials. For example, we've added new products, higher quality and clearer tiering across our fresh chicken range, and enhanced our coffee and sweet treat lines. We saw a strong contribution from Venus, our specialist wine and spirit merchant. Best Food Logistics like-for-like sales grew 0.6%, despite ongoing pressures in the fast-food market.

We remain focused on driving profitable, long-term volume growth across our entire foodservice business, encompassing Core catering and Best Food Logistics, and during the period we continued to invest in technology and capabilities that will help us serve customers even more effectively.

Booker operating profit was in line with last year, with better buying and continued delivery of our Save to Invest programme helping to offset the impact of lower sales and ongoing operating cost inflation.

CENTRAL EUROPE OVERVIEW – Strong profit growth from volume-led sales growth, improved mix and Save to Invest

Like-for-like sales growth for Central Europe was 0.4%, while total sales increased by 1.1% at constant exchange rates. Food volumes grew in the period, partially offset by deflation in Fresh. Packaged grew 1.6% as customers continued to value our competitive price position. Finest sales also continued to perform well, with total Finest sales up 19.1%.

Large-store and Convenience like-for-like were broadly flat across the period, with Online delivering strong growth of 19.2%. Growth in Online was supported by the opening of 17 in-store Dotcom sites in the half and further improvements in Online customer experience scores, including availability.

Central Europe delivered adjusted operating profit of £63m, up 43.1% at actual exchange rates and 38.4% at constant rates. This reflects volume growth, targeted promotions and better buying, supported by a strong contribution from our Save to Invest programme which helped to offset the impact of cost increases and a stronger competitive landscape.

Adjusting items:

	H1 26/27	H1 25/26
	£m	£m
Amortisation of acquired intangible assets	(38)	(38)
Separation costs related to disposal of Banking operations	(25)	(13)
Restructuring and property-related adjusting items	(11)	(20)
Total adjusting items included within operating profit	(74)	(71)
Adjusting items included in net finance income / (costs)	24	(34)
Tax on adjusting items	11	24
Total adjusting items	(39)	(81)

Adjusting items are excluded from our adjusted profit performance by virtue of their size and nature, to provide a helpful perspective of the year-on-year performance of our ongoing business.

The key adjusting items included within operating profit are consistent with the prior period, resulting in a net charge of £(74)m, similar to 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 a further £(25)m of separation costs relating to the disposal of our Banking operations, with the transition expected to complete as planned in the second half.

Adjusting items in net finance income / (costs) and tax are explained in the following two sections.

Further detail on adjusting items can be found in Note 4, starting on page 24.

Net finance costs:

	H1 26/27 £m	H1 25/26 £m
Net interest costs	(74)	(67)
Net finance expenses from insurance contracts	(9)	(6)
Finance charges on lease liabilities	(191)	(190)
Adjusted net finance costs	(274)	(263)
Fair value remeasurements of financial instruments	16	(26)
Net pension finance income / (costs)	8	(8)
Adjusting items included in net finance income / (costs)	24	(34)
Statutory net finance costs	(250)	(297)

Adjusted net finance costs of £(274)m were slightly higher year-on-year, primarily reflecting lower interest income than the prior period, which benefited from cash held following the disposal of our Banking operations before it was returned to shareholders during FY 25/26.

Within adjusting items in net finance income / (costs), the fair value remeasurements of financial instruments gave rise to a net income of £16m, compared with a charge of £(26)m in the prior period, principally from the non-cash mark-to-market movements on certain derivative financial instruments which hedge inflation on some of the Group's lease arrangements.

The net pension finance income of £8m, compared with a cost of £(8)m in the prior period, is attributable to the Tesco Pension Scheme being in a net surplus position at the start of the half, versus a net deficit at the end of FY 24/25. Further detail is included on page 32.

Further detail on finance income and costs can be found in Note 5 on page 25, and further detail on the adjusting items in Note 4, starting on page 24.

Group tax:

	H1 26/27 £m	H1 25/26 £m
Tax on adjusted profit	(404)	(379)
Tax on adjusting items	11	24
Statutory tax on profit	(393)	(355)

Tax on adjusted profit of £(404)m was up 6.6% year-on-year reflecting increased Group adjusted profit. The adjusted effective tax rate was 26.8% (H1 25/26: 26.9%). This 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% for the full year.

Tax on adjusting items primarily reflects tax relief on separation programme costs related to the disposal of Banking operations and the amortisation of acquired intangible assets, partially offset by a tax charge on fair value remeasurements of financial instruments. In the prior period, the tax credit mainly reflected the tax effect of acquired intangible asset amortisation and fair value remeasurements of financial instruments.

Earnings per share:

	H1 26/27	H1 25/26	YoY change
Adjusted diluted EPS	17.3p	15.4p	12.2%
Statutory diluted EPS	16.7p	14.2p	17.4%
Statutory basic EPS	16.9p	14.4p	17.3%

Adjusted diluted EPS was 17.3p, an increase of 12.2% year-on-year, primarily driven by growth in Adjusted operating profit and the reduction in the number of shares in issue from both our ongoing share buyback programme and the return of the proceeds from the disposal of the Group's Banking operations in the prior financial year.

Statutory diluted EPS was 16.7p, a year-on-year increase of 17.4%. The higher statutory growth rate in diluted EPS is due to a lower level of adjusting items in the current period due to favourable movements in the mark-to-market of certain financial instruments.

Dividend:

The interim dividend has been set at 5.05 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 20 November 2026 to shareholders who are on the register of members at close of business on 16 October 2026 (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 30 October 2026.

Summary of Net debt:

	Aug-26 £m	Feb-26 £m	Movement £m
Net debt before lease liabilities	(2,185)	(2,679)	494
Lease liabilities	(7,852)	(7,884)	32
Net debt	(10,037)	(10,563)	526
Net debt / EBITDA	2.0x	2.1x	

Net debt was £(10,037)m, a decrease of £526m from year end. Strong free cash flow of £1,570m in the half was partially offset by cash outflows relating to share buybacks of £(558)m, and payment of the prior year's final dividend of £(613)m.

Our Net debt to EBITDA ratio was 2.0 times at the end of the first half (FY 25/26: 2.1 times), below our target range of 2.3 to 2.8 times.

We continue to hold strong levels of liquidity totalling £3.1bn including cash, highly liquid short-term deposits and money market investments. In addition, we have recently renewed our £2.5bn committed revolving credit facility, which is now in place until at least October 2029. The facility remains undrawn.

Fixed charge cover was 4.2 times at the end of the first half compared with 4.1 times at FY 25/26.

Defined benefit pension schemes:

	Aug-26 £m	Feb-26 £m	Movement £m
Defined benefit schemes in surplus	522	324	198
Defined benefit schemes in deficit	(118)	(127)	9
Deferred tax asset	21	23	(2)
Surplus in schemes at the end of the period (net of deferred tax)	425	220	205

Net of deferred tax, the net IAS 19 pension surplus has increased by £205m to £425m, principally due to the impact of elevated gilt yields on corporate bonds used as the discount rate. 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 Scheme continues to be in both an accounting and funding surplus.

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 the Glossary starting on page 38.

	H1 26/27 £m	H1 25/26 £m	Movement £m
Adjusted operating profit	1,783	1,674	109
Less: IMS adjusted operating profit	(105)	(100)	(5)
Retail adjusted operating profit	1,678	1,574	104
Add back: Depreciation and amortisation	943	866	77
Share-based payments and other items	29	3	26
Pensions	(12)	(17)	5
Decrease in working capital	567	408	159
Cash generated from operations before adjusting items	3,205	2,834	371
Cash capex	(757)	(716)	(41)
Net interest paid	(268)	(269)	1
Tax paid	(241)	(226)	(15)
Dividends received	1	52	(51)
Repayment of capital element of obligations under leases	(324)	(314)	(10)
Own shares purchased for share schemes	(46)	(63)	17
Free cash flow	1,570	1,298	272

Memo (not included in free cash flow definition):

- Net acquisitions and disposals, including investments in JVs & associates	(9)	(11)	2
- Property buybacks, store purchases and disposal proceeds	(72)	(11)	(61)
- Cash impact of adjusting items	(39)	(71)	32

We generated Free cash flow of £1,570m, an increase of £272m year-on-year, reflecting higher cash profit and working capital inflows, which more than offset the planned increase in cash capex.

Free cash flow included a net year-on-year benefit of c.£250m, primarily reflecting a benefit from the timing of our payroll cycle which will reverse in the second half and dividends received from IMS in H1 last year. Excluding this net benefit, Free cash flow was similarly strong to last year and represents significant progress towards our full year guidance.

The net working capital inflow of £567m largely reflects trade seasonality and strong working capital management, in addition to the year-on-year timing benefit from the payroll accrual noted above.

Cash capex was £(41)m higher than last year, reflecting incremental investment in our technology capabilities, including the start of our electronic shelf-edge label rollout, and the refresh of our store estate.

As noted above, dividends received were £(51)m lower year-on-year, reflecting the receipt of a dividend from IMS in the prior period.

Within the memo lines shown, the £(72)m cash outflow from property buybacks, store purchases and disposal proceeds predominantly relates to two UK property buybacks in the period. For both the current and prior periods, the cash impact of adjusting items relates to Save to Invest restructuring costs. The £(9)m net acquisitions and disposals reflect the Group's investments in joint ventures and associates and, in the prior year, primarily the settlement of deferred consideration on Booker's acquisition of Venus Wine and Spirit Merchants PLC.

Capital expenditure and space:

	UK & ROI		Booker		Central Europe		Group	
	H1 26/27	H1 25/26	H1 26/27	H1 25/26	H1 26/27	H1 25/26	H1 26/27	H1 25/26
Capex	£683m	£607m	£16m	£23m	£33m	£37m	£732m	£667m
Openings (k sq ft)	114	137	-	-	34	15	148	152
Closures (k sq ft)	(39)	(8)	-	(12)	(52)	(6)	(91)	(26)
Repurposed (k sq ft)	(21)	-	6	-	(27)	(30)	(42)	(30)
Net space change (k sq ft)	54	129	6	(12)	(45)	(21)	15	96

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 £732m, an increase of £65m on the prior period. These investments include further enhancements to the in-store customer experience and projects delivering operational efficiencies as part of our longer-term Save to Invest programme. We continue to invest in our new distribution centre at DP World London Gateway, which is expected to open in 2029. The site will use the latest automation technology to enhance our supply chain and support future growth.

Statutory capital expenditure for the period was £806m, an increase of £107m, principally from two property buybacks completed in the period.

Our strong Return on capital employed (H1 26/27: 15.2%, H1 25/26: 15.2%) gives us the confidence to further invest for the long-term, including in technology and the capabilities that will drive long-term sustainable growth. As a result, we are raising our FY 26/27 capital expenditure guidance to c.£1.7bn (from c.£1.6bn) reflecting increased spend on growth and productivity initiatives, including in-store energy efficiency and robotic cleaning as part of our ongoing Save to Invest programme.

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

Contacts

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This document is available at www.tescopl.com/interims2627.

A webcast, including Q&A, will be held today at 9.00am for investors and analysts and can be accessed through our website at www.tescopl.com/interims2627. A recording, presentation materials and transcript will be published after the event.

We will release our Q3 & Christmas Trading Statement on 14 January 2027.

Sources

- UK market share based on Worldpanel by Numerator Total Grocers Total Till Roll for 12 weeks ended 6 September 2026 except UK market share including rapid grocery which is based on Nielsen IQ Total Grocers Total Till Roll for 4 weeks ended 5 September 2026
- UK channels market share based on Worldpanel by Numerator Total Grocery for 12 weeks ended 6 September 2026
- 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.
- ROI market share based on Worldpanel by Numerator Total Grocers Total Grocery for 12 weeks ended 6 September 2026
- Customer satisfaction and Brand NPS are based on BASIS Global Brand Tracker for the 13 weeks ended 30 August 2026. 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?"
- Grocery Home Shopping leading position metrics based on Multi channel tracker for 13 weeks ended 30 August 2026.
- 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 38 to 47 of our Annual Report and Financial Statements 2026: cyber security; data privacy; climate and environmental sustainability; geopolitics and other global events; technology; product safety and responsible sourcing; health and safety; people; macroeconomic exposures; customer, competition and markets; security of supply; and regulatory and compliance.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Interim Results for the 26-week period ended 29 August 2026 in accordance with applicable law, regulations, and accounting standards. Each of the Directors confirms that to the best of their knowledge the condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34: 'Interim Financial Reporting' 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 54 to 57 of the Tesco PLC Annual Report and Financial Statements 2026.

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

By order of the Board of Directors

Dr Gerry Murphy – Non-executive Chair

Ken Murphy – Group Chief Executive

Imran Nawaz – Chief Financial Officer

Dame Carolyn Fairbairn*

Melissa Bethell*

Bertrand Bodson*

Stewart Gilliland*

Chris Kennedy*

Caroline Silver*

Karen Whitworth*

*Independent Non-executive Directors

7 October 2026

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, the outcome of any litigation, 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 29 August 2026			26 weeks ended 23 August 2025		
		Before adjusting items £m	Adjusting items (Note 4) £m	Total £m	Before adjusting items £m	Adjusting items (Note 4) £m	Total £m
Revenue from sale of goods and services		36,918	–	36,918	35,622	–	35,622
Insurance revenue*		435	–	435	414	–	414
Revenue	2,3	37,353	–	37,353	36,036	–	36,036
Cost of sales		(33,971)	(12)	(33,983)	(32,811)	(17)	(32,828)
Insurance service expenses*		(395)	–	(395)	(371)	–	(371)
Net expenses from reinsurance contracts held*		(20)	–	(20)	(15)	–	(15)
Gross profit/(loss)		2,967	(12)	2,955	2,839	(17)	2,822
Administrative expenses		(1,184)	(62)	(1,246)	(1,165)	(54)	(1,219)
Operating profit/(loss)	2	1,783	(74)	1,709	1,674	(71)	1,603
Share of post-tax profit/(loss) of joint ventures and associates		(4)	–	(4)	(1)	–	(1)
Finance income	5	93	–	93	117	–	117
Finance costs	5	(367)	24	(343)	(380)	(34)	(414)
Profit/(loss) before tax		1,505	(50)	1,455	1,410	(105)	1,305
Taxation	6	(404)	11	(393)	(379)	24	(355)
Profit/(loss) for the period		1,101	(39)	1,062	1,031	(81)	950
Attributable to:							
Owners of the parent		1,100	(40)	1,060	1,031	(81)	950
Non-controlling interests		1	1	2	–	–	–
		1,101	(39)	1,062	1,031	(81)	950
Earnings per share							
Basic	8			16.9p			14.4p
Diluted	8			16.7p			14.2p

* 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 2026 for further details.

The notes on **pages 21 to 37** form part of this condensed consolidated financial information.

Group statement of comprehensive income/(loss)

	Notes	26 weeks ended 29 August 2026 £m	26 weeks ended 23 August 2025 £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	189	77
Net fair value gains/(losses) on inventory cash flow hedges		35	(81)
Tax on items that will not be reclassified		(4)	(13)
		220	(18)
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		(17)	5
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		(60)	123
Impact of net investment hedges		31	(56)
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		(5)	2
Reclassified and reported in the Group income statement		5	(12)
Finance income/(expenses) from insurance contracts issued		10	(1)
Finance income/(expenses) from reinsurance contracts held		(3)	–
Tax on items that may be reclassified		3	(2)
		(36)	59
Total other comprehensive income/(loss) for the period		184	41
Profit/(loss) for the period		1,062	950
Total comprehensive income/(loss) for the period		1,246	991
Attributable to:			
Owners of the parent		1,245	992
Non-controlling interests		1	(1)
Total comprehensive income/(loss) for the period		1,246	991

The notes on **pages 21 to 37** form part of this condensed consolidated financial information.

Group balance sheet

	Notes	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Non-current assets				
Goodwill and other intangible assets		5,116	5,092	5,097
Property, plant and equipment	9	17,700	17,728	17,349
Right of use assets	10	5,805	5,777	5,689
Investment property		73	20	24
Investments in joint ventures and associates		129	121	114
Other investments		896	983	998
Trade and other receivables		160	161	152
Reinsurance contract assets	15	115	123	133
Derivative financial instruments		629	613	610
Post-employment benefit surplus	17	522	324	68
Deferred tax assets		48	49	52
		31,193	30,991	30,286
Current assets				
Other investments		250	220	166
Inventories		3,074	2,840	3,038
Trade and other receivables		1,471	1,318	1,300
Derivative financial instruments		41	15	165
Current tax assets		4	32	7
Short-term investments	11	1,482	1,429	1,992
Cash and cash equivalents	11	2,704	2,515	2,434
		9,026	8,369	9,102
Non-current assets classified as held for sale	13	112	114	123
		9,138	8,483	9,225
Current liabilities				
Trade and other payables		(11,574)	(10,746)	(11,465)
Borrowings	14	(1,257)	(1,824)	(2,262)
Lease liabilities	10	(674)	(659)	(641)
Provisions		(252)	(273)	(246)
Insurance contract liabilities	15	(852)	(772)	(724)
Derivative financial instruments		(56)	(48)	(53)
Current tax liabilities		(50)	(7)	(54)
		(14,715)	(14,329)	(15,445)
Net current liabilities		(5,577)	(5,846)	(6,220)
Non-current liabilities				
Trade and other payables		(37)	(42)	(34)
Borrowings	14	(5,661)	(5,372)	(4,914)
Lease liabilities	10	(7,178)	(7,225)	(7,150)
Provisions		(147)	(164)	(165)
Derivative financial instruments		(171)	(123)	(181)
Post-employment benefit deficit	17	(118)	(127)	(231)
Deferred tax liabilities		(710)	(635)	(586)
		(14,022)	(13,688)	(13,261)
Net assets		11,594	11,457	10,805
Equity				
Share capital	18	397	404	413
Share premium		5,166	5,166	5,165
Other reserves	18	3,283	3,167	2,807
Retained earnings		2,753	2,726	2,425
Equity attributable to owners of the parent		11,599	11,463	10,810
Non-controlling interests		(5)	(6)	(5)
Total equity		11,594	11,457	10,805

The notes on **pages 21 to 37** form part of this condensed consolidated financial information.

These unaudited condensed consolidated interim financial statements for the 26 weeks ended 29 August 2026 were approved by the Board on 7 October 2026.

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 28 February 2026		404	5,166	3,167	2,726	11,463	(6)	11,457
Profit/(loss) for the period		–	–	–	1,060	1,060	2	1,062
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		–	–	(60)	–	(60)	–	(60)
Impact of net investment hedges		–	–	31	–	31	–	31
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	(17)	(17)	–	(17)
Remeasurements of defined benefit pension schemes	17	–	–	–	189	189	–	189
Gains/(losses) on cash flow hedges		–	–	30	–	30	–	30
Cash flow hedges reclassified and reported in the Group income statement		–	–	6	–	6	(1)	5
Finance income/(expenses) from insurance contracts issued		–	–	10	–	10	–	10
Finance income/(expenses) from reinsurance contracts held		–	–	(3)	–	(3)	–	(3)
Tax relating to components of other comprehensive income		–	–	(5)	4	(1)	–	(1)
Total other comprehensive income/(loss)		–	–	9	176	185	(1)	184
Total comprehensive income/(loss)		–	–	9	1,236	1,245	1	1,246
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	–	(5)	–	(5)	–	(5)
Total inventory cash flow hedge movements		–	–	(5)	–	(5)	–	(5)
Transactions with owners								
Own shares purchased for cancellation	18	–	–	(558)	–	(558)	–	(558)
Own shares cancelled	18	(7)	–	565	(558)	–	–	–
Own shares purchased for share schemes	18	–	–	(106)	–	(106)	–	(106)
Share-based payments		–	–	211	(37)	174	–	174
Dividends	7	–	–	–	(614)	(614)	–	(614)
Total transactions with owners		(7)	–	112	(1,209)	(1,104)	–	(1,104)
At 29 August 2026		397	5,166	3,283	2,753	11,599	(5)	11,594

	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

The notes on **pages 21 to 37** form part of this condensed consolidated financial information.

Group cash flow statement

	Notes	26 weeks ended 29 August 2026 £m	26 weeks ended 23 August 2025 £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss)		1,709	1,603
Depreciation and amortisation		989	915
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale		(9)	(1)
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property		–	9
Adjustment for non-cash element of pensions charge		1	–
Defined benefit pension scheme payments	17	(12)	(17)
Share-based payments		36	1
(Increase)/decrease in inventories		(242)	(250)
(Increase)/decrease in trade and other receivables and reinsurance assets		(137)	(72)
Increase/(decrease) in trade and other payables and insurance liabilities		1,026	760
Increase/(decrease) in provisions		(36)	(58)
(Increase)/decrease in working capital		611	380
Cash generated from/(used in) operations		3,325	2,890
Interest paid		(368)	(385)
Corporation tax paid		(248)	(230)
Net cash generated from/(used in) operating activities		2,709	2,275
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		22	32
Purchase of property, plant and equipment and investment property		(664)	(600)
Purchase of intangible assets		(166)	(151)
Acquisition of subsidiaries, net of cash acquired		–	(9)
Proceeds from sale of joint ventures and associates		–	1
Investments in joint ventures and associates		(11)	(5)
Dividends received from joint ventures and associates		1	2
Cash inflows from maturing short-term investments – deposits		666	683
Cash outflows on investing in short-term investments – deposits		(91)	(833)
(Investments in)/proceeds from other short-term investments		(628)	381
Proceeds from sale of other investments		128	91
Purchase of other investments		(88)	(167)
Interest received		100	120
Net cash generated from/(used in) investing activities		(731)	(455)
Cash flows generated from/(used in) financing activities			
Own shares purchased for cancellation	18	(558)	(773)
Own shares purchased for share schemes, net of cash received from employees	18	(46)	(63)
Repayment of capital element of obligations under leases		(340)	(346)
Cash outflows exceeding the incremental increase in assets in a property buyback		(29)	(11)
Increase in borrowings		423	419
Repayment of borrowings		(682)	(430)
Cash inflows from derivative financial instruments		31	46
Cash outflows from derivative financial instruments		(54)	(36)
Dividends paid to equity owners	7	(613)	(627)
Net cash generated from/(used in) financing activities		(1,868)	(1,821)
Net increase/(decrease) in cash and cash equivalents		110	(1)
Cash and cash equivalents at the beginning of the period		1,511	1,399
Effect of foreign exchange rate changes		(10)	2
Cash and cash equivalents at the end of the period	11	1,611	1,400

The notes on **pages 21 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, 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 2026. The financial period represents the 26 weeks ended 29 August 2026 (prior financial period 26 weeks ended 23 August 2025, prior financial year 53 weeks ended 28 February 2026).

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 on 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 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. The Group will adopt the standard retrospectively, with comparatives restated from a transition date of 1 March 2026.

IFRS 18 will affect how the Group presents and discloses its financial performance; it will not impact the recognition or measurement of any items in the financial statements. Income and expenses will be classified into five categories on the face of the income statement: operating, investing, financing, taxation and discontinued operations. The Group's profit before tax will not change. Disclosures relating to 'management-defined performance measures', a subset of the Group's alternative performance measures, will be included in the audited notes to the financial statements.

During the current reporting period, progress continued on establishing the systems and process changes required for reporting in accordance with IFRS 18. Over the remainder of the financial year, the Group will finalise those changes and quantify the impact of the new standard on the comparative period primary financial statements and the Group's alternative performance measures. Until this work is completed, it is not practical to provide a reasonable estimate of the financial effects of IFRS 18.

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, whose principal activities are listed below.

- UK & ROI: The United Kingdom and Republic of Ireland. Revenues are derived from the sale of goods (in store, fuel and online), Clubcard, data science services, insurance brokerage commission, insurance revenue and money services.
- Booker: Revenues are derived from the sale of wholesale goods.
- Central Europe: Czech Republic, Hungary and Slovakia. Revenues are derived from the sale of goods (in store, fuel and online) and Clubcard.

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 29 August 2026 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	30,344	4,616	2,317	37,277	76	37,353
Less: Fuel sales		(3,498)	–	(78)	(3,576)	(1)	(3,577)
Sales		26,846	4,616	2,239	33,701	75	33,776
Adjusted operating profit		1,557	163	62	1,782	1	1,783
Adjusting items	4	(34)	(39)	(1)	(74)	–	(74)
Operating profit		1,523	124	61	1,708	1	1,709
Adjusted operating margin		5.1%	3.5%	2.7%	4.8%		4.8%

26 weeks ended 29 August 2026 At actual exchange rates	Notes	UK & ROI £m	Booker £m	Central Europe £m	Total £m
Revenue	3	30,347	4,616	2,390	37,353
Less: Fuel sales		(3,499)	–	(78)	(3,577)
Sales		26,848	4,616	2,312	33,776
Adjusted operating profit		1,557	163	63	1,783
Adjusting items	4	(34)	(39)	(1)	(74)
Operating profit		1,523	124	62	1,709
Adjusted operating margin		5.1%	3.5%	2.6%	4.8%
Share of post-tax profit/(loss) of joint ventures and associates					(4)
Finance income	5				93
Finance costs	5				(343)
Profit/(loss) before tax					1,455

Note 2 Segmental reporting continued

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/(loss) before tax					1,305

Included within the UK & ROI segment is £588m of revenue and sales (26 weeks ended 23 August 2025: £563m), £105m of adjusted operating profit (26 weeks ended 23 August 2025: £100m), £(25)m of adjusting items (26 weeks ended 23 August 2025: £(13)m) and £80m of operating profit (26 weeks ended 23 August 2025: £87m) related to the Insurance and Money Services business.

Other segment information

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

26 weeks ended 29 August 2026	UK & ROI £m	Booker £m	Central Europe £m	Total £m
Capital expenditure (including acquisitions through business combinations):				
Property, plant and equipment	596	16	29	641
Goodwill and other intangible assets*	161	–	4	165
Depreciation and amortisation:				
Property, plant and equipment	(457)	(27)	(46)	(530)
Right of use assets	(224)	(48)	(25)	(297)
Other intangible assets	(118)	(38)	(6)	(162)

* Includes £nil (26 weeks ended 23 August 2025: £3m) of goodwill and other intangible assets acquired through business combinations.

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	492	23	32	547
Goodwill and other intangible assets*	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)

Refer to previous table for footnote.

Note 3 Revenue

	Notes	26 weeks 2026 £m	26 weeks 2025 £m
UK		28,681	27,586
ROI		1,666	1,541
UK & ROI	2	30,347	29,127
Booker	2	4,616	4,734
Hungary		882	744
Czech Republic		794	733
Slovakia		714	698
Central Europe	2	2,390	2,175
Total Group	2	37,353	36,036

Note 4 Adjusting items

Group income statement

26 weeks ended 29 August 2026

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)	(1)	4	3	–	–	3
Restructuring ^(b)	2	(16)	(14)	–	–	(14)
Amortisation of acquired intangible assets ^(c)	–	(38)	(38)	–	10	(28)
Separation programme costs related to disposal of Banking operations ^(d)	(13)	(12)	(25)	–	6	(19)
Net pension finance income/(costs) ^(e)	–	–	–	8	(2)	6
Fair value remeasurements of financial instruments ^(e)	–	–	–	16	(3)	13
Total adjusting items	(12)	(62)	(74)	24	11	(39)

(a) Includes profits and losses related to the disposal of surplus properties.

(b) Costs relating to certain operational restructuring changes, including 'Save to Invest', a multi-year programme which commenced in June 2022. Future cost savings will not be reported within adjusting items.

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

(d) Separation programme costs incurred in the continuing Group in relation to the disposal of the Group's Banking operations in November 2024.

(e) 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. Refer to **Note 17** for details of pension schemes.

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	(10)	–	(10)	–	1	(9)
Net impairment (loss)/reversal of non-current assets	–	(9)	(9)	–	–	(9)
Restructuring	1	(2)	(1)	–	–	(1)
Amortisation of acquired intangible assets	–	(38)	(38)	–	10	(28)
Separation programme costs related to disposal of Banking operations	(8)	(5)	(13)	–	3	(10)
Net pension finance income/(costs)	–	–	–	(8)	2	(6)
Fair value remeasurements of financial instruments	–	–	–	(26)	8	(18)
Total adjusting items	(17)	(54)	(71)	(34)	24	(81)

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 2026 £m	26 weeks 2025 £m	26 weeks 2026 £m	26 weeks 2025 £m	26 weeks 2026 £m	26 weeks 2025 £m
Property and other non-current assets transactions ^(a)	(1)	(10)	13	30	(15)	(31)
Restructuring ^(b)	(23)	(30)	–	–	–	–
Separation costs related to disposal of Banking operations ^(c)	(20)	(12)	–	–	–	–
Total adjusting items	(44)	(52)	13	30	(15)	(31)

(a) Property transactions include £3m proceeds from the sale of four UK sites, £6m proceeds from the sale of five sites in Central Europe, and a UK lease exit payment of £(15)m. Other non-current assets transactions include £4m proceeds from the sale of an intangible asset. The prior period included £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, were treated as adjusting.

(b) Cash outflows relating to certain operational restructuring changes, including the multi-year 'Save to Invest' programme, which commenced in June 2022, and a multi-year programme to restructure the UK distribution network, which commenced in the prior financial year.

(c) Separation programme costs incurred in the continuing Group in relation to the disposal of the Group's Banking operations in November 2024.

Note 5 Finance income and costs

	Notes	26 weeks 2026 £m	26 weeks 2025 £m
Finance income			
Interest income on:			
Bank balances		47	49
Short-term investments		34	56
Loans to joint ventures and associates		4	4
Other investments and receivables		6	6
Net investment in leases		1	1
Finance income on reinsurance contracts held		1	1
Total finance income		93	117
Finance costs			
GBP MTNs and loans		(70)	(91)
EUR MTNs		(47)	(37)
USD bonds		(4)	(7)
Interest expense on lease liabilities*		(191)	(190)
Finance expense on insurance contracts issued		(10)	(7)
Interest expense on bank overdrafts		(40)	(43)
Undrawn committed facility fee		(2)	(2)
Unwind of discount on provisions		(3)	(3)
Total finance costs before adjusting items		(367)	(380)
Fair value remeasurements of financial instruments		16	(26)
Net pension finance income/(costs)	17	8	(8)
Total finance costs		(343)	(414)
Net finance costs		(250)	(297)

* Interest expense on lease liabilities is presented net of a £9m hedging gain (26 weeks ended 23 August 2025: £5m gain).

Note 6 Taxation

Recognised in the Group income statement

	26 weeks 2026 £m	26 weeks 2025 £m
Current tax (credit)/charge		
UK corporation tax	274	257
Overseas tax	45	36
	319	293
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	74	62
	74	62
Total income tax (credit)/charge	393	355
Analysed as:		
Tax charge/(credit) on adjusted profit	404	379
Tax charge/(credit) on adjusting items	(11)	(24)
Total income tax (credit)/charge	393	355
Effective tax rate	27.0%	27.2%
Adjusted effective tax rate	26.8%	26.9%

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 29 August 2026. 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 29 August 2026		26 weeks ended 23 August 2025	
	Pence/share	£m	Pence/share	£m
Paid prior financial year final dividend*	9.70	614	9.45	628
(Increase)/decrease in unclaimed dividends	–	(1)	–	(1)
Dividend paid in the financial period		613		627
Interim dividend declared for the current period	5.05	316	4.80	314

* Excludes £5m prior financial year dividend waived (26 weeks ended 23 August 2025: £5m).

The interim dividend was approved by the Board of Directors on 7 October 2026. It will be paid on 20 November 2026 to shareholders who are on the register of members at close of business on 16 October 2026.

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 30 October 2026.

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

	26 weeks ended 29 August 2026			26 weeks ended 23 August 2025		
	Basic	Dilutive share options and awards	Diluted	Basic	Dilutive share options and awards	Diluted
Profit/(loss) (£m)*	1,060	–	1,060	950	–	950
Weighted average number of shares (millions)	6,285	67	6,352	6,606	74	6,680
Earnings/(losses) per share (pence)	16.9	(0.2)	16.7	14.4	(0.2)	14.2

* Excludes profits/(losses) attributable to non-controlling interests of £2m (23 August 2025: £nil).

APM: Adjusted diluted earnings/(losses) per share

	Notes	26 weeks 2026	26 weeks 2025
Profit before tax (£m)		1,455	1,305
Exclude: Adjusting items (£m)	4	50	105
Adjusted profit before tax (£m)		1,505	1,410
Adjusted profit before tax attributable to the owners of the parent (£m)*		1,504	1,410
Taxation on adjusted profit before tax attributable to the owners of the parent (£m)	6	(404)	(379)
Adjusted profit after tax attributable to the owners of the parent (£m)		1,100	1,031
Basic weighted average number of shares (millions)		6,285	6,606
Adjusted basic earnings per share (pence)		17.5	15.6
Diluted weighted average number of shares (millions)		6,352	6,680
Adjusted diluted earnings per share APM (pence)		17.3	15.4

* Excludes profits/(losses) before adjusting items from non-controlling interests of £1m (23 August 2025: £nil).

Note 9 Property, plant and equipment

	29 August 2026			23 August 2025		
	Land and buildings £m	Other ^(a) £m	Total £m	Land and buildings £m	Other ^(a) £m	Total £m
Net carrying value						
Opening balance	14,875	2,853	17,728	14,759	2,503	17,262
Foreign currency translation	(44)	(8)	(52)	117	23	140
Additions ^(b)	211	430	641	183	364	547
Transfers (to)/from assets classified as held for sale ^(c)	1	–	1	(91)	(2)	(93)
Disposals	(4)	(3)	(7)	(14)	(4)	(18)
Reclassifications ^(d)	(78)	(3)	(81)	–	–	–
Depreciation charge for the period	(248)	(282)	(530)	(231)	(249)	(480)
Impairment losses	–	–	–	(7)	(2)	(9)
Closing balance	14,713	2,987	17,700	14,716	2,633	17,349
Construction in progress included above^(e)	95	357	452	175	365	540

(a) Other assets consist of fixtures and fittings with a net carrying value of £2,276m (28 February 2026: £2,183m, 23 August 2025: £2,015m), office and store equipment with a net carrying value of £310m (28 February 2026: £301m, 23 August 2025: £258m) and motor vehicles with a net carrying value of £401m (28 February 2026: £369m, 23 August 2025: £360m).

(b) Includes £80m (28 February 2026: £163m, 23 August 2025: £35m) relating to store buybacks, direct store purchases and refits associated with both direct store purchases and business combinations.

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

(d) Reclassifications between property, plant and equipment, investment property and intangible assets to better reflect the nature and use of the underlying assets.

(e) Construction in progress does not include land.

Commitments for capital expenditure contracted for, but not incurred, at 29 August 2026 were £591m (28 February 2026: £501m, 23 August 2025: £577m), principally relating to store development and multi-year distribution investment.

Impairment of non-current assets

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 29 August 2026 (26 weeks ended 23 August 2025: £nil).

In the prior period, the Group recognised an impairment charge of £9m 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 2026.

Note 10 Leases

Group as lessee

Right of use assets

	29 August 2026			23 August 2025		
	Land and buildings £m	Other £m	Total £m	Land and buildings £m	Other £m	Total £m
Net carrying value						
Opening balance	5,592	185	5,777	5,431	138	5,569
Additions (including sale and leaseback transactions)	122	19	141	112	51	163
Depreciation charge for the period	(272)	(25)	(297)	(263)	(24)	(287)
Other movements*	185	(1)	184	244	–	244
Closing balance	5,627	178	5,805	5,524	165	5,689

* 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:

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Current	674	659	641
Non-current	7,178	7,225	7,150
Total lease liabilities	7,852	7,884	7,791
Total undiscounted lease payments	11,012	11,071	10,950

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

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Cash at bank and on hand	2,642	2,463	2,345
Short-term deposits	62	52	89
Cash and cash equivalents in the Group balance sheet	2,704	2,515	2,434
Bank overdrafts	(1,093)	(1,004)	(1,034)
Cash and cash equivalents in the Group cash flow statement	1,611	1,511	1,400

Short-term investments

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Money market funds, deposits and similar instruments	1,482	1,429	1,992

Cash and cash equivalents include £28m (28 February 2026: £28m, 23 August 2025: £27m) of restricted amounts mainly relating to unclaimed dividends, the Group's pension schemes and employee benefit trusts.

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.

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Current assets			
Inventories	(11)	(14)	(15)
Trade and other receivables			
Trade receivables	87	105	93
Accrued income	145	130	126
Current liabilities			
Trade payables	122	157	135

Note 13 Assets classified as held for sale

The following table presents a breakdown of non-current assets classified as held for sale.

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Non-current assets classified as held for sale*	112	114	123

* Non-current assets classified as held for sale consist of properties in the UK 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.

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 29 August 2026, the Group made principal repayments of £682m, comprising:

- €750m relating to a EUR MTN which matured in May 2026; and
- £32m on amortising secured debt.

The Group issued £423m of borrowings in the period, comprising:

- €500m bond issuance in July 2026 (of which €250m is designated as a net investment hedge), maturing in July 2034.

In addition, €400m of the €500m bond issued in October 2025, maturing in October 2033, has been designated as a net investment hedge.

In the 26 weeks ended 23 August 2025, the Group made principal repayments of:

- £400m relating to a GBP MTN which matured May 2025; and
- £30m on amortising secured debt.

In addition, the Group issued a €500m bond in April 2025 (designated as a net investment hedge), maturing in May 2032.

Current

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Bank loans and overdrafts	1,114	1,026	1,059
Borrowings	143	798	1,203
	1,257	1,824	2,262

Non-current

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Borrowings	5,661	5,372	4,914

Borrowing facilities

The Group has a £2.5bn syndicated revolving credit facility available at 29 August 2026 expiring between one and two years (28 February 2026: £2.5bn, 23 August 2025: £2.5bn). The revolving credit facility was undrawn and all conditions precedent had been met at these dates. The facility incurs commitment fees at market rates and would provide funding at floating rates. On 2 October 2026, the facility was refinanced, with all conditions precedent satisfied at that date.

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:

	29 August 2026			28 February 2026			23 August 2025		
	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 £m	Reinsurance contracts held £m	Net (liabilities)/assets £m
(Liabilities)/assets for remaining coverage	(213)	186	(27)	(211)	176	(35)	(276)	185	(91)
(Liabilities)/assets for incurred claims	(639)	(71)	(710)	(561)	(53)	(614)	(448)	(52)	(500)
	(852)	115	(737)	(772)	123	(649)	(724)	133	(591)
Contracts measured under PAA	(774)	76	(698)	(684)	82	(602)	(582)	80	(502)
Contracts not measured under PAA*	(78)	39	(39)	(88)	41	(47)	(142)	53	(89)
	(852)	115	(737)	(772)	123	(649)	(724)	133	(591)

* 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:

	29 August 2026				28 February 2026				23 August 2025			
	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	(762)	(46)	(44)	(852)	(681)	(42)	(49)	(772)	(625)	(28)	(71)	(724)
Reinsurance contract assets	73	16	26	115	82	14	27	123	90	9	34	133
Net (liabilities)/assets	(689)	(30)	(18)	(737)	(599)	(28)	(22)	(649)	(535)	(19)	(37)	(591)

* 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.

	Level	29 August 2026		28 February 2026		23 August 2025	
		Carrying value £m	Fair value* £m	Carrying value £m	Fair value* £m	Carrying value £m	Fair value* £m
Financial assets measured at amortised cost							
Investments in debt instruments at amortised cost	1	185	188	188	199	190	194
Investments in debt instruments at amortised cost	2	4	4	4	4	4	4
Joint ventures and associates loan receivables	2	98	104	98	107	97	107
Financial liabilities measured at amortised cost							
Borrowings							
Amortised cost	1	(4,979)	(4,729)	(5,406)	(5,263)	(5,506)	(5,260)
Bonds in fair value hedge relationships	1	(1,939)	(2,005)	(1,790)	(1,849)	(1,670)	(1,723)

* Refer to the fair value measurement by level of fair value hierarchy section for details on valuation methodology.

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 25** of the Annual Report and Financial Statements 2026.

At 29 August 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	938	–	19	957
Short-term investments at fair value through profit or loss	1,140	–	–	1,140
Cash and cash equivalents at fair value through profit or loss	–	48	–	48
Derivative financial instruments:				
Interest rate swaps	–	–	6	6
Cross-currency swaps	–	–	110	110
Index-linked swaps	–	–	509	509
Foreign currency forward contracts	–	23	–	23
Commodity derivatives	–	22	–	22
Total assets	2,078	93	644	2,815
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	–	(73)	(73)
Cross-currency swaps	–	–	(117)	(117)
Foreign currency forward contracts	–	(37)	–	(37)
Total liabilities	–	(37)	(190)	(227)
Net assets	2,078	56	454	2,588

Note 16 Financial instruments continued
Fair value measurement by level of fair value hierarchy continued

At 28 February 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	993	–	18	1,011
Short-term investments at fair value through profit or loss	716	–	–	716
Cash and cash equivalents at fair value through profit or loss	–	44	–	44
Derivative financial instruments:				
Interest rate swaps	–	–	14	14
Cross-currency swaps	–	–	129	129
Index-linked swaps	–	–	469	469
Foreign currency forward contracts	–	11	–	11
Commodity derivatives	–	5	–	5
Total assets	1,709	60	630	2,399
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	–	(56)	(56)
Cross-currency swaps	–	–	(81)	(81)
Foreign currency forward contracts	–	(34)	–	(34)
Total liabilities	–	(34)	(137)	(171)
Net assets	1,709	26	493	2,228

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

During the period, there were no transfers (26 weeks ended 23 August 2025: 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 29 August 2026		26 weeks ended 23 August 2025	
	Uncollateralised derivatives £m	Unlisted investments £m	Uncollateralised derivatives £m	Unlisted investments £m
At the beginning of the period	475	18	604	34
Gains/(losses) recognised in finance costs*	(69)	–	(22)	–
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	10	–	–	–
Additions	(5)	1	–	–
Disposals	–	–	–	(16)
Settlements	24	–	1	–
At the end of the period	435	19	583	17

* Net unrealised gains/(losses) of £(36)m (26 weeks ended 23 August 2025: £5m) 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.

During the period, there were no transfers into or out of Level 3 (26 weeks ended 23 August 2025: no transfers).

Note 16 Financial instruments continued

Derivative financial instruments held by the Group as part of financial risk management strategy are uncollateralised. Derivatives are generally Level 2, but those which also include certain data sources which are significantly less liquid (unobservable inputs) are Level 3. These unobservable inputs relate to the funding valuation adjustment (FVA), which is the estimate of the adjustment to the fair value that a market participant would make to account for funding costs. These are calculated on the future valuation of the derivative, based on the best estimate available to management of suitable relevant cost of funds. A 10 basis points increase in the cost of funds would increase the FVA by £9m (26 weeks ended 23 August 2025: £9m).

Unlisted investments are valued based on less observable inputs such as recent funding rounds.

Note 17 Post-employment benefits

Pensions

The Group operates a variety of 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 using the projected unit credit method showed a funding level under the Technical Provisions basis of 106% (31 March 2022: 104%). Following this triennial valuation, it was agreed with the Scheme Trustee that no pension deficit contributions would be required from the Company.

As set out in the Annual Report and Group financial statements for 2026, the Group has continued to monitor the Virgin Media vs NTL Pension Trustees and other related court cases. On 29 April 2026 the UK Government enacted legislation to deal with issues arising from the judgement in this case through the Pension Schemes Act 2026.

From the work performed to date and in light of recent developments, management's view continues to be that no material adjustments to the financial statements are needed as a result of the judgement and new legislation.

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)		
	29 August 2026	28 February 2026	23 August 2025
	£m	£m	£m
Opening balance	281	(248)	(248)
Past service cost on plan amendments	–	(10)	–
Current service and administration costs	(5)	(10)	(9)
Finance income/(cost)	8	(14)	(8)
Included in the Group income statement	3	(34)	(17)
Remeasurement gain/(loss):			
Financial assumptions gain/(loss)	1,025	68	725
Demographic assumptions gain/(loss)	38	77	129
Experience gain/(loss)	59	59	(80)
Return on plan assets excluding finance income	(865)	314	(696)
Foreign currency translation	(1)	2	2
Included in the Group statement of comprehensive income/(loss)	256	520	80
Employer contributions	4	12	9
Additional employer contributions	6	23	13
Benefits paid	6	8	4
Other movements	16	43	26
Closing balance	556	281	(159)
Withholding tax on surplus ^(a)	(152)	(84)	(4)
Closing balance, net of withholding tax	404	197	(163)
Consisting of:			
Schemes in deficit	(118)	(127)	(231)
Schemes in surplus ^(b)	522	324	68
Deferred tax asset/(liability) ^(c)	21	23	51
Surplus/(deficit) in schemes at the end of the year, net of deferred tax	425	220	(112)

(a) The movement in the period is recognised through other comprehensive income in remeasurements of defined benefit pension schemes, alongside total remeasurement gain/(loss).

(b) Schemes in surplus in the UK are presented on the balance sheet net of a 25% (28 February 2026 and 23 August 2025: 25%) withholding tax.

(c) Including £(8)m deferred tax liability relating to the ROI scheme in surplus where no withholding tax is applicable (28 February 2026: £(9)m, 23 August 2025: £(7)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:

	29 August 2026 %	28 February 2026 %	23 August 2025 %
Discount rate ^(a)	6.6	5.7	6.0
Price inflation	3.0	2.8	2.8
Rate of increase in deferred pensions ^(b)	2.6	2.5	2.4
Rate of increase in pensions in payment ^(b)			
Benefits accrued before 1 June 2012	2.9	2.7	2.7
Benefits accrued after 1 June 2012	2.6	2.5	2.4

(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:

	29 August 2026		23 August 2025	
Financial assumptions – Increase/(decrease) in UK defined benefit obligation	Discount rate £m	Inflation rate* £m	Discount rate £m	Inflation rate* £m
Impact of 0.1% increase of the assumption	(133)	112	(138)	127
Impact of 0.1% decrease of the assumption	133	(112)	148	(127)
Impact of 1.0% increase of the assumption	(1,173)	1,163	(1,302)	1,312
Impact of 1.0% decrease of the assumption	1,439	(1,020)	1,609	(1,132)

* Inflation sensitivities reflect changes in inflation rate and associated changes in the inflation-related assumptions.

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 29 August 2026		53 weeks ended 28 February 2026	
	Ordinary shares of 6½ p each		Ordinary shares of 6½ p each	
	Number	£m	Number	£m
Allotted, called-up and fully paid:				
At the beginning of the financial period	6,385,182,796	404	6,736,841,762	426
Shares cancelled	(120,057,841)	(7)	(351,658,966)	(22)
At the end of the financial period	6,265,124,955	397	6,385,182,796	404

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 28 February 2026	102	17	279	(334)	3,090	13	3,167
Other comprehensive income/(loss)							
Retranslation of net assets of overseas subsidiaries, joint ventures and associates	–	–	(60)	–	–	–	(60)
Impact of net investment hedges	–	–	31	–	–	–	31
Gains/(losses) on cash flow hedges	–	30	–	–	–	–	30
Cash flow hedges reclassified and reported in the Group income statement	–	6	–	–	–	–	6
Finance income/(expenses) from insurance contracts issued	–	–	–	–	–	10	10
Finance income/(expenses) from reinsurance contracts held	–	–	–	–	–	(3)	(3)
Tax relating to components of other comprehensive income	–	(3)	–	–	–	(2)	(5)
Total other comprehensive income/(loss)	–	33	(29)	–	–	5	9
Inventory cash flow hedge movements							
(Gains)/losses transferred to the cost of inventory	–	(5)	–	–	–	–	(5)
Total inventory cash flow hedge movements	–	(5)	–	–	–	–	(5)
Transactions with owners							
Own shares purchased for cancellation	–	–	–	(558)	–	–	(558)
Own shares cancelled	7	–	–	558	–	–	565
Own shares purchased for share schemes	–	–	–	(106)	–	–	(106)
Share-based payments	–	–	–	211	–	–	211
Total transactions with owners	7	–	–	105	–	–	112
At 29 August 2026	109	45	250	(229)	3,090	18	3,283

* Includes 28.5 million shares held by employee benefit trusts (28 February 2026: 36.4 million, 23 August 2025: 29.7 million).

Note 18 Share capital and other reserves continued

Other reserves continued

	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

Refer to previous table for footnote.

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:

	29 August 2026 £m	23 August 2025 £m
Own shares purchased for cancellation		
Included in the Group statement of changes in equity	(558)	(1,200)
Outstanding amount recognised as financial liabilities ^(a)	–	427
Included in the Group cash flow statement^(b)	(558)	(773)

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

(b) 120.0 million (23 August 2025: 199.8 million) shares purchased at an average price of £4.65 per share (23 August 2025: £3.87).

120 million shares (26 weeks ended 23 August 2025: 199.8 million shares), representing 1.9% of the called-up share capital as at 29 August 2026 (23 August 2025: 3.1%) were cancelled and charged to retained earnings. Total consideration was £558m (23 August 2025: £773m), including stamp duty and fees of £8m (23 August 2025: stamp duty of £4m and fee rebate of £(4)m).

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:

	29 August 2026 £m	23 August 2025 £m
Own shares purchased for share schemes		
Included in the Group statement of changes in equity	(106)	(160)
Shares withheld to settle employee tax	55	49
Cash received from employees exercising SAYE options	82	48
Payments in relation to prior year financial liabilities*	(77)	–
Included in the Group cash flow statement	(46)	(63)

* Settlement of a £(77)m financial liability (26 weeks ended 23 August 2025: £nil), previously recognised within other payables, in respect of shares to be delivered pursuant to an agreement with an external bank.

Note 19 Analysis of changes in net debt

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

	29 August 2026 £m	28 February 2026 £m	23 August 2025 £m
Borrowings, excluding overdrafts	(5,825)	(6,192)	(6,142)
Lease liabilities	(7,852)	(7,884)	(7,791)
Net financing derivatives	432	476	585
Share purchase obligations	–	(77)	(427)
Liabilities from financing activities	(13,245)	(13,677)	(13,775)
Cash and cash equivalents in the balance sheet	2,704	2,515	2,434
Overdrafts*	(1,093)	(1,004)	(1,034)
Cash and cash equivalents (including overdrafts) in the cash flow statement	1,611	1,511	1,400
Short-term investments	1,482	1,429	1,992
Joint venture loans	97	98	97
Interest and other receivables	7	18	19
Net operating and investing derivatives	11	(19)	(44)
Exclude: Share purchase obligations	–	77	427
Net debt APM	(10,037)	(10,563)	(9,884)

* 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**.

The tables below set out the movements in liabilities 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 ^(a) £m
At 28 February 2026	(6,192)	(7,884)	476	(77)	(13,677)
Cash flows arising from financing activities ^(c)	259	340	23	635	1,257
Cash flows arising from operating activities:					
Interest paid	105	198	20	–	323
Non-cash movements:					
Fair value gains/(losses)	45	–	(73)	–	(28)
Foreign exchange	57	24	–	–	81
Interest income/(charge)	(99)	(200)	(14)	–	(313)
Lease additions, terminations, modifications and reassessments	–	(330)	–	–	(330)
Share purchase agreements	–	–	–	(558)	(558)
At 29 August 2026	(5,825)	(7,852)	432	–	(13,245)

- (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 £11m (26 weeks ended 23 August 2025: £(44)m), which form part of the Group's Net debt APM, are not included in liabilities from 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 £(51)m (26 weeks ended 23 August 2025: £(111)m) cash outflows relating to other cancellable arrangements and prepayments, and £82m (26 weeks ended 23 August 2025: £48m) cash received from employees exercising Save As You Earn (SAYE) options.
- (c) Cash flows arising from financing activities for Borrowings, excluding overdrafts 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 ^(a) £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	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)

Refer to previous table for footnotes.

Note 20 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 2026, the employment tribunal hearing of the material factor defences took place from May to July 2026. No decision has yet been handed down. The employment tribunal hearing for the equal value assessment which was due to commence on 1 February 2027 has now been vacated and will be relisted in due course.

Note 21 Events after the reporting period

On 2 October 2026, the Group refinanced its £2.5bn syndicated revolving credit facility, with all conditions precedent satisfied at that date. The facility has an initial three-year term expiring in October 2029, with two additional one-year extension options. Refer to **Note 14**.

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, and 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 29 August 2026.

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	– Excludes the impact of fuel sales made at petrol filling stations. This removes fuel price volatility which is outside of the control of management. – 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	– Growth in sales is a ratio that measures year-on-year movement in Group Sales from continuing operations on a 26-week basis. 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	– 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)	– 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. Refer to the APM Purpose section of the Glossary for further information on 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)	– 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, 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)	– 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 for further information on adjusting items.
Adjusted operating margin	No direct equivalent	– Ratio N/A	– 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)	– 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	– 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)	– 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**.

Glossary – Alternative performance measures continued

Group APMs 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	– 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, and is a measure widely used by credit rating agencies.
Net debt/EBITDA ratio	No direct equivalent	– Ratio N/A	– 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	– 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	– Additions relating to property buybacks and store purchases – Additions relating to decommissioning provisions and similar items	– 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	– 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	– Free cash flow includes the following cash flows (excluding Insurance and Money Services and adjusting cash flows): – 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; 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 29 August 2026 are not disclosed in the notes to the condensed consolidated interim financial statements for the current financial period.

Sales

A reconciliation of Sales is provided in **Note 2**.

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

	Notes	26 weeks ended 29 August 2026	26 weeks ended 23 August 2025
Revenue – current period (£m)	2,3	37,353	36,036
Revenue – base period (£m)		36,036	34,773
Revenue growth		3.7%	3.6%
Include: Central Europe comparable days adjustment		(0.1)%	0.1%
Exclude: Fuel impact		(1.6)%	1.4%
Growth in sales at actual rate		2.0%	5.1%
Exclude: Foreign exchange		(0.4)%	–
Growth in sales at constant rate		1.6%	5.1%
Exclude: Revenue from dunnhumby, Insurance and Money Services, and mall rental income ^(a)		(0.1)%	(0.3)%
Exclude: Underlying net new space impact		(0.3)%	(0.3)%
Exclude: Impact of retail partnerships reclassification ^(b)		–	(0.2)%
Include: Adjustment to align seasonal events throughout the year ^(c)		(0.2)%	–
Like-for-like sales growth		1.0%	4.3%
Prior year like-for-like sales growth		4.3%	2.9%
Exclude: Net new space and adjustment to align seasonal events two-year impact		(0.1)%	(0.1)%
Two-year like-for-like sales growth^(d)		5.2%	7.2%

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

(b) From the start of the prior financial year, certain retail partnerships income were reclassified from cost of sales to revenue. Growth in retail partnerships income has been excluded in the year of change to ensure a like-for-like comparison and is included in the current and future reporting periods.

(c) As last year's financial year included a 53rd week and to align seasonal events throughout each year, like-for-like comparisons for HY 2026/27 are against an offset week in the prior year – that is, comparing weeks 1-26 this year with weeks 2-27 last year. Growth in sales at actual and at constant rate align to reporting periods, reflecting weeks 1-26 in both years.

(d) Two-year LFL is calculated by comparing current period sales to sales in 2024/25 for those stores that were trading in both years. The Venus Wines and Spirits business was acquired in June 2024 and is therefore included from that date. In the table above, the two-year LFL is calculated by compounding the like-for-like sales growth and the prior year like-for-like sales growth then deducting the Net new space and adjustment to align seasonal events two-year impact.

Adjusted operating profit and EBITDA

	52 weeks ended 29 August 2026 £m	28 February 2026		
		As reported on a 53-week basis £m	Exclude 53rd week £m	On a 52-week basis £m
Operating profit	3,061	2,985	(30)	2,955
Exclude: Adjusting items	200	209	(12)	197
Adjusted operating profit	3,261	3,194	(42)	3,152
Include: Depreciation and amortisation before adjusting items	1,859	1,813	(30)	1,783
EBITDA	5,120	5,007	(72)	4,935

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	29 August 2026 £m	23 August 2025 £m
Opening Net debt	19	(10,563)	(9,454)
Free cash flow		1,570	1,298
Other cash movements:			
Own shares purchased for cancellation		(558)	(773)
Dividends paid to equity owners		(613)	(627)
Adjusting items included in operating cash flow activities		(44)	(52)
Repayments of capital element of obligations under leases		340	346
Interest paid on lease liabilities		198	193
Net other interest paid/(received)		70	72
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets held for sale		22	32
Cash outflows attributable to property buybacks and store purchases		(94)	(43)
Other cash movements*		158	(66)
Non-cash movements in Net debt:			
Fair value movements		(1)	(68)
Foreign exchange movements		46	(69)
Net interest charge		(62)	(59)
Non-cash movements in lease liabilities		(506)	(614)
Closing Net debt	19	(10,037)	(9,884)

* Predominantly relates to the net cash generated from/(used) in operating activities for Insurance and Money services and net proceeds from/(purchase of) other investments.

Net debt/EBITDA ratio

Net debt is presented as at the balance sheet date. EBITDA for the current period and comparative financial year is presented on a 52-week basis.

	Notes	29 August 2026 £m	28 February 2026 £m
Net debt	19	10,037	10,563
EBITDA		5,120	4,935
Net debt/EBITDA ratio		2.0	2.1

Adjusted net finance costs and Fixed charge cover

	52 weeks ended 29 August 2026 £m	28 February 2026		
		As reported on a 53-week basis £m	Exclude 53rd week £m	On a 52-week basis £m
Net finance costs	529	581	(5)	576
Exclude: Net pension finance income/(costs)	2	(14)	–	(14)
Exclude: Fair value remeasurements of financial instruments	11	(26)	(5)	(31)
Adjusted net finance costs	542	541	(10)	531
Exclude: Interest expense on lease liabilities*	(384)	(390)	7	(383)
Adjusted net finance costs, excluding finance charges payable on lease liabilities	158	151	(3)	148
Include: Total lease liability payments	1,073	1,063	(5)	1,058
	1,231	1,214	(8)	1,206
EBITDA	5,120	5,007	(72)	4,935
Fixed charge cover (ratio)	4.2			4.1

* Interest expense on lease liabilities is presented net of £9m hedging impact (28 February 2026: net of £14m).

Glossary – Alternative performance measures continued

APMs: Reconciliation of balance sheet measures continued

Capex

		29 August 2026 £m	23 August 2025 £m
Property, plant and equipment additions*	9	641	547
Goodwill and other intangible asset additions*		165	152
Exclude: Additions from property buybacks		(79)	(27)
Exclude: Additions from store purchases and associated refits		(1)	(6)
Exclude: Additions from refits associated with business combinations		–	(2)
Exclude: Additions relating to decommissioning provisions and similar items		6	3
Capex		732	667

* Excluding amounts acquired through business combinations.

Return on capital employed (ROCE)

Adjusted operating profit is presented on a 52-week basis for both the current period and comparative financial year. Capital employed is presented as at the balance sheet date.

	Notes	29 August 2026 £m	28 February 2026 £m
Adjusted operating profit (52 weeks)		3,261	3,152
Capital employed:			
Net assets		11,594	11,457
Exclude: Pension deficit/(surplus) gross of deferred tax	17	(404)	(197)
Exclude: Non-current assets classified as held for sale	13	(112)	(114)
Exclude: Net current tax (asset)/liability		46	(25)
Exclude: Deferred tax assets		(48)	(49)
Exclude: Deferred tax liabilities		710	635
Exclude: Adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations		(133)	(133)
Exclude: Net debt	19	10,037	10,563
Capital employed		21,690	22,137
Average capital employed		21,434	21,882
Return on capital employed (ROCE)		15.2%	14.4%

APMs: Reconciliation of cash flow measures

Free cash flow

	Continuing operations excluding Insurance and Money Services			Insurance and Money Services	Total Group
	Before adjusting items £m	Adjusting items £m	Total £m	Total £m	Total £m
26 weeks ended 29 August 2026					
Operating profit/(loss)	1,678	(49)	1,629	80	1,709
Depreciation and amortisation	943	38	981	8	989
Defined benefit pension scheme payments	(12)	–	(12)	–	(12)
Share-based payments	35	–	35	1	36
Other reconciling items ^(a)	(6)	(2)	(8)	–	(8)
Cash generated from/(used in) operations excluding working capital	2,638	(13)	2,625	89	2,714
(Increase)/decrease in working capital	567	(11)	556	55	611
Cash generated from/(used in) operations	3,205	(24)	3,181	144	3,325
Interest paid	(368)	–	(368)	–	(368)
Corporation tax paid	(241)	–	(241)	(7)	(248)
Net cash generated from/(used in) operating activities	2,596	(24)	2,572	137	2,709
Include the following cash flows generated from/(used in) investing activities:					
Purchase of property, plant and equipment and investment property ^(b)	(592)	–	(592)	(7)	(599)
Purchase of intangible assets	(165)	–	(165)	(1)	(166)
Dividends received from joint ventures and associates	1	–	1	–	1
Interest received	100	–	100	–	100
Include the following cash flows generated from/(used in) financing activities:					
Own shares purchased for share schemes, net of cash received from employees	(46)	–	(46)	–	(46)
Repayment of capital element of obligations under leases	(324)	(15)	(339)	(1)	(340)
Free cash flow	1,570				

(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 and assets classified as held for sale. 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 £(664)m (23 August 2025: £(600)m), excluding £(65)m (23 August 2025: £(32)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	Total 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				

Refer to previous table for footnotes.

Glossary – Other

ESG

Environmental, social and governance.

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 29 August 2026 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 21 (pages 21 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 29 August 2026 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
7 October 2026

Appendices

Appendix 1

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

	Like-for-like sales					
	H1 2025/26	H2 2025/26	FY 2025/26 ^(a)	Q1 2026/27 ^(b)	Q2 2026/27 ^(b)	H1 2026/27 ^(b)
UK & ROI	4.9%	3.6%	4.2%	1.8%	1.5%	1.7%
UK	4.9%	3.5%	4.2%	1.8%	1.3%	1.5%
ROI	4.8%	4.4%	4.6%	3.3%	5.0%	4.1%
Booker	1.7%	(1.3)%	0.2%	(3.2)%	(2.1)%	(2.6)%
Central Europe	3.4%	1.0%	2.2%	0.8%	0.0%	0.4%
Like-for-like sales growth	4.3%	2.7%	3.5%	1.0%	0.9%	1.0%

(a) On a 52-week basis.

(b) As last year's financial year included a 53rd week and to align seasonal events throughout each year, like-for-like comparisons for HY 2026/27 are against an offset week in the prior year – that is, comparing weeks 1-26 this year with weeks 2-27 last year. Total sales change aligns to reporting periods, reflecting weeks 1-26 in both years. The same one week offset is applied for Q1 and Q2 2026/27.

Appendix 2

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

	Actual rates				Constant rates			
	H1 2025/26	H2 2025/26	FY 2025/26*	H1 2026/27	H1 2025/26	H2 2025/26	FY 2025/26*	H1 2026/27
UK & ROI	5.6%	4.7%	5.1%	2.4%	5.6%	4.4%	5.0%	2.4%
UK	5.6%	4.3%	4.9%	2.1%	5.6%	4.3%	4.9%	2.1%
ROI	6.4%	11.2%	8.9%	8.1%	6.5%	6.7%	6.6%	6.7%
Booker	2.4%	(1.4)%	0.6%	(2.5)%	2.4%	(1.4)%	0.6%	(2.5)%
Central Europe	4.4%	9.8%	7.2%	6.9%	5.0%	2.4%	3.7%	1.1%
Growth in sales	5.1%	4.2%	4.6%	2.0%	5.1%	3.5%	4.3%	1.6%

* On a 52-week basis.

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

Appendix 3

UK sales area by size of store

Store size (sq. ft.)	29 August 2026			28 February 2026		
	No. of stores	Million sq. ft.	% of total sq. ft.	No. of stores	Million sq. ft.	% of total sq. ft.
0-3,000	2,751	6.1	15.7%	2,755	6.1	15.7%
3,001-20,000	283	3.0	7.7%	282	3.0	7.7%
20,001-40,000	304	9.0	23.2%	304	9.0	23.2%
40,001-60,000	192	9.7	25.0%	192	9.7	25.0%
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*	3,678	38.8	100.0%	3,681	38.8	100.0%

* Excludes franchise stores.

Appendix 4

Actual Group space – store numbers

	2025/26 year end ^(a)	Openings	Closures/ disposals	Net gain/ (reduction) ^(b)	As at 29 August 2026
Large	813	1	–	1	814
Convenience	2,148	19	(3)	16	2,164
Online only	6	–	–	–	6
UK excluding One Stop	2,967	20	(3)	17	2,984
One Stop ^(c)	714	–	(20)	(20)	694
UK^(c)	3,681	20	(23)	(3)	3,678
ROI	191	3	–	3	194
UK & ROI^(c)	3,872	23	(23)	–	3,872
Booker	188	–	–	–	188
Czech Republic ^(c)	184	1	–	1	185
Hungary ^(c)	200	–	(2)	(2)	198
Slovakia	182	5	–	5	187
Central Europe^(c)	566	6	(2)	4	570
Group excluding franchise stores	4,626	29	(25)	4	4,630
UK (One Stop)	386	24	(19)	5	391
Czech Republic	113	–	–	–	113
Hungary	–	1	–	1	1
Franchise stores	499	25	(19)	6	505
Total Group	5,125	54	(44)	10	5,135

(a) The prior year for Booker has been re-presented for revised assessments.

(b) 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.

(c) Excludes franchise stores.

Actual Group space – '000 sq. ft.

	2025/26 year end ^(a)	Openings	Closures/ disposals	Repurposing/ extensions ^(d)	Net gain/ (reduction) ^(b)	As of 29 August 2026
Large	31,163	17	–	–	17	31,180
Convenience	5,747	56	(6)	–	50	5,797
Online only	716	–	–	–	–	716
UK excluding One Stop	37,626	73	(6)	–	67	37,693
One Stop ^(c)	1,180	–	(33)	–	(33)	1,147
UK^(c)	38,806	73	(39)	–	34	38,840
ROI	3,663	41	–	(21)	20	3,683
UK & ROI^(c)	42,469	114	(39)	(21)	54	42,523
Booker	7,629	–	–	6	6	7,635
Czech Republic ^(c)	4,086	7	–	–	7	4,093
Hungary ^(c)	5,293	–	(52)	(8)	(60)	5,233
Slovakia	3,186	27	–	(19)	8	3,194
Central Europe^(c)	12,565	34	(52)	(27)	(45)	12,520
Group excluding franchise stores	62,663	148	(91)	(42)	15	62,678
UK (One Stop)	564	36	(28)	–	8	572
Czech Republic	102	–	–	–	–	102
Hungary	–	2	–	–	2	2
Franchise stores	666	38	(28)	–	10	676
Total Group	63,329	186	(119)	(42)	25	63,354

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

(d) Repurposing of retail selling space.

Appendices continued

Group space forecast to 27 February 2027 – '000 sq. ft.

	As at 29 August 2026	Openings	Closures/ disposals	Repurposing/ extensions ^(d)	Net gain/ (reduction) ^(b)	2026/27 year end
Large	31,180	15	–	–	15	31,195
Convenience	5,797	144	(11)	–	133	5,930
Online only	716	–	–	–	–	716
UK excluding One Stop	37,693	159	(11)	–	148	37,841
One Stop ^(c)	1,147	–	(33)	–	(33)	1,114
UK^(e)	38,840	159	(44)	–	115	38,955
ROI	3,683	60	–	–	60	3,743
UK & ROI^(e)	42,523	219	(44)	–	175	42,698
Booker	7,635	–	–	–	–	7,635
Czech Republic ^(c)	4,093	11	–	(1)	10	4,103
Hungary ^(c)	5,233	6	–	–	6	5,239
Slovakia	3,194	41	–	(1)	40	3,234
Central Europe^(e)	12,520	58	–	(2)	56	12,576
Group excluding franchise stores	62,678	277	(44)	(2)	231	62,909
UK (One Stop)	572	8	(13)	–	(5)	567
Czech Republic	102	3	–	–	3	105
Hungary	2	1	–	–	1	3
Franchise stores	676	12	(13)	–	(1)	675
Total Group	63,354	289	(57)	(2)	230	63,584

Refer to previous table for footnotes.