TESCO

Interim Results 2024/25

STRONG CUSTOMER OFFER DELIVERS VOLUME GROWTH AND MARKET SHARE GAINS.

Performance highlights (on a continuing operations basis)[1,2]	H1 24/25	H1 23/24	Change at actual rates	Change at constant rates
Group sales (exc. VAT, exc. fuel)[3]	**£31,463m**	£30,401m	3.5%	4.0%
Adjusted operating profit[4]	**£1,649m**	£1,426m	15.6%	15.8%
- Retail	£1,555m	£1,417m	9.7%	10.0%
- Tesco Bank[*, 1]	£94m	£9m	n/m[9]	n/m
Retail free cash flow[5]	**£1,261m**	£1,368m	(7.8)%	
Net debt[5,6]	**£(9,676)m**	£(9,888)m	2.1%	
Adjusted diluted EPS[4]	**14.45p**	11.68p	23.7%	
Interim dividend per share[6]	**4.25p**	3.85p	10.4%	
Statutory measures (on a continuing operations basis)[1]				
Revenue (exc. VAT, inc. fuel)	**£34,773m**	£33,801m	2.9%	
Operating profit	**£1,612m**	£1,426m	13.0%	
Profit before tax	**£1,392m**	£1,161m	19.9%	
Retail cash generated from operating activities	**£1,943m**	£2,068m	(6.0)%	
Diluted EPS	**14.62p**	12.25p	19.3%	
Statutory measures (including discontinued operations)[1]				
Revenue (exc. VAT, inc. fuel)	**£35,180m**	£34,149m	3.1%	
Profit after tax	**£1,051m**	£929m	13.1%	
Diluted EPS	**15.03p**	12.83p	17.1%	

Ken Murphy, Chief Executive

"We've been working really hard to offer our customers the best possible value, quality, and service and they are shopping more at Tesco as a result. We have lowered prices on thousands of lines, launched or improved over 860 products in partnership with our suppliers and growers, and our customer satisfaction scores continue to improve across a broad range of measures.

The combination of price, quality and innovation means we are as competitive as we have ever been, and we have been the cheapest full-line grocer for nearly two years. Our strong UK and ROI market share gains across the last year demonstrate our continued momentum. I want to say a big thank you to all my Tesco colleagues for their hard work serving customers so well. As we approach the Christmas season, we are looking forward to sharing the quality of our festive food with customers, and can't wait for them to taste it.

We are in good shape, with volume growth delivering strong financial performance. This builds on our track record of delivery for all our stakeholders. Our strong momentum allows us to continue to focus on value, quality, innovation, and the broader customer experience, whilst investing in growth opportunities in a disciplined, returns-focused way."

Volume-driven growth delivering strong financial performance and cash returns:

- Improved customer satisfaction driving strong market share gains in UK +62bps, with ROI +88bps
- Volume-driven sales growth, with Retail LFL[7] sales up 2.9%; growth across UK +4.0%, ROI +4.7% and CE +0.6%
- Booker LFL sales down (1.9)%, reflecting a decline in the tobacco market and Best Food Logistics volumes
- Retail adjusted operating profit[4] up 10.0% at constant rates to £1,555m with progress in both UK & ROI and Central Europe; statutory operating profit[1] £1,612m, up 13.0%
- Tesco Bank adjusted operating profit from continuing operations of £94m includes £42m of non-recurring benefits, mainly due to upfront income recognition from a new five-year pet insurance agreement
- Adjusted diluted EPS[1,4] up 23.7% to 14.45p, driven by higher adjusted operating profit, lower net finance costs and the benefit of our ongoing share buyback programme; statutory diluted EPS on a continuing operations basis up 19.3% to 14.62p
- Continued strong retail free cash flow[5] of £1,261m in the first half compared to £1,368m in the first half of last year, reflecting a lower benefit from working capital and higher tax paid; net debt[5,6] down 2.1% to £(9,676)m

* Comparatives have been re-presented to disclose banking operations as a discontinued operation. Total Tesco Bank adjusted operating profit including discontinued operations was £188m[1]. Tesco Bank results included in the table above and within the segmental review of performance refer only to the retained Tesco Bank business, i.e. insurance and money services, unless otherwise stated. Further footnotes can be found on page 4.

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

Improving customer satisfaction through relentless focus on quality, service and price:

- Continued net switching gains for 19 consecutive four-week periods in the UK and 22 in ROI
- Powerful value combination of Aldi Price Match on >700 lines, Low Everyday Prices on >1,000 lines and >8,000 Clubcard Prices deals each week, meaning we have now been the cheapest full-line grocer since November 2022
- Additional hours invested in stores, the equivalent of more than 2,000 extra colleague roles year-on-year, helping us deliver market-leading availability
- Investing in product quality, innovation and sustainability, launching 282 new products and improving 580
- #1 position in the Advantage supplier survey for ninth year in a row
- Winner at the Grocer Gold Awards 2024 with accolades including Finest being named 'Own Label Range of the Year' and Tesco winning 'Grocer 33 Price Award' and, for the 10th year running, 'Britain's Favourite Supermarket'

Further progress in high-returning future growth and digital capability:

- Clubcard sales penetration up in all markets year-on-year: UK 82%, ROI 85%, Central Europe 87%; further personalisation, with 4.9m customers receiving 'Clubcard Challenges' tailored to their shopping habits
- Expanding retail media channel via the Tesco Media and Insight Platform; growth in active advertisers, campaigns per advertiser and spend per campaign
- On track to open new chilled distribution centre in Aylesford in Summer 2025, leveraging robotic automation to streamline operations, improve efficiency and support our commitment to deliver a seamless shopping experience for customers
- Investing in capital-light Booker catering capacity: new catering hubs in Eccles, Charlton and Enfield allow us to better service growing demand for delivery
- ROI 'fresh first' refresh programme and product innovation driving market outperformance and share gains

Investing further for colleagues, communities, and the planet:

- Largest ever increase in store colleague pay and improved parental and wellbeing offerings, culminating in standout colleague satisfaction results and winning 'Employer of the Year (Retailer)' at the Grocer Gold Awards 2024
- Continuation of Stronger Starts, our grant programme to help children have a stronger start in life through healthy food and physical activities, awarding funding of more than £9m to date to over 8,000 projects
- Further support for communities, donating c.2.5m meals per month; in the half reaching 220m meals donated since the start of our partnership with FareShare; food donation bags rolled out across all large stores
- Progress towards ambitious climate change targets; announcing a further renewable energy Power Purchase Agreement (PPA) in Scotland, contributing to our target to source 60% of electricity demand via PPA or onsite generation by 2030

CAPITAL RETURN PROGRAMME.

- Share buyback programme remains a critical driver of shareholder returns, reflecting strength of our balance sheet and confidence in delivering strong future cash flows
- In April, announced commitment to buy back £1bn worth of shares over the following twelve months, including £250m funded by the special dividend paid by Tesco Bank in August 2023
- £575m worth of shares purchased in first half; on track to complete the £1bn buyback by April 2025
- £2.4bn worth of shares purchased since launch of capital return programme in October 2021
- Sale of banking operations due to complete before end of calendar year; intention remains to return majority of proceeds via incremental share buyback following completion

OUTLOOK.

The significant investments we are making in value, quality and service across the Group have delivered volume growth ahead of our expectations in the first half. Due to this strong performance, we now expect to deliver around £2.9bn retail adjusted operating profit for the 2024/25 financial year (previously 'at least £2.8bn'). We continue to expect to generate retail free cash flow within our medium-term guidance range of £1.4bn to £1.8bn.

We now expect an adjusted operating profit contribution from the retained Tesco Bank business of around £120m for the 2024/25 financial year, including the £42m non-recurring benefit described above. On an ongoing basis, we continue to expect an adjusted operating profit contribution of between £80m to £100m per year, including strategic partnership income from Barclays.

STRATEGIC PRIORITIES.

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

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

- Value front and centre, with prices cut on over 2,850 products by an average of around 9% in the UK over the half and Clubcard Prices saving customers up to £385 off their annual grocery bill
- Overall brand perception in UK increased by +596bps year-on-year, stepping forward across all drivers, including impression (+1,058bps), value (+650bps) and satisfaction (+446bps)
- Enhancing quality credentials through taste-led innovation across the range, irrespective of budget; includes exciting dinner for tonight launches, such as Root & Soul's modern vegetarian dishes, and Pinch, a new range of Indian ready meals
- Finest volumes up +14.9% YoY with over 20m customers shopping Finest in the half, recognising our investments in quality; new Finest products include a new Finest Sourdough range, and we relaunched our Finest Dine In proposition
- Winning combination from Booker of improved availability, further progress in customer satisfaction scores and great value, with Everyday Low Prices on over 700 catering products held until January 2025
- In Central Europe, customers continue to respond well to our targeted value investments, with prices cut on at least 1,500 products in each market

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

- Unrivalled Clubcard reach with now over 23m Clubcard households in the UK; group-wide Tesco app users at 16.3m with visits to the app up year-on-year
- Largest and most generous supermarket Reward Partner scheme, including 'Clubcard Moments' offers, such as '3 months of Disney+ on us' during the summer, with 11.5m free codes made available to customers via the Tesco app
- Dedicated Tesco Media and Insight Platform team mobilised; partnerships agreed with WPP and Publicis to leverage our combined expertise and reach across a broader pool of advertisers
- Surpassed 4,000 digital in-store screens; over 7,600 campaigns delivered in the first half, with 91 brands participating in our 'Summer of Sport' event

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

- Opened 44 stores across the Group; 26 in the UK, 7 in ROI and 11 in Central Europe, and refreshed a further 182
- AI-powered range curation tool through partnership with dunnhumby, enabling improved tailoring of store offer to local shopping habits
- UK online customer satisfaction up +11pts YoY and new record number of Delivery Saver subscribers at 727k, up +12% YoY
- Tesco Whoosh delivering strong order and basket size growth, with active customers up +19.8% in the half
- Launched Tesco Marketplace; now offering over 150,000 products across categories including garden, home and pet care
- Integrated a further 397 net new Booker retail partners, taking the total outlets to 7,787 across Premier, Londis, Budgens and Family Shopper

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

- On track to deliver £500m efficiency savings target for the 2024/25 financial year, with a c.£260m contribution in the half
- Continued progress across all areas, including goods & services not for resale, operations, property and central overheads
- End-to-end review of stock flow from suppliers to store, optimising waste performance and improving availability
- Simplifying in-store routines, such as optimising the checkout model whilst minimising queueing times for customers, and refining replenishment routines
- Taking further action to reduce stock loss, including anti-push out technology and additional security gates

GROUP REVIEW OF PERFORMANCE.

On a continuing operations basis[1]

The results of our banking operations have been treated as discontinued following the announcement of our proposed sale to Barclays. As such, Tesco Bank results included in the table below and within the segmental review of performance section, refer only to the retained Tesco Bank business, i.e. insurance and money services, unless otherwise stated.

26 weeks ended 24 August 2024[2,6]	H1 24/25	H1 23/24	Change at actual rates	Change at constant rates
Sales (exc. VAT, exc. fuel)[3]	**£31,463m**	**£30,401m**	**3.5%**	**4.0%**
Fuel	£3,310m	£3,400m	(2.7)%	(2.5)%
Revenue (exc. VAT, inc. fuel)	**£34,773m**	**£33,801m**	**2.9%**	**3.3%**
Adjusted operating profit[4]	**£1,649m**	**£1,426m**	**15.6%**	**15.8%**
Adjusting items	£(37)m	-		
Statutory operating profit	**£1,612m**	**£1,426m**	**13.0%**	
Net finance costs	£(218)m	£(269)m		
Joint ventures and associates	£(2)m	£4m		
Statutory profit before tax	**£1,392m**	**£1,161m**	**19.9%**	
Taxation	£(370)m	£(274)m		
Statutory profit after tax	**£1,022m**	**£887m**	**15.2%**	
Adjusted diluted EPS[4]	14.45p	11.68p	23.7%	
Statutory diluted EPS	14.62p	12.25p	19.3%	
Interim dividend per share[6]	**4.25p**	**3.85p**	**10.4%**	
Net debt[5,6]	**£(9,676)m**	**£(9,888)m**	**2.1%**	
Retail free cash flow[5]	**£1,261m**	**£1,368m**	**(7.8)%**	
Capex[8]	**£530m**	**£523m**	**1.3%**	

Sales[3] increased by 4.0% at constant rates, including a strong contribution from volume growth, driven by our ongoing investments in value, quality and service. Sales inflation returned to more normalised levels as cost inflation headwinds eased. We continued to work with our supplier partners to lower prices for customers as quickly as possible. Revenue increased by 3.3% at constant rates, including a (2.5)% decline in fuel sales.

Adjusted operating profit[4] increased by 15.8% at constant rates, primarily driven by our retail operations, where strong volume growth and a c.£260m contribution from Save to Invest more than offset further investments in the customer offer and colleague pay. Adjusted operating profit from the retained Tesco Bank business was £94m, up from £9m in the prior year. The current year includes £42m of non-recurring items, including the accounting for upfront commission income on the signing of a new five-year pet insurance contract. The prior year included a £(24)m impact from a movement in insurance reserves. The year-on-year growth excluding these items was driven by strong underlying performance in the insurance business.

Statutory operating profit improved by 13.0% year-on-year, as the strong adjusted operating profit performance described above was partially offset by lower gains on property transactions in the half.

Net finance costs were £51m lower year-on-year, due to higher interest earned on cash, short-term deposits and money market funds, and favourable non-cash mark-to-market movements on certain derivative financial instruments. The higher tax charge this year was mainly driven by higher profit and a higher statutory tax rate versus last year.

Adjusted diluted EPS[4] grew by 23.7%. This was driven mainly by higher retail adjusted operating profit and the year-on-year increase in Tesco Bank adjusted operating profit described above. Our EPS growth also continues to benefit from a reduction in share count as a result of our ongoing share buyback programme. We have announced an interim dividend of 4.25 pence per ordinary share, in line with our policy to pay 35% of the prior full-year dividend.

We generated £1,261m of retail free cash flow[5], including a net £169m working capital inflow. Net debt[5,6] reduced by £88m since February 2024. Strong retail free cash flow generation offset cash returned to shareholders via dividends and our ongoing share buyback programme. Lease liabilities decreased by £79m since February 2024, primarily driven by the overall reducing nature of our lease liability. The net debt/EBITDA ratio was 2.1 times at the end of the first half.

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

Notes:

1. The performance of our banking operations has been presented as a discontinued operation with comparatives also restated. The retained business (insurance and money services) has been presented on a continuing operations basis and therefore within headline performance measures. Further details on discontinued operations can be found in Note 6, starting on page 29.
2. The Group has defined and outlined the purpose of its alternative performance measures, including its performance highlights, in the Glossary starting on page 43.
3. Group sales exclude VAT and fuel. Sales change shown on a comparable days basis for Central Europe.
4. Adjusted operating profit and adjusted diluted EPS exclude adjusting items.
5. Net debt and retail free cash flow exclude Tesco Bank.
6. All measures apart from net debt and dividend per share are shown on a continuing operations basis unless otherwise stated. Further information on net debt can be found in Note 18, starting on page 41.
7. Like-for-like (LFL) 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).
8. Capex excludes additions arising from business combinations, property buybacks (typically stores) and other store purchases. Refer to page 45 for further details.
9. Not meaningful (n/m)

Segmental review of performance:

Sales performance:

(exc. VAT, exc. Fuel)[3,6]

On a continuing operations basis[1]	Sales (£m)	LFL sales change[7]	Total sales change at actual rates	Total sales change at constant rates
- UK	22,845	4.0%	4.7%	4.7%
- ROI	1,449	4.7%	3.6%	5.6%
- Booker	4,623	(1.9)%	(1.7)%	(1.7)%
UK & ROI	**28,917**	**3.1%**	**3.6%**	**3.7%**
Central Europe	**2,027**	**0.6%**	**(4.2)%**	**0.9%**
Retail	**30,944**	**2.9%**	**3.0%**	**3.5%**
Tesco Bank	519		46.6%	46.6%
Group sales	**31,463**		**3.5%**	**4.0%**
Fuel	3,310	(2.8)%	(2.7)%	(2.5)%
Group revenue	**34,773**		**2.9%**	**3.3%**

Further information on sales performance is included in the appendices starting on page 50.

Adjusted operating profit[4,6] performance:

On a continuing operations basis[1]	Profit (£m)	Change at actual rates	Change at constant rates	Margin % at actual rates	Margin % change at actual rates
UK & ROI	1,506	9.8%	10.0%	4.7%	29 bps
Central Europe	49	6.5%	8.7%	2.3%	26 bps
Retail	**1,555**	**9.7%**	**10.0%**	**4.5%**	**30 bps**
Tesco Bank	94	n/m	n/m	18.1%	n/m
Group	**1,649**	**15.6%**	**15.8%**	**4.7%**	**52 bps**

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

UK & ROI OVERVIEW:

In the UK, Republic of Ireland (ROI) and Booker, like-for-like sales increased by 3.1%. Volume growth was particularly strong in the UK and ROI, and we delivered market share and switching gains in every period in the first half. Sales inflation stabilised at more normalised levels as inflationary pressures from global commodities continued to ease. We invested further in lowering prices across everyday grocery lines and in an even stronger promotional offering over key seasonal events. The Booker like-for-like sales decline results from further growth in core retail and catering being offset by the continued tobacco market decline and weakness in some areas of the fast-food market serviced by Best Food Logistics.

UK & ROI adjusted operating profit was £1,506m, up 10.0% at constant rates, driven by strong retail volume growth and the ongoing delivery of our Save to Invest programme, which helped to offset continued operating cost inflation, particularly related to colleague pay awards.

UK – Growing volumes and market share through relentless focus on quality, service and value:

Like-for-like sales grew by 4.0%, driven by a strong performance across stores and online. Volume growth was ahead of our expectations, and we grew consistently ahead of the market.

Overall market share grew by +62bps year-on-year to 27.8%, our highest market share level since January 2022, with a particularly strong performance in our large stores. We have now delivered 15 consecutive four-week periods of market share gains and 19 consecutive four-week periods of switching gains. Overall brand perception increased by +596bps year-on-year, stepping forward across all drivers, including impression (+1,058bps), value (+650bps) and satisfaction (+446bps).

Food sales grew by 4.9%, including a particularly strong volume performance in fresh food, driven by our ongoing investments in product quality and innovation. We launched 282 new products, including our Root & Soul range of modern vegetarian dishes, and improved a further 580, including our Taste Shack and Finest Dine In ranges. Finest sales continued to grow particularly strongly, with volumes up 14.9% year-on-year and over 20 million customers shopping Finest in the half.

We have now been the cheapest of the full-line grocers since November 2022 and we further strengthened our position in the half. Over 2,850 products were cheaper at the end of the half than at the start, with an average reduction of around 9%.

Home and Clothing sales grew by 0.3%, which includes a (1.3)ppts drag from the transition to our new partnership with The Entertainer. The partnership, which offers customers an even stronger range of toys in our stores, means we no longer recognise toy sales, and instead earn commission income. The transition will complete in the second half of the year as planned in around 750 UK stores. Excluding this impact, Home and Clothing sales grew by 1.6%, primarily driven by a strong clothing performance, where we continue to grow ahead of the broader store-based clothing market.

Sales grew across both large and convenience store formats, by 4.2% and 0.5% respectively. In our large stores, we invested in an even stronger promotional offer over key seasonal events, including our 'Summer of Sport' campaign. We had more colleagues on the shop floor year-on-year, delivering market-leading availability, and resulting in a three-year-high net promoter score. Convenience sales, which include a higher proportion of food-on-the-go, were impacted by poor weather in the half and the ongoing decline in the tobacco market.

Online sales grew by 9.3%, driven primarily by volume growth, including a c.2ppts contribution from Tesco Whoosh. Overall average orders per week were up 9.3% year-on-year to 1.3 million and we continued to improve the proportion of 'perfect orders', leading to a further step-up in customer satisfaction scores. Online sales participation increased slightly to 13.5% of total UK sales. Tesco Whoosh, our rapid delivery service, is now available in 1,460 stores, with average basket size and average orders per store continuing to grow, and already high customer satisfaction scores seeing further improvement.

Online performance	**H1 24/25**	**YoY change**
Sales inc. VAT	**£3.3bn**	9.3%
Orders per week	**1.29m**	9.3%
Basket size*	**£108**	4.4%
Online % of UK total sales	**13.5%**	0.6ppts

* Excludes Tesco Whoosh

In June, we introduced Tesco Marketplace, offering customers an even broader range of products from our specially selected partners. We are now offering over 150,000 products across categories including garden, homeware, pet care and toys, with a strong pipeline of further sellers being added over the coming months.

ROI – Ongoing volume growth driving strong market share gains:

Like-for-like sales grew by 4.7% in the half, driven by our ongoing investments in product quality and innovation, and our extensive refresh programme, which we rolled out to a further eleven stores. Total sales grew by 5.6% at constant rates, including a 0.9ppts contribution from new stores, driven by the opening of four new large stores and three new Tesco Express stores in the half.

Food sales grew by 5.4%, which includes a strong contribution from fresh food volume growth as we continue to invest in product quality and innovation across the range. These investments culminated in us winning eight gold medals at the 2024 'Monde Selection Awards'.

Non-food sales declined by (0.8)%, which includes a (1.4)ppts impact from the transition to our new partnership with The Entertainer, as in the UK. Excluding toys, non-food sales grew by 0.6%.

We have now gained market share in ROI for 31 consecutive four-week periods, taking our share to 23.5% at the end of the first half, up +88bps year-on-year. Clubcard sales penetration stepped up by a further 5ppts year-on-year to 85.3%.

BOOKER – Growth across core catering and retail following strong performance last year:

	Sales £m	LFL
Core retail	1,657	0.6%
Core catering*	1,350	1.7%
Tobacco	888	(7.3)%
Best Food Logistics	728	(6.6)%
Total Booker	**4,623**	**(1.9)%**

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

Overall like-for-like sales declined by (1.9)%, reflecting the continuing decline in the tobacco market and weakness in parts of the fast-food market serviced by Best Food Logistics, whilst the core retail and catering businesses continue to deliver growth against a challenging market backdrop.

Core retail sales increased by 0.6% year-on-year, driven by a further 397 net new retail partners for our symbol brands (Premier, Londis, Budgens and Family Shopper). The independent convenience sector is seeing some trading softness, with some customers switching to larger store formats. Booker's symbol brands in contrast performed strongly, with sales up 3.1%, supported by a further improvement in availability. Our Premier brand was awarded the 'Symbol/Franchise Retailer of the Year' at the Grocer Gold Awards 2024.

Core catering sales increased by 1.7%, primarily driven by stronger volumes, as customers responded well to an extension of our Everyday Low Prices campaign, with prices locked on over 700 products until January 2025. Customer satisfaction levels remained high at c.86%, and availability improved even further to c.98% in the half.

In June, we acquired Venus Wine and Spirit Merchants PLC, a specialist wine and spirits merchant, offering our on-trade catering customers an even larger selection of spirits, wines, lagers, ciders and ales. The integration is progressing well, and we are continuing to expand the customer base.

CENTRAL EUROPE – Ongoing improvement in trading trajectory as market challenges start to ease:

Like-for-like sales grew by 0.6%, primarily driven by volume growth, reflecting a gradual recovery in customer sentiment in the region as customers' disposable incomes started to recover following a period of significant inflationary pressures. Food sales grew by 0.9% year-on-year, including a particularly strong performance in fresh food. Customers responded well to our targeted value investments, including price cuts on at least 1,500 products in each market.

Non-food sales declined by (1.7)%, which includes an impact from market-wide availability challenges in clothing, and wetter weather in the second quarter, which was partly offset by an increase in the proportion of full price sales year-on-year.

Central Europe adjusted operating profit was £49m, an increase of 8.7% year-on-year at constant rates, primarily driven by volume growth and further progress in our Save to Invest programme. We continue to expect an ongoing recovery in adjusted operating profit in the region.

TESCO BANK:

Our banking operations (credit cards, loans and savings), which are due to be sold to Barclays Bank UK PLC, are treated as discontinued operations within these results. Our headline performance measures include those business lines which are being retained and are therefore treated as continuing operations, i.e. insurance, ATMs, travel money and gift cards.

The breakdown of our overall performance between continuing and discontinued operations is shown in the table below.

	H1 24/25	H1 23/24	YoY change
Revenue	**£926m**	**£702m**	**31.9%**
Continuing operations*	£519m	£354m	46.6%
Discontinued operations	£407m	£348m	17.0%
Adjusted operating profit	**£188m**	**£65m**	**189.2%**
Continuing operations*	£94m	£9m	n/m
Discontinued operations	£94m	£56m	67.9%

* Includes revenue of £33m (H1 23/24: £33m) and net investment income in adjusted operating profit of £9m (H1 23/24: £3m) associated with banking operations which will cease following completion of the proposed sale to Barclays.

Continuing operations revenue grew by 46.6%, primarily driven by strong growth in the insurance business due to high levels of renewals and new business volumes, and the accounting impact of signing a new five-year pet insurance agreement.

Adjusted operating profit on a continuing operations basis was £94m, compared to £9m in the prior year. The first half performance included a £42m non-recurring benefit, including the £33m accounting impact of upfront commission income on the signing of a new pet insurance agreement and £9m income on banking deposits with the Bank of England, which will cease following completion of the proposed sale to Barclays. In addition, the prior year included a £(24)m impact from a movement in insurance reserves. The remaining adjusted operating profit growth mostly reflects a strong performance in motor and home insurance. Adjusted operating profit from discontinued operations was £94m, compared to £56m in the prior year, primarily driven by favourable movements in expected credit losses due to recent improvements in the economic outlook.

We expect the transaction to complete by the end of this calendar year. On an ongoing basis, we expect an adjusted operating profit contribution of between £80m to £100m per year. For the 24/25 financial year, we now expect a contribution from the retained Tesco Bank business of around £120m, which includes the £42m of non-recurring benefit described above.

Adjusting items:

	H1 24/25 £m	H1 23/24 £m
Property transactions	7	24
Amortisation of acquired intangible assets	(38)	(37)
Other*	(6)	13
Total adjusting items in statutory operating profit (continuing operations)	**(37)**	**-**
Net finance income	51	18
Tax	(2)	23
Total adjusting items (continuing operations)	**12**	**41**
Adjusting items (discontinued operations)	(41)	-
Total adjusting items	**(29)**	**41**

* Other includes the gain on disposal of Booker's Ritter-Courivaud Limited subsidiary in the prior year.

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

Property transactions of £7m relates primarily to the sale of surplus properties. In the prior year, property transactions represented net income of £24m. We continue to present £(38)m of amortisation of acquired intangible assets, principally relating to the merger with Booker, as an adjusting item.

Adjusting items in net finance income and tax are set out below. Adjusting items in discontinued operations of £(41)m primarily relates to fair value remeasurement of assets of the disposal group, associated with the sale of our banking operations to Barclays.

Further detail on adjusting items can be found in Note 3, starting on page 27 and on discontinued operations in Note 6, starting on page 29.

Net finance costs:

On a continuing operations basis	H1 24/25 £m	H1 23/24 £m
Net interest costs	(77)	(100)
Net finance expenses from insurance contracts	(6)	(4)
Finance charges payable on lease liabilities	(186)	(183)
Net finance costs before adjusting items	**(269)**	**(287)**
Fair value remeasurements of financial instruments	66	28
Net pension finance income / (costs)	(15)	(10)
Adjusting items in net finance costs	**51**	**18**
Net finance costs	**(218)**	**(269)**

Net finance costs before adjusting items were £(269)m, £18m lower year-on-year due to higher interest earned on cash, short-term deposits and money market funds. Within adjusting items, fair value remeasurements of financial instruments led to a credit of £66m compared to a £28m credit in the prior year, largely driven by non-cash mark-to-market movements on certain derivative financial instruments that are not hedge accounted.

Further detail on finance income and costs can be found in Note 4 on page 28, as well as further detail on the adjusting items in Note 3, starting on page 27.

Group tax:

On a continuing operations basis	H1 24/25 £m	H1 23/24 £m
Tax on adjusted profit	(368)	(297)
Tax on adjusting items	(2)	23
Tax on profit	**(370)**	**(274)**

Tax on adjusted Group profit was £(368)m, £(71)m higher than last year, primarily due to higher profit and the full year impact of the increase in the UK corporation tax rate from 19% to 25%, effective from 1 April 2023.

The prior year £23m adjusting credit relates to the release of a tax provision, following a settlement relating to our exit from the Gain Land Associate in China in February 2020.

The effective tax rate on adjusted Group profit was 26.7%, higher than the current UK statutory rate of 25%, primarily due to the depreciation of assets which do not qualify for tax relief. We continue to expect our effective tax rate to be around 27% in the current year.

Earnings per share:

On a continuing operations basis	H1 24/25	H1 23/24	YoY change
Adjusted diluted EPS	14.45p	11.68p	23.7%
Statutory diluted EPS	14.62p	12.25p	19.3%
Statutory basic EPS	14.76p	12.34p	19.6%
On a total basis, including discontinued operations			
Statutory diluted EPS	15.03p	12.83p	17.1%
Statutory basic EPS	15.18p	12.93p	17.4%

Adjusted diluted EPS was 14.45p, 23.7% higher year-on-year, mainly due to an increase in adjusted operating profit, the benefit of our ongoing share buyback programme and a reduction in net finance costs.

Statutory diluted EPS was 14.62p, 19.3% higher year-on-year, as the adjusted operating profit performance was partially offset by lower profits generated on property transactions and higher favourable non-cash mark-to-market movements on financial instruments.

On a total basis, including discontinued operations, statutory diluted EPS was 15.03p, 17.1% higher year-on-year.

Dividend:

The interim dividend has been set at 4.25 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 22 November 2024 to shareholders who are on the register of members at close of business on 11 October 2024 (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 1 November 2024.

Summary of total indebtedness (excludes Tesco Bank):

	Aug-24 £m	Feb-24 £m	Movement £m
Net debt before lease liabilities	(2,135)	(2,144)	9
Lease liabilities	(7,541)	(7,620)	79
Net debt	**(9,676)**	**(9,764)**	**88**
Pension deficit, IAS 19 basis (post-tax)	(320)	(493)	173
Total indebtedness	**(9,996)**	**(10,257)**	**261**
Net debt / EBITDA	**2.1x**	**2.2x**	
Total indebtedness ratio	**2.2x**	**2.4x**	

Net debt was £(9,676)m, a reduction of £88m versus year end, predominantly driven by strong retail free cash flow generation of £1,261m which exceeded the cash outflows relating to our ongoing share buyback programme of £(575)m and last year's final dividend of £(575)m. Lease liabilities of £(7,541)m were £79m lower compared to year end, driven by the overall reducing nature of our lease liability, partially offset by the impact of rent reviews and new stores.

Total indebtedness was £(9,996)m, a decrease of £261m versus year end. In addition to the net debt impacts described above, the IAS 19 pension deficit (post-tax) decreased by £173m to £(320)m, reflecting movements in market conditions which impact discount rate assumptions and can have a volatile effect on the IAS 19 position. The trustees of each pension scheme, including the main Tesco Pension Scheme, are required to calculate the net funding surplus/deficit on the basis of Technical Provisions in accordance with regulations and guidance issued by the relevant regulator. On this basis, the main UK scheme continues to be in surplus.

We had strong levels of liquidity at the end of the first half, including £3.1 billion of cash and highly liquid short-term deposits and money market investments. In addition, our £2.5 billion committed revolving credit facility remained undrawn and is in place until at least October 2026, with one remaining one-year extension option available.

Our Net debt to EBITDA ratio was 2.1 times at the end of the first half, below our target range of 2.8 to 2.3 times. The total indebtedness ratio was 2.2 times compared to 2.4 times at year-end.

Fixed charge cover was 3.9 times at the end of the first half, which is an improvement since year end, primarily due to an increase in Retail EBITDA.

Summary retail free cash flow:

The following table reconciles Group adjusted operating profit to retail free cash flow. Further details are included in Note 2, starting on page 22.

On a continuing operations basis	H1 24/25 £m	H1 23/24 £m
Adjusted operating profit	**1,649**	**1,426**
Less: Tesco Bank adjusted operating (profit) / loss	(94)	(9)
Retail adjusted operating profit	**1,555**	**1,417**
Add back: Depreciation and amortisation	819	790
Other reconciling items	22	18
Pensions	(14)	(13)
Decrease in working capital	169	368
Retail cash generated from operations before adjusting items	**2,551**	**2,580**
Cash capex	(594)	(595)
Net interest	(244)	(273)
- Interest related to Net debt before lease liabilities	*(58)*	*(91)*
- Interest related to lease liabilities	*(186)*	*(182)*
Tax paid	(176)	(38)
Dividends received	2	6
Repayment of capital element of obligations under leases	(295)	(306)
Own shares purchased for share schemes	17	(6)
Retail free cash flow	**1,261**	**1,368**
Memo (not included in retail free cash flow definition):		
- Special dividend received from Tesco Bank	-	250
- Net acquisitions and disposals	(50)	7
- Property buybacks, store purchases and disposal proceeds	(14)	(3)
- Cash impact of adjusting items	(52)	(87)

We delivered strong retail free cash flow of £1,261m, driven by the retail adjusted operating profit performance and including a further benefit from working capital. This is £(107)m lower than last year, primarily reflecting lower working capital benefits and higher tax paid.

Our total working capital inflow was £169m, reflecting the strong volume performance in the half, leading to higher trade balances. The higher working capital benefit last year primarily reflects a higher level of cost inflation, which has normalised in the current year.

Net interest paid was £29m lower year-on-year, due to higher interest earned on cash balances, short-term deposits and money market funds.

Tax paid was £(138)m higher year-on-year, mainly due to no longer benefiting from tax relief related to the £2.5bn one-off pension contribution made in 2021, which was fully utilised in the prior year, and the impact of higher retail adjusted operating profit year-on-year.

Within the memo lines shown, the net £(50)m outflow relating to acquisitions and disposals primarily relates to Booker's acquisition of Venus Wine and Spirit Merchants PLC. The cash impact of adjusting items of £(52)m relates to operational restructuring changes as part of our Save to Invest programme, which were provided for at the end of the prior financial year.

Capital expenditure and space:

	UK & ROI		Central Europe		Tesco Bank		Group	
	H1 24/25	H1 23/24	H1 24/25	H1 23/24	H1 24/25	H1* 23/24	H1 24/25	H1 23/24
Capex	**£494m**	**£465m**	**£33m**	**£43m**	**£3m**	**£15m**	**£530m**	**£523m**
Openings (k sq ft)	116	81	44	49	-	-	160	130
Closures (k sq ft)	(35)	(117)	-	(14)	-	-	(35)	(131)
Repurposed (k sq ft)	-	-	(107)	(149)	-	-	(107)	(149)
Net space change (k sq ft)	**81**	**(36)**	**(63)**	**(114)**	**-**	**-**	**18**	**(150)**

The data above excludes space relating to franchise stores. A full breakdown of space by segment is included in the appendices starting on page 50.

* Includes £13m relating to the banking operations disposal group, classified as held for sale in February 2024.

Capital expenditure shown in the table above reflects expenditure on ongoing business activities across the Group, excluding property buybacks and store purchases.

Our capital expenditure in the first half was £530m, which was broadly in line with last year. We continue to prioritise investments in high returning areas, including automation in parts of our distribution network and developing our digital platforms, in addition to continued investment in our store estate.

In the first half, we opened a total of 44 stores across the Group and refreshed a further 182 stores. In the UK, we opened one superstore, 19 Tesco Express stores and six One Stop stores and in ROI we opened four new large stores and three Tesco Express stores. In Central Europe, we opened eleven new convenience stores.

We continue to expect full year capital expenditure of around £1.4bn.

Statutory capital expenditure for the first half was £0.6bn.

Further details of current space can be found in the appendices starting on page 50.

Contacts.

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This document is available at www.tescoplc.com/interims2024.

A webcast including a Q&A will be held today at 9.00am for investors and analysts and will be available on our website at www.tescoplc.com/interims2024. This will be available for playback after the event. All presentation materials, including a transcript, will be made available on our website.

We will report our Q3 & Christmas Trading statement on 9 January 2025.

Sources.

- UK market share based on Kantar Total Grocers Total Till Roll on 12-week rolling basis to 1 September 2024.
- UK Kantar net switching gains 12-week rolling basis to 1 September 2024.
- ROI market share based on Kantar Total Till Roll on 12-week rolling basis to 1 September 2024.
- ROI Kantar net switching gains 12-week rolling basis to 1 September 2024.
- 'Full-line grocers' refers to Tesco, Sainsbury's, Asda and Morrisons.
- UK Price index is an internal measure calculated using the retail selling price of each item on a per unit or unit of measure basis. Competitor retail selling prices are collected weekly by a third party. The price index includes price cut promotions and is weighted by sales to reflect customer importance.
- Clubcard Prices saving of up to £385 is based on the top 25% of Tesco Clubcard members and large stores sales between 1 September 2023 and 30 August 2024. Tesco Clubcard Price savings versus regular Tesco price.
- Customer satisfaction and Brand Perception based on YoY changes in YouGov BrandIndex scores for the 12 weeks ended 25 August 2024.
- Availability based on Multi channel tracker. 3 period rolling data. Responses to: "I Can Get What I Want".
- Number of new Booker retail partners is net of openings and closures.
- Brand NPS is based on BASIS Global Brand Tracker. 3 period rolling data. 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?"
- Colleague satisfaction based on Every Voice Matters colleague engagement survey result for July 2024. Refers to responses of agreement to 'I would recommend Tesco as a great place to work'.

Additional Disclosures.

Principal Risks and Uncertainties.

The principal risks and uncertainties faced by the Group remain those as set out on pages 30 to 37 of our Annual Report and Financial Statements 2024: cyber security; data privacy; climate change; technology; responsible sourcing; health and safety; product safety and food integrity; people; financial performance; customer; regulatory and compliance; Tesco Bank; geopolitics and other global events; security of supply; and competition and markets.

Statement of Directors' Responsibilities.

The Directors are responsible for preparing the Interim Results for the 26-week period ended 24 August 2024 in accordance with applicable law, regulations and accounting standards. Each of the Directors confirm that to the best of their knowledge the condensed consolidated interim financial statements have been prepared in accordance with IAS 34: 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

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

The Directors of Tesco PLC are listed on pages 52 to 54 of the Tesco PLC Annual Report and Financial Statements 2024.

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

By order of the Board Directors

Gerry Murphy - Non-executive Chairman

Ken Murphy – Group Chief Executive

Imran Nawaz – Chief Financial Officer

Melissa Bethell*

Bertrand Bodson*

Dame Carolyn Fairbairn*

Thierry Garnier*

Stewart Gilliland*

Alison Platt*

Caroline Silver*

Karen Whitworth*

*Independent Non-executive Directors

2 October 2024

Disclaimer.

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

Group income statement

	Notes	26 weeks ended 24 August 2024 Before adjusting items £m	26 weeks ended 24 August 2024 Adjusting items (Note 3) £m	26 weeks ended 24 August 2024 Total £m	26 weeks ended 26 August 2023 (restated*) Before adjusting items £m	26 weeks ended 26 August 2023 (restated*) Adjusting items (Note 3) £m	26 weeks ended 26 August 2023 (restated*) Total £m
Continuing operations							
Revenue from sale of goods and services		34,432	–	34,432	33,578	–	33,578
Insurance revenue		341	–	341	223	–	223
Revenue	2	**34,773**	–	**34,773**	**33,801**	–	**33,801**
Cost of sales		(31,751)	(5)	(31,756)	(31,123)	5	(31,118)
Insurance service expenses		(272)	–	(272)	(206)	–	(206)
Net expenses from reinsurance contracts held		(30)	–	(30)	(27)	–	(27)
Gross profit/(loss)		**2,720**	**(5)**	**2,715**	**2,445**	**5**	**2,450**
Administrative expenses		(1,071)	(32)	(1,103)	(1,019)	(5)	(1,024)
Operating profit/(loss)	2	**1,649**	**(37)**	**1,612**	**1,426**	**–**	**1,426**
Share of post-tax profit/(loss) of joint ventures and associates		(2)	–	(2)	4	–	4
Finance income	4	132	–	132	131	–	131
Finance costs	4	(401)	51	(350)	(418)	18	(400)
Profit/(loss) before tax from continuing operations		**1,378**	**14**	**1,392**	**1,143**	**18**	**1,161**
Taxation	5	(368)	(2)	(370)	(297)	23	(274)
Profit/(loss) for the period from continuing operations		**1,010**	**12**	**1,022**	**846**	**41**	**887**
Discontinued operations							
Profit/(loss) for the period from discontinued operations	6	70	(41)	29	42	–	42
Profit/(loss) for the period		**1,080**	**(29)**	**1,051**	**888**	**41**	**929**
Attributable to:							
Owners of the parent		1,080	(29)	1,051	886	41	927
Non-controlling interests		–	–	–	2	–	2
		1,080	**(29)**	**1,051**	**888**	**41**	**929**
Earnings per share from continuing and discontinued operations							
Basic	8			15.18p			12.93p
Diluted	8			15.03p			12.83p
Earnings per share from continuing operations							
Basic	8			14.76p			12.34p
Diluted	8			14.62p			12.25p

* Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.

The notes on pages 21 to 42 form part of this condensed consolidated financial information.

Group statement of comprehensive income/(loss)

	Notes	26 weeks ended 24 August 2024 £m	26 weeks ended 26 August 2023 (restated*) £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	16	252	213
Net fair value gains/(losses) on inventory cash flow hedges		(33)	(15)
Tax on items that will not be reclassified		(59)	(49)
		160	**148**
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		13	(5)
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates, net of hedging instruments		(22)	(73)
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		27	16
Reclassified and reported in the Group income statement		(36)	(25)
Finance income/(expenses) from insurance contracts issued		(3)	4
Finance income/(expenses) from reinsurance contracts held		1	(2)
Tax on items that may be reclassified		–	(8)
		(20)	**(93)**
Total other comprehensive income/(loss) for the period		**140**	**55**
Profit/(loss) for the period		1,051	929
Total comprehensive income/(loss) for the period		**1,191**	**984**
Attributable to:			
Owners of the parent		1,191	980
Non-controlling interests		–	4
Total comprehensive income/(loss) for the period		**1,191**	**984**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		1,162	938
Discontinued operations	6	29	42
		1,191	**980**

* Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.

The notes on pages 21 to 42 form part of this condensed consolidated financial information.

Group balance sheet

	Notes	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Non-current assets				
Goodwill and other intangible assets		5,116	5,066	5,367
Property, plant and equipment	9	17,136	17,221	16,790
Right of use assets	10	5,434	5,478	5,522
Investment property		23	24	25
Investments in joint ventures and associates		100	102	97
Other investments		817	1,546	1,360
Trade and other receivables		119	36	68
Loans and advances to customers		–	–	3,362
Reinsurance contract assets	14	122	125	110
Derivative financial instruments		789	781	851
Post-employment benefit surplus	16	42	22	22
Deferred tax assets		39	32	76
		29,737	**30,433**	**33,650**
Current assets				
Other investments		166	206	325
Inventories		2,964	2,635	2,856
Trade and other receivables		1,264	1,349	1,283
Loans and advances to customers		–	–	4,060
Derivative financial instruments		10	55	71
Current tax assets		10	110	16
Short-term investments	11	1,912	2,128	2,692
Cash and cash equivalents	11	3,310	2,340	2,526
		9,636	**8,823**	**13,829**
Assets of the disposal group and non-current assets classified as held for sale	6	8,185	7,783	141
		17,821	**16,606**	**13,970**
Current liabilities				
Trade and other payables		(10,884)	(10,264)	(10,591)
Borrowings	13	(1,516)	(1,536)	(2,017)
Lease liabilities	10	(607)	(584)	(593)
Provisions		(259)	(306)	(278)
Insurance contract liabilities	14	(584)	(526)	(498)
Customer deposits and deposits from banks		(582)	(108)	(4,860)
Derivative financial instruments		(51)	(25)	(64)
Current tax liabilities		(24)	(1)	(57)
		(14,507)	**(13,350)**	**(18,958)**
Liabilities of the disposal group classified as held for sale	6	(7,512)	(7,122)	–
Net current liabilities		**(4,198)**	**(3,866)**	**(4,988)**
Non-current liabilities				
Trade and other payables		(47)	(39)	(67)
Borrowings	13	(5,580)	(5,683)	(5,911)
Lease liabilities	10	(6,935)	(7,038)	(7,116)
Provisions		(172)	(175)	(195)
Customer deposits and deposits from banks		(175)	(800)	(2,465)
Derivative financial instruments		(210)	(241)	(329)
Post-employment benefit deficit	16	(426)	(657)	(200)
Deferred tax liabilities		(415)	(269)	(322)
		(13,960)	**(14,902)**	**(16,605)**
Net assets		**11,579**	**11,665**	**12,057**
Equity				
Share capital	17	433	445	451
Share premium		5,165	5,165	5,165
Other reserves	17	3,002	3,131	3,018
Retained earnings		2,985	2,930	3,430
Equity attributable to owners of the parent		**11,585**	**11,671**	**12,064**
Non-controlling interests		(6)	(6)	(7)
Total equity		**11,579**	**11,665**	**12,057**

The notes on pages 21 to 42 form part of this condensed consolidated financial information.

These unaudited condensed consolidated interim financial statements for the 26 weeks ended 24 August 2024 were approved by the Board on 2 October 2024.

Group statement of changes in equity

	Notes	Share capital £m	Share premium £m	Other reserves (Note 17) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 24 February 2024		**445**	**5,165**	**3,131**	**2,930**	**11,671**	**(6)**	**11,665**
Profit/(loss) for the period		–	–	–	**1,051**	**1,051**	–	**1,051**
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates, net of hedging instruments		–	–	(22)	–	(22)	–	(22)
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	13	13	–	13
Remeasurements of defined benefit pension schemes	16	–	–	–	252	252	–	252
Gains/(losses) on cash flow hedges		–	–	(6)	–	(6)	–	(6)
Cash flow hedges reclassified and reported in the Group income statement		–	–	(36)	–	(36)	–	(36)
Finance income/(expenses) from insurance contracts issued		–	–	(3)	–	(3)	–	(3)
Finance income/(expenses) from reinsurance contracts held		–	–	1	–	1	–	1
Tax relating to components of other comprehensive income		–	–	5	(64)	(59)	–	(59)
Total other comprehensive income/(loss)		**–**	**–**	**(61)**	**201**	**140**	**–**	**140**
Total comprehensive income/(loss)		**–**	**–**	**(61)**	**1,252**	**1,191**	**–**	**1,191**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	–	9	–	9	–	9
Total inventory cash flow hedge movements		**–**	**–**	**9**	**–**	**9**	**–**	**9**
Transactions with owners								
Own shares purchased for cancellation	17	–	–	(746)	–	(746)	–	(746)
Own shares cancelled	17	(12)	–	587	(575)	–	–	–
Own shares purchased for share schemes		–	–	(101)	–	(101)	–	(101)
Share-based payments		–	–	183	(46)	137	–	137
Dividends	7	–	–	–	(576)	(576)	–	(576)
Total transactions with owners		**(12)**	**–**	**(77)**	**(1,197)**	**(1,286)**	**–**	**(1,286)**
At 24 August 2024		**433**	**5,165**	**3,002**	**2,985**	**11,585**	**(6)**	**11,579**

	Notes	Share capital £m	Share premium £m	Other reserves (Note 17) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 25 February 2023		**463**	**5,165**	**3,139**	**3,469**	**12,236**	**(11)**	**12,225**
Profit/(loss) for the period		**–**	**–**	**–**	**927**	**927**	**2**	**929**
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates, net of hedging instruments		–	–	(73)	–	(73)	–	(73)
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	(6)	(6)	–	(6)
Remeasurements of defined benefit pension schemes	16	–	–	–	213	213	–	213
Gains/(losses) on cash flow hedges		–	–	(1)	–	(1)	2	1
Cash flow hedges reclassified and reported in the Group income statement		–	–	(25)	–	(25)	–	(25)
Finance income/(expenses) from insurance contracts issued		–	–	4	–	4	–	4
Finance income/(expenses) from reinsurance contracts held		–	–	(2)	–	(2)	–	(2)
Tax relating to components of other comprehensive income		–	–	(8)	(49)	(57)	–	(57)
Total other comprehensive income/(loss)		**–**	**–**	**(105)**	**158**	**53**	**2**	**55**
Total comprehensive income/(loss)		**–**	**–**	**(105)**	**1,085**	**980**	**4**	**984**
Transfer from hedging reserve to retained earnings		**–**	**–**	**44**	**(44)**	**–**	**–**	**–**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		**–**	**–**	47	–	47	–	47
Total inventory cash flow hedge movements		**–**	**–**	**47**	**–**	**47**	**–**	**47**
Transactions with owners								
Own shares purchased for cancellation	17	–	–	(752)	–	(752)	–	(752)
Own shares cancelled	17	(12)	–	515	(503)	–	–	–
Own shares purchased for share schemes		–	–	(47)	–	(47)	–	(47)
Share-based payments		–	–	177	(67)	110	–	110
Dividends	7	–	–	–	(510)	(510)	–	(510)
Total transactions with owners		**(12)**	**–**	**(107)**	**(1,080)**	**(1,199)**	**–**	**(1,199)**
At 26 August 2023		**451**	**5,165**	**3,018**	**3,430**	**12,064**	**(7)**	**12,057**

The notes on pages 21 to 42 form part of this condensed consolidated financial information.

Group cash flow statement

	Notes	26 weeks ended 24 August 2024 £m	26 weeks ended 26 August 2023 (restated[a]) £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss) of continuing operations		**1,612**	**1,426**
Operating profit/(loss) of discontinued operations		**40**	**56**
Depreciation and amortisation		866	850
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets classified as held for sale and early termination of leases		(3)	2
(Profit)/loss arising on sale of subsidiaries		–	(12)
Net remeasurement (gain)/loss on non-current assets held for sale		44	(16)
Defined benefit pension scheme payments	16	(14)	(13)
Share-based payments		19	13
Fair value movements included in operating profit/(loss)		10	38
Retail (increase)/decrease in inventories		(328)	(364)
Retail (increase)/decrease in trade and other receivables		(35)	(39)
Retail increase/(decrease) in trade and other payables		533	764
Retail increase/(decrease) in provisions		(48)	(81)
Retail (increase)/decrease in working capital		122	280
Tesco Bank (increase)/decrease in loans and advances to customers		(355)	(480)
Tesco Bank (increase)/decrease in trade, reinsurance and other receivables		1	26
Tesco Bank increase/(decrease) in customer and bank deposits, trade, insurance and other payables		274	583
Tesco Bank increase/(decrease) in provisions		(3)	(2)
Tesco Bank (increase)/decrease in working capital		(83)	127
Cash generated from/(used in) operations		**2,613**	**2,751**
Interest paid		(389)	(394)
Corporation tax paid		(181)	(45)
Net cash generated from/(used in) operating activities		**2,043**	**2,312**
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		16	34
Purchase of property, plant and equipment, investment property and other long-term assets		(480)	(499)
Purchase of intangible assets		(141)	(138)
Disposal of subsidiaries, net of cash disposed		–	15
Acquisition of subsidiaries, net of cash acquired		(46)	–
Investments in joint ventures and associates		(6)	(5)
Decrease in short-term investments[b]		1,180	725
Increase in short-term investments[b]		(964)	(1,801)
Proceeds from sale of other investments		866	83
Purchase of other investments		(91)	(87)
Dividends received from joint ventures and associates		2	6
Interest received		136	114
Cash inflows from derivative financial instruments		27	3
Cash outflows from derivative financial instruments		–	(15)
Net cash generated from/(used in) investing activities		**499**	**(1,565)**
Cash flows generated from/(used in) financing activities			
Own shares purchased for cancellation	17	(575)	(503)
Own shares purchased for share schemes, net of cash received from employees		17	(6)
Repayment of capital element of obligations under leases		(297)	(308)
Cash outflows exceeding the incremental increase in assets in a property buyback		(14)	(15)
Increase in borrowings		342	982
Repayment of borrowings		(622)	(97)
Cash inflows from derivative financial instruments		438	68
Cash outflows from derivative financial instruments		(404)	(66)
Dividends paid to equity owners	7	(575)	(509)
Net cash generated from/(used in) financing activities		**(1,690)**	**(454)**
Net increase/(decrease) in cash and cash equivalents		**852**	**293**
Cash and cash equivalents at the beginning of the period		1,874	1,565
Effect of foreign exchange rate changes		(8)	(9)
Cash and cash equivalents, including cash held in the disposal group at the end of the period		**2,718**	**1,849**
Less: Cash held in the disposal group	6	(381)	–
Cash and cash equivalents at the end of the period	11	**2,337**	**1,849**

(a) Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.
(b) Comparative net (investments in)/proceeds from sale of short-term investments has been re-presented on a gross basis as increase and decrease in short-term investments.

The notes on pages 21 to 42 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 2024. The financial period represents the 26 weeks ended 24 August 2024 (prior financial period 26 weeks ended 26 August 2023, prior financial year 52 weeks ended 24 February 2024).

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 strong liquidity position is given in the Group review of performance, Summary of total indebtedness section.

Adoption of new IFRSs

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

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

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

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

Alternative performance measures (APMs)

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

Note 2 Segmental reporting

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

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

- Retailing and associated activities (Retail) in:
  - UK & ROI – the United Kingdom and Republic of Ireland; and
  - Central Europe – Czech Republic, Hungary and Slovakia.
- Retail banking, insurance and money services through Tesco Bank in the UK (Tesco Bank).

In February 2024, the Board announced the sale of the Group's banking operation ('Banking operations'), which has been consequently classified as a discontinued operation. Refer to Note 6 for further details. The remaining insurance business and money services are included within continuing operations. Both continuing and discontinued elements remain within the Tesco Bank segment, reflecting the Group's organisational structure and internal reporting to the CODM at the half year reporting date.

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 that aids comparability over time for the financial year under evaluation. Adjusted operating profit is a consistent measure within the Group as defined within the Glossary. Refer to Note 3 for adjusting items. Inter-segment revenue is not material.

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 24 August 2024 At constant exchange rates	UK & ROI £m	Central Europe £m	Total Retail £m	Tesco Bank £m	Total segments at constant exchange £m	Foreign exchange £m	Exclude: Banking operations £m	Continuing operations at actual exchange £m
Revenue	32,175	2,189	34,364	926	35,290	(110)	(407)	34,773
Less: Fuel sales	(3,233)	(80)	(3,313)	–	(3,313)	3	–	(3,310)
Sales	28,942	2,109	31,051	926	31,977	(107)	(407)	31,463
Adjusted operating profit	**1,508**	**50**	**1,558**	**188**	**1,746**	**(3)**	**(94)**	**1,649**
Adjusting items (Note 3)	(33)	–	(33)	(58)	(91)	–	54	(37)
Operating profit	**1,475**	**50**	**1,525**	**130**	**1,655**	**(3)**	**(40)**	**1,612**
Adjusted operating margin	**4.7%**	**2.3%**	**4.5%**	**20.3%**	**4.9%**		**23.1%**	**4.7%**

Tesco Bank segmental revenue of £926m (26 weeks ended 26 August 2023: £702m) comprises continuing interest income of £46m (26 weeks ended 26 August 2023: £41m), fees and commissions income of £132m (26 weeks ended 26 August 2023: £90m), insurance revenue of £341m (26 weeks ended 26 August 2023: £223m) and revenue within the discontinued Banking operations of £407m (26 weeks ended 26 August 2023: £348m).

26 weeks ended 24 August 2024 At actual exchange rates	UK & ROI £m	Central Europe £m	Total Retail £m	Tesco Bank £m	Total segments £m	Exclude: Banking operations £m	Continuing operations at actual exchange £m
Revenue	32,149	2,105	34,254	926	35,180	(407)	34,773
Less: Fuel sales	(3,232)	(78)	(3,310)	–	(3,310)	–	(3,310)
Sales	28,917	2,027	30,944	926	31,870	(407)	31,463
Adjusted operating profit	**1,506**	**49**	**1,555**	**188**	**1,743**	**(94)**	**1,649**
Adjusting items (Note 3)	(33)	–	(33)	(58)	(91)	54	(37)
Operating profit	**1,473**	**49**	**1,522**	**130**	**1,652**	**(40)**	**1,612**
Adjusted operating margin	**4.7%**	**2.3%**	**4.5%**	**20.3%**	**5.0%**	**23.1%**	**4.7%**
Share of post-tax profit/(loss) of joint ventures and associates							(2)
Finance income							132
Finance costs							(350)
Profit before tax							**1,392**

Note 2 Segmental reporting continued

26 weeks ended 26 August 2023 At actual exchange rates	UK & ROI £m	Central Europe £m	Total Retail £m	Tesco Bank £m	Total segments £m	Exclude: Banking operations* £m	Continuing operations at actual exchange* £m
Revenue	31,226	2,221	33,447	702	34,149	(348)	33,801
Less: Fuel sales	(3,313)	(87)	(3,400)	–	(3,400)	–	(3,400)
Sales	27,913	2,134	30,047	702	30,749	(348)	30,401
Adjusted operating profit	**1,371**	**46**	**1,417**	**65**	**1,482**	**(56)**	**1,426**
Adjusting items (Note 3)	(16)	16	–	–	–	–	–
Operating profit	**1,355**	**62**	**1,417**	**65**	**1,482**	**(56)**	**1,426**
Adjusted operating margin	**4.4%**	**2.1%**	**4.2%**	**9.3%**	**4.3%**	**16.1%**	**4.2%**
Share of post-tax profit/(loss) of joint ventures and associates							4
Finance income							131
Finance costs							(400)
Profit before tax							**1,161**

* Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.

Balance sheet

The following tables show segment net assets and net debt (cash and cash equivalents, short-term investments, joint venture loans, bank and other borrowings, lease liabilities, derivative financial instruments and net debt of the disposal group). Lease liabilities, joint venture loans and interest receivables have been allocated to each segment. All other components of net debt are not allocated to segments, reflecting how these balances are managed. Intercompany transactions have been eliminated other than intercompany transactions with Tesco Bank in net debt. Balances in relation to the discontinued Banking operations have been included in the Tesco Bank segment for both current and prior periods.

At 24 August 2024	UK & ROI £m	Central Europe £m	Tesco Bank £m	Unallocated £m	Total £m
Goodwill and other intangible assets	4,766	32	318	–	5,116
Property, plant and equipment and investment property	15,651	1,449	59	–	17,159
Right of use assets	4,990	443	1	–	5,434
Non-current assets held for sale	39	62	–	–	101
Net assets of the disposal group excluding net debt[a]	–	–	743	–	743
Net debt (including Tesco Bank)[b]	(6,853)	(575)	740	(2,248)	(8,936)
Other net assets/(liabilities)	(7,291)	(322)	(425)	–	(8,038)
Total net assets	**11,302**	**1,089**	**1,436**	**(2,248)**	**11,579**

(a) Excludes £(171)m (24 February 2024: £(182)m, 26 August 2023: £nil) of net debt items within the Tesco Bank segment relating to the Banking operations disposal group.
(b) Refer to Note 18.

At 24 February 2024	UK & ROI £m	Central Europe £m	Tesco Bank £m	Unallocated £m	Total £m
Goodwill and other intangible assets	4,713	33	320	–	5,066
Property, plant and equipment and investment property	15,707	1,475	63	–	17,245
Right of use assets	5,038	439	1	–	5,478
Non-current assets held for sale	23	62	–	–	85
Net assets of the disposal group excluding net debt[a]	–	–	758	–	758
Net debt (including Tesco Bank)[b]	(6,926)	(575)	(102)	(2,263)	(9,866)
Other net assets/(liabilities)	(7,101)	(300)	300	–	(7,101)
Total net assets	**11,454**	**1,134**	**1,340**	**(2,263)**	**11,665**

Refer to previous table for footnotes.

At 26 August 2023	UK & ROI £m	Central Europe £m	Tesco Bank £m	Unallocated £m	Total £m
Goodwill and other intangible assets	4,715	34	618	–	5,367
Property, plant and equipment and investment property	15,272	1,473	70	–	16,815
Right of use assets	5,073	439	10	–	5,522
Non-current assets classified as held for sale	24	117	–	–	141
Net debt (including Tesco Bank)[b]	(7,000)	(558)	127	(2,330)	(9,761)
Other net assets/(liabilities)	(6,824)	(349)	1,146	–	(6,027)
Total net assets	**11,260**	**1,156**	**1,971**	**(2,330)**	**12,057**

Refer to previous table for footnotes.

Note 2 Segmental reporting continued

Other segment information

The tables below show the Group's total capital expenditure, depreciation and amortisation, and impairment (loss)/reversal on financial assets, reconciled to continuing operations:

26 weeks ended 24 August 2024	UK & ROI £m	Central Europe £m	Tesco Bank £m	Total segments £m	Exclude: Banking operations £m	Continuing operations £m
Capital expenditure (including acquisitions through business combinations):						
Property, plant and equipment[a]	395	28	–	423	–	423
Goodwill and other intangible assets[b]	182	4	9	195	(6)	189
Depreciation and amortisation:						
Property, plant and equipment	(413)	(42)	(4)	(459)	–	(459)
Right of use assets	(246)	(23)	–	(269)	–	(269)
Other intangible assets	(128)	(5)	(5)	(138)	–	(138)
Impairment[c]:						
(Loss)/reversal on financial assets	2	–	(15)	(13)	15	2

(a) Includes £1m (26 weeks ended 26 August 2023: £nil) of property, plant and equipment acquired through business combinations.
(b) Includes £56m (26 weeks ended 26 August 2023: £nil) of goodwill and other intangible assets acquired through business combinations.
(c) Excludes impairment of other non-current assets.

26 weeks ended 26 August 2023	UK & ROI £m	Central Europe £m	Tesco Bank £m	Total segments £m	Exclude: Banking operations[d] £m	Continuing operations[d] £m
Capital expenditure (including acquisitions through business combinations):						
Property, plant and equipment[a]	381	38	3	422	(1)	421
Goodwill and other intangible assets[b]	118	5	12	135	(12)	123
Depreciation and amortisation:						
Property, plant and equipment	(397)	(42)	(5)	(444)	1	(443)
Right of use assets	(247)	(22)	(1)	(270)	1	(269)
Other intangible assets	(113)	(6)	(17)	(136)	14	(122)
Impairment[c]:						
(Loss)/reversal on financial assets	–	(1)	(33)	(34)	33	(1)

(a)-(c) Refer to previous table for footnotes.
(d) Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.

Note 2 Segmental reporting continued

Cash flow statement

The following tables provide further analysis of the Group cash flow statement, including a split of cash flows between Retail continuing operations, and Tesco Bank continuing and discontinued operations.

				Tesco Bank				
	Retail			Continuing operations			Discontinued operations	Tesco Group
26 weeks ended 24 August 2024	Before adjusting items £m	Adjusting items £m	Retail Total £m	Before adjusting items £m	Adjusting items £m	Total £m	Total £m	Total £m
Operating profit/(loss)	**1,555**	**(33)**	**1,522**	**94**	**(4)**	**90**	**40**	**1,652**
Depreciation and amortisation	819	38	857	9	–	9	–	866
ATM net income	(4)	–	(4)	4	–	4	–	–
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets held for sale and early termination of leases	7	(10)	(3)	–	–	–	–	(3)
Net remeasurement (gain)/loss on non-current assets held for sale	–	–	–	–	–	–	44	44
Defined benefit pension scheme payments	(14)	–	(14)	–	–	–	–	(14)
Share-based payments	19	–	19	(2)	–	(2)	2	19
Fair value movements included in operating profit/(loss)	–	–	–	(3)	–	(3)	13	10
Cash flows generated from/(used in) operations excluding working capital	**2,382**	**(5)**	**2,377**	**102**	**(4)**	**98**	**99**	**2,574**
(Increase)/decrease in working capital	169	(47)	122	(128)	4	(124)	41	39
Cash generated from/(used in) operations	**2,551**	**(52)**	**2,499**	**(26)**	–	**(26)**	**140**	**2,613**
Interest paid	(380)	–	(380)	(8)	–	(8)	(1)	(389)
Corporation tax paid	(176)	–	(176)	(5)	–	(5)	–	(181)
Net cash generated from/(used in) operating activities*	**1,995**	**(52)**	**1,943**	**(39)**	–	**(39)**	**139**	**2,043**
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale	1	15	16	–	–	–	–	16
Purchase of property, plant and equipment, investment property and other long-term assets – property buybacks and store purchases	(16)	–	(16)	–	–	–	–	(16)
Purchase of property, plant and equipment, investment property and other long-term assets – other capital expenditure	(464)	–	(464)	–	–	–	–	(464)
Purchase of intangible assets	(130)	–	(130)	(5)	–	(5)	(6)	(141)
Acquisition of subsidiaries, net of cash acquired	(46)	–	(46)	–	–	–	–	(46)
Investments in joint ventures and associates	(6)	–	(6)	–	–	–	–	(6)
Decrease in short-term investments	1,180	–	1,180	–	–	–	–	1,180
Increase in short-term investments	(964)	–	(964)	–	–	–	–	(964)
Proceeds from sale of other investments	2	–	2	864	–	864	–	866
Purchase of other investments	–	–	–	(91)	–	(91)	–	(91)
Dividends received from joint ventures and associates	2	–	2	–	–	–	–	2
Interest received	136	–	136	–	–	–	–	136
Cash inflows from derivative financial instruments	–	–	–	27	–	27	–	27
Net cash generated from/(used in) investing activities*	**(305)**	**15**	**(290)**	**795**	–	**795**	**(6)**	**499**
Own shares purchased for cancellation	(575)	–	(575)	–	–	–	–	(575)
Own shares purchased for share schemes, net of cash received from employees	17	–	17	–	–	–	–	17
Repayment of capital element of obligations under leases	(295)	–	(295)	(1)	–	(1)	(1)	(297)
Cash outflows exceeding the incremental increase in assets in a property buyback	(14)	–	(14)	–	–	–	–	(14)
Increase in borrowings	342	–	342	–	–	–	–	342
Repayment of borrowings	(476)	–	(476)	(146)	–	(146)	–	(622)
Cash inflows from derivative financial instruments	437	–	437	1	–	1	–	438
Cash outflows from derivative financial instruments	(404)	–	(404)	–	–	–	–	(404)
Dividends paid to equity holders	(575)	–	(575)	–	–	–	–	(575)
Net cash generated from/(used in) financing activities*	**(1,543)**	**–**	**(1,543)**	**(146)**	–	**(146)**	**(1)**	**(1,690)**
Net increase/(decrease) in cash and cash equivalents	**147**	**(37)**	**110**	**610**	–	**610**	**132**	**852**
Cash and cash equivalents at the beginning of the period								1,874
Effect of foreign exchange rate changes								(8)
Cash and cash equivalents, including cash held in the disposal group, at the end of the period								**2,718**
Less: Cash held in the disposal group								(381)
Cash and cash equivalents at the end of the period								**2,337**

* Refer to page 47 for the reconciliation of the APM: Retail free cash flow.

Note 2 Segmental reporting continued

				Tesco Bank (restated)[a]				
	Retail			Continuing operations			Discontinued operations	Total
26 weeks ended 26 August 2023	Before adjusting items £m	Adjusting items £m	Total £m	Before adjusting items £m	Adjusting items £m	Total £m	Total £m	Total £m
Operating profit/(loss)	**1,417**	**–**	**1,417**	**9**	**–**	**9**	**56**	**1,482**
Depreciation and amortisation	790	37	827	7	–	7	16	850
ATM net income	(5)	–	(5)	5	–	5	–	–
(Profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets held for sale and early termination of leases	10	(8)	2	–	–	–	–	2
(Profit)/loss arising on sale of subsidiaries	–	(12)	(12)	–	–	–	–	(12)
Net remeasurement (gain)/loss on non-current assets held for sale	–	(16)	(16)	–	–	–	–	(16)
Defined benefit pension scheme payments	(13)	–	(13)	–	–	–	–	(13)
Share-based payments	13	–	13	(2)	–	(2)	2	13
Fair value movements included in operating profit/(loss)	–	–	–	7	–	7	31	38
Cash flows generated from operations excluding working capital	**2,212**	**1**	**2,213**	**26**	**–**	**26**	**105**	**2,344**
(Increase)/decrease in working capital	368	(88)	280	52	(1)	51	76	407
Cash generated from/(used in) operations	**2,580**	**(87)**	**2,493**	**78**	**(1)**	**77**	**181**	**2,751**
Interest paid	(387)	–	(387)	(7)	–	(7)	–	(394)
Corporation tax paid	(38)	–	(38)	(7)	–	(7)	–	(45)
Net cash generated from/(used in) operating activities[b]	**2,155**	**(87)**	**2,068**	**64**	**(1)**	**63**	**181**	**2,312**
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets classified as held for sale	2	32	34	–	–	–	–	34
Purchase of property, plant and equipment, investment property and other long-term assets – property buybacks and store purchases	(22)	–	(22)	–	–	–	–	(22)
Purchase of property, plant and equipment, investment property and other long-term assets – other capital expenditure	(472)	–	(472)	(4)	–	(4)	(1)	(477)
Purchase of intangible assets	(123)	–	(123)	(2)	–	(2)	(13)	(138)
Disposal of subsidiaries, net of cash disposed	–	15	15	–	–	–	–	15
Investments in joint ventures and associates	(5)	–	(5)	–	–	–	–	(5)
Decrease in short-term investments[c]	725	–	725	–	–	–	–	725
Increase in short-term investments[c]	(1,801)	–	(1,801)	–	–	–	–	(1,801)
Proceeds from sale of other investments	2	–	2	81	–	81	–	83
Purchase of other investments	(5)	–	(5)	(82)	–	(82)	–	(87)
Dividends received from joint ventures and associates	6	–	6	–	–	–	–	6
Special dividend received from Tesco Bank	250	–	250	(250)	–	(250)	–	–
Interest received	114	–	114	–	–	–	–	114
Cash inflows from derivative financial instruments	3	–	3	–	–	–	–	3
Cash outflows from derivative financial instruments	(15)	–	(15)	–	–	–	–	(15)
Net cash generated from/(used in) investing activities[b]	**(1,341)**	**47**	**(1,294)**	**(257)**	**–**	**(257)**	**(14)**	**(1,565)**
Own shares purchased for cancellation	(503)	–	(503)	–	–	–	–	(503)
Own shares purchased for share schemes, net of cash received from employees	(6)	–	(6)	–	–	–	–	(6)
Repayment of capital element of obligations under leases	(306)	–	(306)	(1)	–	(1)	(1)	(308)
Cash outflows exceeding the incremental increase in assets in a property buyback	(15)	–	(15)	–	–	–	–	(15)
Increase in borrowings	682	–	682	–	–	–	300	982
Repayment of borrowings	(97)	–	(97)	–	–	–	–	(97)
Cash inflows from derivative financial instruments	68	–	68	–	–	–	–	68
Cash outflows from derivative financial instruments	(66)	–	(66)	–	–	–	–	(66)
Dividends paid to equity holders	(509)	–	(509)	–	–	–	–	(509)
Net cash generated from/(used in) financing activities[b]	**(752)**	**–**	**(752)**	**(1)**	**–**	**(1)**	**299**	**(454)**
Net increase/(decrease) in cash and cash equivalents	**62**	**(40)**	**22**	**(194)**	**(1)**	**(195)**	**466**	**293**
Cash and cash equivalents at the beginning of the period								1,565
Effect of foreign exchange rate changes								(9)
Cash and cash equivalents at the end of the period								**1,849**

(d) Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.
(e) Refer to page 47 for the reconciliation of the APM: Retail free cash flow.
(f) Comparative net (investments in)/proceeds from sale of short-term investments has been re-presented on a gross basis as increase and decrease in short-term investments.

Note 3 Adjusting items

Group income statement

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

26 weeks ended 24 August 2024	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Adjusting items included within discontinued operations £m	Total adjusting items £m
Property transactions[a]	–	7	7	–	(1)	–	6
Restructuring[b]	(3)	–	(3)	–	1	–	(2)
Amortisation of acquired intangible assets[c]	–	(38)	(38)	–	9	–	(29)
Banking operations disposal costs[d]	(2)	(1)	(3)	–	1	–	(2)
Net pension finance income/(costs)[e]	–	–	–	(15)	4	–	(11)
Fair value remeasurements of financial instruments[e]	–	–	–	66	(16)	–	50
Total adjusting items from continuing operations	**(5)**	**(32)**	**(37)**	**51**	**(2)**	**–**	**12**
Adjusting items relating to discontinued operations[f]	–	–	–	–	–	(41)	(41)
Total	**(5)**	**(32)**	**(37)**	**51**	**(2)**	**(41)**	**(29)**

(a) Predominantly relates to the disposal of surplus properties that generated a profit before tax of £10m (26 weeks ended 26 August 2023: £8m).
(b) Provisions relating to operational restructuring changes announced as part of 'Save to Invest', a multi-year programme which commenced in June 2022. The total cost of the programme to date is £(235)m. Future cost savings will not be reported within adjusting items.
(c) Amortisation of acquired intangibles relates to historical inorganic business combinations and does not reflect the Group's ongoing trading performance.
(d) Costs incurred within the continuing Group in relation to the sale of Banking operations.
(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 4 for details of finance income and costs.
(f) Refer to Note 6.

26 weeks ended 26 August 2023	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Adjusting items included within discontinued operations £m	Total adjusting items £m
Property transactions	2	22	24	–	(4)	–	20
Restructuring	3	(2)	1	–	–	–	1
Amortisation of acquired intangible assets	–	(37)	(37)	–	9	–	(28)
Net pension finance income/(costs)	–	–	–	(10)	2	–	(8)
Fair value remeasurements of financial instruments	–	–	–	28	(7)	–	21
Disposal of China associate in a prior period	–	–	–	–	23	–	23
Disposal of subsidiary	–	12	12	–	–	–	12
Total adjusting items from continuing operations	**5**	**(5)**	**–**	**18**	**23**	–	**41**
Adjusting items relating to discontinued operations	–	–	–	–	–	–	–
Total	**5**	**(5)**	**–**	**18**	**23**	**–**	**41**

Note 3 Adjusting items continued

Group cash flow statement

The table below shows the impact of adjusting items from continuing operations on the Group cash flow statement. There were no adjusting cash flows related to discontinued operations in the current and comparative periods:

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
	26 weeks 2024 £m	26 weeks 2023 £m	26 weeks 2024 £m	26 weeks 2023 £m	26 weeks 2024 £m	26 weeks 2023 £m
Property transactions[a]	–	–	15	32	–	–
Disposal of subsidiaries[b]	–	–	–	15	–	–
Restructuring[c]	(52)	(88)	–	–	–	–
Total adjusting items from continuing operations	**(52)**	**(88)**	**15**	**47**	**–**	**–**

(a) Property transactions include £2m proceeds (26 weeks ended 26 August 2023: £14m) relating to the sale of stores in Poland in 2021 not included in the sale of the corporate business.
(b) In the prior period the Group disposed of its Booker subsidiary Ritter-Courivaud Limited, part of the UK & ROI segment.
(c) Cash outflows predominantly relating to operational restructuring changes as part of the multi-year 'Save to Invest' programme, which commenced in June 2022.

Note 4 Finance income and costs

Continuing operations	Notes	26 weeks 2024 £m	26 weeks 2023 £m
Finance income			
Interest and similar income		124	123
Interest income on other investments		6	6
Finance income on net investment in leases		1	1
Finance income from reinsurance contracts held		1	1
Total finance income		**132**	**131**
Finance costs			
GBP MTNs and loans		(102)	(96)
EUR MTNs		(46)	(55)
USD bonds		(9)	(9)
Interest expense on lease liabilities		(186)	(183)
Finance expenses from insurance contracts issued		(7)	(5)
Other interest costs		(51)	(70)
Total finance costs before adjusting items		**(401)**	**(418)**
Fair value remeasurements of financial instruments		66	28
Net pension finance costs	16	(15)	(10)
Total finance costs		**(350)**	**(400)**
Net finance costs		**(218)**	**(269)**

Note 5 Taxation

Recognised in the Group income statement

Continuing operations	26 weeks 2024 £m	26 weeks 2023 (restated*) £m
Current tax charge		
UK corporation tax	256	171
Overseas tax	39	35
	295	**206**
Deferred tax charge		
Origination and reversal of temporary differences	75	68
	75	**68**
Total income tax charge	**370**	**274**
Analysed as:		
Tax charge/(credit) on adjusted profit	368	297
Tax charge/(credit) on adjusting items	2	(23)
Total income tax charge	**370**	**274**
Effective tax rate	**26.6%**	**23.6%**
Adjusted effective tax rate	**26.7%**	**26.0%**

* Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.

Note 5 Taxation continued

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 24 August 2024. The statutory rate of corporation tax has been applied to the adjusting items, based on the geographical unit of that item. Refer to Note 3 for further details.

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation has been enacted in the UK introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes. Under the legislation, the Group is liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction and the 15% minimum rate. The Group has performed an assessment of the potential exposure to Pillar Two income taxes and there is not expected to be a material impact on the Group's tax charge.

Note 6 Discontinued operations

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

	24 August 2024			24 February 2024			26 August 2023
	Banking operations £m	Other £m	Total £m	Banking operations £m	Other £m	Total £m	Total £m
Assets of the disposal group	8,084	–	8,084	7,698	–	7,698	–
Non-current assets classified as held for sale*	–	101	101	–	85	85	141
Total assets of the disposal group and non-current assets classified as held for sale	**8,084**	**101**	**8,185**	**7,698**	**85**	**7,783**	**141**
Liabilities of the disposal group	(7,512)	–	(7,512)	(7,122)	–	(7,122)	–
Total net assets of the disposal group and non-current assets classified as held for sale	**572**	**101**	**673**	**576**	**85**	**661**	**141**

* Other non-current assets classified as held for sale consist mainly of properties in the UK and Central Europe (24 February 2024: UK and Central Europe, 26 August 2023: Central Europe) due to be sold within one year. Due to the individual nature of each property, fair values are classified as Level 3 within the fair value hierarchy.

Disposal of Banking operations

In February 2024, the Group reached agreement on the terms of a proposed sale of its banking operations, comprising personal loans, credit cards, customer deposits, and associated operational capabilities ('Banking operations') for consideration of £600m. The sale is subject to regulatory approval and is expected to complete by the end of this calendar year.

The related assets and liabilities have been classified as held for sale in the Banking operations disposal group within the Tesco Bank segment, with Group results for the 26 weeks ended 26 August 2023 re-presented to present Banking operations as a discontinued operation.

Balance sheet of the disposal group

The following table presents a breakdown of the assets and liabilities of the Banking operations disposal group:

	24 August 2024 £m	24 February 2024 £m
Loans and advances to customers	8,036	7,669
Derivative financial instruments	34	54
Trade and other receivables	89	47
Cash and cash equivalents	381	346
Excess loss on remeasurement of the disposal group	(456)	(418)
Assets of the disposal group classified as held for sale	**8,084**	**7,698**
Trade and other payables	(63)	(81)
Borrowings	(550)	(549)
Provisions	(20)	(19)
Lease liabilities	(16)	(17)
Deposits from customers	(6,843)	(6,440)
Derivative financial instruments	(20)	(16)
Liabilities of the disposal group classified as held for sale	**(7,512)**	**(7,122)**

Upon classification as held for sale in February 2024, the Group recognised a loss on remeasuring the disposal group to fair value less costs to sell. The loss was allocated to goodwill and other assets of the disposal group within the scope of the measurement requirements of IFRS 5, which were fully written off. The excess loss remaining was recognised as a reduction in the total assets of the disposal group, which primarily comprise loans and advances to customers measured under IFRS 9. Since the classification of the disposal group as held for sale at February 2024, this excess loss has increased by £38m to reflect the latest fair value less costs to sell.

Income statement of discontinued operations

	26 weeks ended 24 August 2024 £m	26 weeks ended 26 August 2023[a] £m
Revenue	407	348
Operating costs	(313)	(292)
Adjusted operating profit/(loss)	**94**	**56**
Adjusted finance (costs)/income	(1)	-
Adjusted profit/(loss) before tax	**93**	**56**
Taxation	(23)	(14)
Adjusted profit/(loss) after tax	**70**	**42**
Fair value remeasurement of assets of the disposal group[b]	(44)	-
Other adjusting items[c]	(10)	-
Tax on adjusting items	13	-
Total adjusting items	**(41)**	**-**
Total profit/(loss) after tax of discontinued operations	**29**	**42**

(a) Comparatives have been re-presented to disclose Banking operations as a discontinued operation.
(b) Fair value remeasurement of assets of the disposal group includes £(6)m remeasurements on non-current assets and £(38)m loss in excess of the carrying amount of the non-current assets.
(c) Other adjusting items relate to programme costs in order to separate Banking operations from the remaining business of Tesco Bank, including professional fees, legal fees, consultancy fees and technology build costs.

Cash flow statement of discontinued operations

	26 weeks ended 24 August 2024 £m	26 weeks ended 26 August 2023 £m
Net cash flows from operating activities	139	181
Net cash flows from investing activities	(6)	(14)
Net cash flows from financing activities	(1)	299
Net cash flows from discontinued operations	**132**	**466**

Expected credit losses (ECLs) of the Banking operations disposal group

The Banking operations disposal group has specific risks in relation to ECLs on loans and advances to customers. The financial risk for ECLs is that a retail customer or counterparty to a wholesale transaction will fail to meet its obligations in accordance with contractually agreed terms and Tesco Bank will incur losses as a result.

The ECLs calculation and the measurement of significant deterioration in credit risk both incorporate forward-looking information using a range of macroeconomic scenarios, with key variables being the Bank of England base rate, unemployment rate and gross domestic product.

There are four scenarios commissioned from a third-party provider:

Scenario	Scenario assumptions	Weighting (%)
Base	Base rate drops to a little below 5% by end-2024. Unemployment expected to remain around 4.5% through 2025 before reducing back towards 4.0% over the remaining years of the forecast. Growth strengthens in 2025 as interest rates drop back and consumer demand rises.	40%
Upside	Geopolitical tensions begin to diminish and increased oil and gas supply to Europe causes energy prices to drop back (oil to below $70 a barrel, quarterly average). Inflation falls below the 2% target. Base rate falls more quickly, with commensurate increases in business confidence which supports job hiring. Growth is predicted to be at pre-pandemic levels in 2024, accelerating to 3.4% in 2025.	30%
Downside 1	Disruption to energy supplies and commodities from geopolitical tensions drive wholesale price rises that are passed on to consumers and cause higher inflation. Base rate peaks at 6.25% in 2024 and unemployment rises to 5.8% in early 2025. Economic contraction until mid-2025.	25%
Downside 2	Similar to Downside 1, but inflation remains above target until mid-2028, Sterling depreciates more markedly against the Dollar. Base rates reach 7.75% in early 2025 and unemployment peaks at 7.5% in early 2025 (remaining above 6% until end-2028). Growth declines in 2024 and 2025 before stabilising in 2026.	5%

The economic scenarios used include the following ranges of key indicators:

As at 24 August 2024 (five-year average)	Base 40%	Upside 30%	Downside 1 25%	Downside 2 5%
Bank of England base rate[a]	3.8%	3.2%	4.8%	6.1%
Gross domestic product[b]	1.8%	2.3%	1.3%	0.7%
Unemployment rate	4.3%	4.0%	5.2%	6.5%
Unemployment rate peak in year	4.4%	4.1%	5.5%	7.0%

As at 24 February 2024 (five-year average)	Base 40%	Upside 30%	Downside 1 25%	Downside 2 5%
Bank of England base rate[a]	4.1%	3.5%	5.4%	7.2%
Gross domestic product[b]	1.5%	2.0%	0.8%	0.1%
Unemployment rate	4.4%	4.0%	5.5%	7.2%
Unemployment rate peak in year	4.4%	4.0%	5.7%	7.5%

As at 26 August 2023 (five-year average)	Base 40%	Upside 30%	Downside 1 25%	Downside 2 5%
Bank of England base rate[a]	4.7%	3.8%	5.8%	7.2%
Gross domestic product[b]	1.2%	1.7%	0.6%	0.1%
Unemployment rate	4.2%	3.9%	5.1%	6.5%
Unemployment rate peak in year	4.3%	3.9%	5.3%	6.8%

(a) Simple average.
(b) Annual growth rates.

Key assumptions and sensitivity

The key assumptions to which the Tesco Bank ECL is most sensitive are macroeconomic factors, probability of default (PD), loss given default (LGD), PD threshold (staging), and expected lifetime (revolving credit facilities). The table below sets out the changes in the ECL allowance that would arise from reasonably possible changes in these assumptions from those used in the ECL allowance calculations as at 24 August 2024 and excludes specific management overlays which are discussed further below:

		Impact on the loss allowance		
Key assumption	Reasonably possible change	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Closing ECL allowance		**395**	**433**	**452**
Macroeconomic factors (100% weighted)	Upside scenario	(33)	(42)	(37)
	Base scenario	(15)	(20)	(11)
	Downside scenario 1	41	55	40
	Downside scenario 2	127	170	110
Probability of default	Increase of 10%	29	30	33
	Decrease of 10%	(29)	(29)	(32)
Loss given default	Increase of 2.5%	10	10	10
	Decrease of 2.5%	(10)	(10)	(10)
Probability of default threshold (staging)	Increase of 20%	(7)	(8)	(8)
	Decrease of 20%	11	13	13
Expected lifetime (revolving credit facility)	Increase of 1 year	4	4	4
	Decrease of 1 year	(5)	(5)	(6)

Note 6 Discontinued operations continued

In previous periods, certain specific management overlays have been recognised to address an increased downside risk from a high inflationary environment, the high cost of borrowing and the cost-of-living crisis. With the reduction to inflation since February 2024, the management overlay for cost of living has been removed as the risk is now adequately captured in the underlying portfolio.

The specific management overlay recognised to address the prevailing downside risks and ensure the potential impacts of future stress are adequately provided for, is detailed below.

Overlay	Description of adjustment	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Underestimation risk	Risk that the beneficial impact of recent credit loss trends incorporated into credit risk models are transitive and may reverse due to the uncertain economic climate	7	8	56
Cost of living	A portion of Tesco Bank's customers may be more impacted by cost-of-living pressures, with deterioration in their ability to repay unsecured lending balances	–	20	20
Total overlays		**7**	**28**	**76**

Movements in the management overlays above also reflect incorporation over time of the identified risks into the modelled scenarios.

Note 7 Dividends

	26 weeks ended 24 August 2024		26 weeks ended 26 August 2023	
	Pence/share	£m	Pence/share	£m
Amounts recognised through equity as distributions to owners:				
Paid prior financial year final dividend*	8.25	576	7.05	510
(Increase)/decrease in unclaimed dividends	–	(1)	–	(1)
Dividends paid in the financial period		**575**		**509**
Interim dividend declared for the current period	**4.25**	**291**	**3.85**	**274**

* Excludes £5m prior financial year final dividend waived (26 August 2023: £6m).

The interim dividend was approved by the Board of Directors on 2 October 2024. It will be paid on 22 November 2024 to shareholders who are on the Register of members at close of business on 11 October 2024.

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 1 November 2024.

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

	26 weeks ended 24 August 2024			26 weeks ended 26 August 2023 (restated[a])		
	Basic	Dilutive share options and awards	Diluted	Basic	Dilutive share options and awards	Diluted
Profit/(loss) (£m)						
Continuing operations[b]	1,022	–	1,022	885	–	885
Discontinued operations	29	–	29	42	–	42
Total	**1,051**	–	**1,051**	**927**	–	**927**
Weighted average number of shares (millions)	**6,922**	**70**	**6,992**	**7,172**	**54**	**7,226**
Earnings/(losses) per share (pence)						
Continuing operations	14.76	(0.14)	14.62	12.34	(0.09)	12.25
Discontinued operations	0.42	(0.01)	0.41	0.59	(0.01)	0.58
Total	**15.18**	**(0.15)**	**15.03**	**12.93**	**(0.10)**	**12.83**

(a) Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.
(b) Excludes profits attributable to non-controlling interests of £nil (26 weeks ended 26 August 2023: £2m).

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

APM: Adjusted diluted earnings per share

Continuing operations	Notes	26 weeks 2024	26 weeks 2023 (restated[a])
Profit before tax (£m)		1,392	1,161
Exclude: Adjusting items (£m)	3	(14)	(18)
Adjusted profit before tax (£m)		**1,378**	**1,143**
Adjusted profit before tax attributable to the owners of the parent (£m)[b]		1,378	1,141
Taxation on adjusted profit before tax attributable to the owners of the parent (£m)		(368)	(297)
Adjusted profit after tax attributable to the owners of the parent (£m)		**1,010**	**844**
Basic weighted average number of shares (millions)		6,922	7,172
Adjusted basic earnings per share (pence)		**14.59**	**11.77**
Diluted weighted average number of shares (millions)		6,992	7,226
Adjusted diluted earnings per share (pence)		**14.45**	**11.68**

(a) Comparatives have been re-presented to disclose Banking operations as a discontinued operation. Refer to Note 6.
(b) Excludes profit before tax attributable to non-controlling interests of £nil (26 weeks ended 26 August 2023: £2m).

Note 9 Property, plant and equipment

	24 August 2024			26 August 2023		
	Land and buildings £m	Other[a] £m	Total £m	Land and buildings £m	Other[a] £m	Total £m
Net carrying value						
Opening balance	**14,997**	**2,224**	**17,221**	**14,870**	**1,992**	**16,862**
Foreign currency translation	(15)	(4)	(19)	(81)	(13)	(94)
Additions[b]	158	264	422	144	278	422
Acquired through business combinations	–	1	1	–	–	–
Reclassification	3	(2)	1	3	(3)	–
Transfers (to)/from assets classified as held for sale	(18)	–	(18)	56	2	58
Disposals	(11)	(2)	(13)	(8)	(6)	(14)
Depreciation charge for the period	(230)	(229)	(459)	(221)	(223)	(444)
Closing balance	**14,884**	**2,252**	**17,136**	**14,763**	**2,027**	**16,790**
Construction in progress included above[c]	**114**	**247**	**361**	**86**	**244**	**330**

(a) Other assets consist of fixtures and fittings with a net carrying value of £1,713m (24 February 2024: £1,679m, 26 August 2023: £1,529m), office equipment with a net carrying value of £235m (24 February 2024: £234m, 26 August 2023: £199m) and motor vehicles with a net carrying value of £304m (24 February 2024: £311m, 26 August 2023: £299m).
(b) Includes £25m (24 February 2024: £107m, 26 August 2023: £34m) relating to property buyback and store purchase transactions.
(c) Construction in progress does not include land.

Commitments for capital expenditure contracted for, but not incurred, at 24 August 2024 were £358m (24 February 2024: £160m, 26 August 2023: £279m), principally relating to store development and distribution investment.

At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication of impairment loss or impairment reversal. The Group has concluded there are no such indicators during the 26 weeks ended 24 August 2024 (26 weeks ended 26 August 2023: £nil).

Note 10 Leases

Group as lessee

Right of use assets

	24 August 2024			26 August 2023		
	Land and buildings £m	Other £m	Total £m	Land and buildings £m	Other £m	Total £m
Net carrying value						
Opening balance	**5,365**	**113**	**5,478**	**5,387**	**113**	**5,500**
Additions (including sale and leaseback transactions)	87	31	118	126	9	135
Acquired through business combinations	5	–	5	–	–	–
Depreciation charge for the period	(251)	(18)	(269)	(252)	(18)	(270)
Other movements*	102	–	102	156	1	157
Closing balance	**5,308**	**126**	**5,434**	**5,417**	**105**	**5,522**

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

Note 10 Leases continued

Lease liabilities

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

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Current	607	584	593
Non-current	6,935	7,038	7,116
Total lease liabilities	**7,542**	**7,622**	**7,709**
Total undiscounted lease payments	**10,570**	**10,757**	**10,800**

A reconciliation of the Group's opening to closing lease liabilities balance is presented in Note 18.

Note 11 Cash and cash equivalents and short-term investments

Cash and cash equivalents

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Cash at bank and on hand	3,223	2,300	2,470
Short-term deposits	87	40	56
Cash and cash equivalents in the Group balance sheet	**3,310**	**2,340**	**2,526**
Bank overdrafts	(973)	(812)	(677)
Cash and cash equivalents in the Group cash flow statement	**2,337**	**1,528**	**1,849**

Short-term investments

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Money market funds, deposits and similar instruments	1,912	2,128	2,692

Cash and cash equivalents include £28m (24 February 2024: £30m, 26 August 2023: £28m) 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.

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Current assets			
Inventories	(12)	(12)	(12)
Trade and other receivables			
Trade/other receivables	81	86	61
Accrued income	114	136	105
Current liabilities			
Trade and other payables	108	138	96

Note 13 Borrowings

Borrowings are classified as current and non-current based on their scheduled repayment dates. Repayments of principal amounts are classified as current if the repayment is scheduled to be made within one year of the balance sheet date. During the 26-weeks ended 24 August 2024, within continuing operations, the Group made principal repayments of: €473m (26 weeks ended 26 August 2023: £97m) relating to a Euro MTN which matured July 2024; €50m partial repayment on the Euro 2047 MTN; principal repayments on amortising secured debt of £27m; and Tesco Bank repaid Senior MREL Notes of £146m. In addition, there has been a £350m (26 weeks ended 26 August 2023: £982m) bond issuance, maturing in May 2034.

Current

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Bank loans and overdrafts	998	838	704
Borrowings*	518	698	1,313
	1,516	**1,536**	**2,017**

Non-current

	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Borrowings*	5,580	5,683	5,911

* £nil of current (24 February 2024: £nil, 26 August 2023: £139m) and £nil of non-current borrowings (24 February 2024: £143m, 26 August 2023: £299m) relate to borrowings issued by Tesco Bank.

Borrowing facilities

The Group has a £2.5bn undrawn committed facility available at 24 August 2024 (24 February 2024: £2.5bn, 26 August 2023: £2.5bn), in respect of which all conditions precedent had been met as at that date, consisting of a syndicated revolving credit facility expiring in more than two years. The cost of the facility is linked to three ESG targets and incurs commitment fees at market rates which would provide funding at floating rates.

In addition, Tesco Bank has a separate £200m committed repurchase facility, maturing on 26 October 2024.

There were no withdrawals from either facility during the financial period to 24 August 2024 (26 weeks ended 26 August 2023: £nil).

Note 14 Insurance

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

Insurance contract liabilities and reinsurance contract assets

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

	At 24 August 2024			At 24 February 2024			At 26 August 2023		
	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	(326)	(274)	(600)	(260)	(178)	(438)	(260)	(190)	(450)
(Liabilities)/assets for incurred claims	(258)	396	138	(266)	303	37	(238)	300	62
	(584)	**122**	**(462)**	**(526)**	**125**	**(401)**	**(498)**	**110**	**(388)**
Contracts measured under PAA	(440)	68	(372)	(364)	62	(302)	(312)	43	(269)
Contracts not measured under PAA*	(144)	54	(90)	(162)	63	(99)	(186)	67	(119)
	(584)	**122**	**(462)**	**(526)**	**125**	**(401)**	**(498)**	**110**	**(388)**

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

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

	At 24 August 2024				At 24 February 2024				At 26 August 2023			
	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	(495)	(18)	(71)	(584)	(437)	(16)	(73)	(526)	(401)	(17)	(80)	(498)
Reinsurance contract assets	89	6	27	122	95	6	24	125	74	7	29	110
Net (liabilities)/assets	**(406)**	**(12)**	**(44)**	**(462)**	**(342)**	**(10)**	**(49)**	**(401)**	**(327)**	**(10)**	**(51)**	**(388)**

Note 15 Financial instruments

At 24 August 2024 and 24 February 2024, the tables below exclude the assets and liabilities of the Banking operations disposal group classified as held for sale.

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/payables, other receivables/payables, accruals and deposits from banks where the carrying values approximate fair value. The levels in the table refer to the fair value measurement hierarchy.

		24 August 2024		24 February 2024		26 August 2023	
	Level	Carrying value £m	Fair value[a] £m	Carrying value £m	Fair value[a] £m	Carrying value £m	Fair value[a] £m
Financial assets measured at amortised cost							
Loans and advances to customers[b]	3	–	–	–	–	7,422	7,385
Investment securities at amortised cost[c]	1 and 2	197	209	1,033	838	1,030	1,025
Joint ventures and associates loan receivables[d]	2	96	107	96	97	106	110
Financial liabilities measured at amortised cost							
Borrowings							
Amortised cost[e]	1	(5,079)	(4,871)	(5,067)	(4,794)	(5,238)	(4,829)
Bonds in fair value hedge relationships	1	(2,017)	(2,067)	(2,152)	(2,211)	(2,690)	(2,729)
Customer deposits[b]	3	–	–	–	–	(6,342)	(6,205)

(a) Refer to the fair value measurement section below for details on Level 2 and 3 valuation methodology.
(b) In February 2024 loans and advances to customers and customer deposits were transferred to the Banking operations disposal group classified as held for sale. Refer to Note 6 for further details.
(c) Investment securities held by Tesco Bank have been wound down as part of the preparation for the disposal of Banking operations. Refer to Note 2.
(d) Joint ventures and associates loan receivables carrying amounts of £96m (24 February 2024: £96m, 26 August 2023: £106m) are presented in the Group balance sheet net of deferred profits of £nil (24 February 2024: £nil, 26 August 2023: £38m) historically arising from the sale of property assets to joint ventures.
(e) Comparative fair values as at 26 August 2023 have been restated from £(5,480)m to £(4,829)m for a revision in the fair value methodology applied to certain index-linked bonds, with no impact on their carrying values.

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).

Level 2 assets and liabilities are valued by discounting future cash flows using externally sourced market yield curves, including interest rate curves and foreign exchange rates from highly liquid markets. Refer to the Level 3 instruments section below for details on Level 3 valuation methodology.

At 24 August 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	751	–	19	770
Short-term investments at fair value through profit or loss	949	–	–	949
Cash and cash equivalents at fair value through profit or loss	–	63	–	63
Investments at fair value through profit or loss	–	–	16	16
Derivative financial instruments:				
Interest rate swaps	–	–	11	11
Cross-currency swaps	–	–	141	141
Index-linked swaps	–	–	636	636
Foreign currency forward contracts	–	11	–	11
Total assets	**1,700**	**74**	**823**	**2,597**
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	–	(88)	(88)
Cross-currency swaps	–	–	(130)	(130)
Foreign currency forward contracts	–	(38)	–	(38)
Diesel forward contracts	–	(5)	–	(5)
Total liabilities	**–**	**(43)**	**(218)**	**(261)**
Net assets	**1,700**	**31**	**605**	**2,336**

Note 15 Financial instruments continued

At 24 February 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	682	–	19	701
Short-term investments at fair value through profit or loss	889	–	–	889
Cash and cash equivalents at fair value through profit or loss	–	35	–	35
Investments at fair value through profit or loss	–	–	18	18
Derivative financial instruments:				
Interest rate swaps	–	29	15	44
Cross-currency swaps	–	–	182	182
Index-linked swaps	–	–	583	583
Foreign currency forward contracts	–	25	–	25
Diesel forward contracts	–	2	–	2
Total assets	**1,571**	**91**	**817**	**2,479**
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	(9)	(96)	(105)
Cross-currency swaps	–	–	(139)	(139)
Foreign currency forward contracts	–	(20)	–	(20)
Diesel forward contracts	–	(2)	–	(2)
Total liabilities	**–**	**(31)**	**(235)**	**(266)**
Net assets	**1,571**	**60**	**582**	**2,213**

At 26 August 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	616	-	18	634
Short-term investments at fair value through profit or loss	1,055	-	-	1,055
Cash and cash equivalents at fair value through profit or loss	-	55	-	55
Investments at fair value through profit or loss	-	20	1	21
Derivative financial instruments:				
Interest rate swaps	-	128	-	128
Cross-currency swaps	-	-	174	174
Index-linked swaps	-	-	590	590
Foreign currency forward contracts	-	28	-	28
Diesel forward contracts	-	2	-	2
Total assets	**1,671**	**233**	**783**	**2,687**
Liabilities				
Derivative financial instruments:				
Interest rate swaps	-	(20)	(163)	(183)
Cross-currency swaps	-	-	(162)	(162)
Foreign currency forward contracts	-	(45)	-	(45)
Diesel forward contracts	-	(3)	-	(3)
Total liabilities	**-**	**(68)**	**(325)**	**(393)**
Net assets	**1,671**	**165**	**458**	**2,294**

During the period, there were no transfers (26 weeks ended 26 August 2023: no transfers) between Level 1 and Level 2 fair value measurements.

Level 3 instruments

The valuation techniques and significant unobservable inputs are unchanged in the period from that described in Note 26 of the Annual Report and Financial Statements 2024.

The following table presents the changes in Level 3 instruments:

	26 weeks ended 24 August 2024		26 weeks ended 26 August 2023	
	Uncollateralised derivatives £m	Unlisted investments £m	Uncollateralised derivatives £m	Unlisted investments £m
At the beginning of the period	**545**	**37**	**379**	**34**
Gains/(losses) recognised in finance costs[a]	36	(1)	(56)	1
Gains/(losses) recognised in other comprehensive income not reclassified to the income statement	–	–	–	(1)
Gains/(losses) recognised in other comprehensive income that may subsequently be reclassified to the income statement	26	–	15	–
Additions	–	–	–	5
Settlements	(37)	–	–	–
Transfers of assets/(liabilities) into Level 3[b]	–	–	101	–
Transfer of assets/(liabilities) from Level 3[c]	–	(1)	–	(20)
At the end of the period	**570**	**35**	**439**	**19**

(a) All gains or losses are unrealised.
(b) There were £nil (26 weeks ended 26 August 2023: £nil) transfers of unlisted investments and £nil of derivative assets (26 weeks ended 26 August 2023: £101m) to Level 3 from Level 2 and £nil (26 weeks ended 26 August 2023: £nil) to Level 3 from Level 1.
(c) There were £nil unlisted investments transferred from Level 3 to Level 2 (26 weeks ended 26 August 2023: £(20)m) and £(1)m transfers from Level 3 to Level 1 (26 weeks ended 26 August 2023: £nil).

Note 16 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 closed to future accrual. The latest triennial actuarial pension funding valuation for the Scheme as at 31 March 2022 using a projected unit credit method showed a funding surplus of £0.9bn. The Scheme remained in a funding surplus as at 24 August 2024.

On completion of a comprehensive strategic review of the Scheme's long-term needs, the Trustee has appointed Schroders with effect from 28 June 2024 as the Scheme's principal Outsourced Chief Investment Officer (OCIO), under an investment management agreement. Schroders will work with the Trustee to implement the Scheme's investment strategy and deliver security for the Scheme's members.

As set out in the Annual Report and Financial Statements 2024, the Group continues to monitor the Virgin Media vs NTL Pension Trustees court case. Despite the Court of Appeal recently upholding the earlier decision of the High Court against Virgin Media, based on the work performed by the Group to date, it remains appropriate that no adjustment is made to the Group's condensed consolidated interim financial statements, and we will continue to keep this matter under review.

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)		
	24 August 2024 £m	24 February 2024 £m	26 August 2023 £m
Opening balance	**(631)**	**(391)**	**(391)**
Current service cost	(9)	(15)	(7)
Finance income/(cost)	(15)	(18)	(10)
Included in the Group income statement	**(24)**	**(33)**	**(17)**
Remeasurement gain/(loss):			
Financial assumptions gain/(loss)	(74)	720	1,183
Demographic assumptions gain/(loss)	(7)	261	219
Experience gain/(loss)	(62)	(182)	(202)
Return on plan assets excluding finance income	395	(1,050)	(987)
Included in the Group statement of comprehensive income/(loss)	**252**	**(251)**	**213**
Employer contributions	9	15	7
Additional employer contributions	12	24	11
Benefits paid	2	5	2
Other movements	**23**	**44**	**20**
Closing balance	**(380)**	**(631)**	**(175)**
Withholding tax on surplus[(a)]	(4)	(4)	(3)
Closing balance, net of withholding tax	**(384)**	**(635)**	**(178)**
Consisting of:			
Schemes in deficit	(426)	(657)	(200)
Schemes in surplus[(b)]	42	22	22
Deferred tax asset/(liability)[(c)]	102	162	48
Surplus/(deficit) in schemes at the end of the period, net of deferred tax	**(282)**	**(473)**	**(130)**

(a) Recognised through other comprehensive income in remeasurements of defined benefit pension schemes.
(b) Schemes in surplus in the UK are presented on the balance sheet net of a 25% withholding tax (24 February 2024 and 26 August 2023: 35%).
(c) Including £(4)m deferred tax liability relating to the ROI scheme in surplus where no withholding tax is applicable (24 February 2024: £(2)m, 26 August 2023: £(2)m).

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:

	24 August 2024 %	24 February 2024 %	26 August 2023 %
Discount rate[(a)]	5.1	5.1	5.4
Price inflation	2.9	2.9	3.1
Rate of increase in deferred pensions[(b)]	2.5	2.5	2.6
Rate of increase in pensions in payment[(b)]			
Benefits accrued before 1 June 2012	2.8	2.8	2.9
Benefits accrued after 1 June 2012	2.5	2.5	2.6

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

Sensitivity analysis of significant actuarial assumptions

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

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

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

Note 17 Share capital and other reserves

Share capital

	26 weeks ended 24 August 2024 Ordinary shares of 6 1/3p each		52 weeks ended 24 February 2024 Ordinary shares of 6 1/3p each	
	Number	£m	Number	£m
Allotted, called-up and fully paid:				
At the beginning of the financial period	**7,038,930,440**	**445**	**7,318,341,195**	**463**
Shares cancelled	(182,239,776)	(12)	(279,410,755)	(18)
At the end of the financial period	**6,856,690,664**	**433**	**7,038,930,440**	**445**

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

(a) Movements in cost of hedging reserve in the 26 weeks ended and balances as at 24 August 2024 were £nil (24 February 2023: £nil, 26 August 2023: £nil).
(b) Including 39.9 million shares held by the Employee Benefit Trust (24 February 2024: 70.0 million, 26 August 2023: 52.4 million).

Note 17 Share capital and other reserves continued

	Capital redemption reserve £m	Hedging reserve[(a)] £m	Translation reserve £m	Own shares held[(b)] £m	Merger reserve £m	Insurance finance reserve £m	Total £m
At 25 February 2023	**43**	**27**	**322**	**(359)**	**3,090**	**16**	**3,139**
Other comprehensive income/(loss)							
Retranslation of net assets of overseas subsidiaries, joint ventures and associates, net of hedging instruments	–	–	(73)	–	–	–	(73)
Gains/(losses) on cash flow hedges	–	(1)	–	–	–	–	(1)
Cash flow hedges reclassified and reported in the Group income statement	–	(25)	–	–	–	–	(25)
Finance income/(expenses) from insurance contracts issued	–	–	–	–	–	4	4
Finance income/(expenses) from reinsurance contracts held	–	–	–	–	–	(2)	(2)
Tax relating to components of other comprehensive income	–	(7)	–	–	–	(1)	(8)
Total other comprehensive income/(loss)	**–**	**(33)**	**(73)**	**–**	**–**	**1**	**(105)**
Transfer from hedging reserve to retained earnings	**–**	**44**	**–**	**–**	**–**	**–**	**44**
Inventory cash flow hedge movements							
(Gains)/losses transferred to the cost of inventory	–	47	–	–	–	–	47
Total inventory cash flow hedge movements	**–**	**47**	**–**	**–**	**–**	**–**	**47**
Transactions with owners							
Own shares purchased for cancellation	–	–	–	(752)	–	–	(752)
Own shares cancelled	12	–	–	503	–	–	515
Own shares purchased for share schemes	–	–	–	(47)	–	–	(47)
Share-based payments	–	–	–	177	–	–	177
Total transactions with owners	**12**	**–**	**–**	**(119)**	**–**	**–**	**(107)**
At 26 August 2023	**55**	**85**	**249**	**(478)**	**3,090**	**17**	**3,018**

Refer to previous table for footnotes.

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:

Own shares purchased for cancellation	24 August 2024 £m	26 August 2023 £m
Included in the Group statement of changes in equity	**(746)**	**(752)**
Outstanding amount recognised as financial liabilities[(a)]	171	249
Included in the Group cash flow statement[(b)]	**(575)**	**(503)**

(a) Shares to be delivered under a share repurchase agreement with an external bank, included in other payables.
(b) 182.2 million (26 August 2023: 190.6 million) shares purchased at an average price of £3.16 per share (26 August 2023: £2.64).

182.2 million (26 August 2023: 190.6 million) shares, representing 2.7% of the called-up share capital as at 24 August 2024 (26 August 2023: 2.7%), with total consideration of £575m (26 August 2023: £503m) including expenses of £3m (26 August 2023: £2m) were cancelled and charged to retained earnings.

Insurance finance reserve

Insurance finance reserve includes the impact of changes in market discount rates on insurance and reinsurance contract assets and liabilities.

Note 18 Analysis of changes in net debt

The Net debt APM, as defined in the Glossary, excludes the net debt of Tesco Bank and includes the net debt of Retail discontinued operations. Balances and movements in respect of the total Group and Tesco Bank are presented to allow reconciliation between the Group balance sheet and the Group cash flow statement.

	24 August 2024			24 February 2024			26 August 2023		
	Group £m	Tesco Bank £m	Retail £m	Group £m	Tesco Bank £m	Retail £m	Group £m	Tesco Bank £m	Retail £m
Bank and other borrowings, excluding overdrafts[a]	(6,123)	(237)	(5,886)	(6,407)	(380)	(6,027)	(7,251)	(676)	(6,575)
Lease liabilities	(7,542)	(1)	(7,541)	(7,622)	(2)	(7,620)	(7,709)	(21)	(7,688)
Net financing derivatives	567	–	567	544	(3)	547	429	(7)	436
Share purchase obligations	(171)	–	(171)	–	–	–	(249)	–	(249)
Liabilities from financing activities	**(13,269)**	**(238)**	**(13,031)**	**(13,485)**	**(385)**	**(13,100)**	**(14,780)**	**(704)**	**(14,076)**
Cash and cash equivalents in the balance sheet	3,310	1,149	2,161	2,340	442	1,898	2,526	716	1,810
Overdrafts[b]	(973)	–	(973)	(812)	–	(812)	(677)	–	(677)
Cash and cash equivalents (including overdrafts) in the cash flow statement	2,337	1,149	1,188	1,528	442	1,086	1,849	716	1,133
Short-term investments	1,912	–	1,912	2,128	–	2,128	2,692	–	2,692
Joint venture loans	96	–	96	96	–	96	106	–	106
Interest and other receivables	17	–	17	23	–	23	23	–	23
Net operating and investing derivatives	(29)	–	(29)	26	23	3	100	115	(15)
Net debt of disposal group	(171)	(171)	–	(182)	(182)	–	–	–	–
Exclude: Share purchase obligations	171	–	171	–	–	–	249	–	249
Net debt APM			**(9,676)**			**(9,764)**			**(9,888)**

(a) Retail bank and other borrowings is presented net of a £235m intercompany loan with Tesco Bank (26 August 2023: £235m).

(b) 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 arising from continuing operations financing activities:

	Bank and other borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivatives[a] £m	Share purchase obligations[b] £m	Liabilities from Group financing activities[c] £m
At 24 February 2024	**(6,407)**	**(7,622)**	**544**	**–**	**(13,485)**
Cash flows arising from financing activities	280	296	(34)	575	1,117
Cash flows arising from operating activities:					
Interest paid	188	186	14	–	388
Non-cash movements:					
Fair value gains/(losses)	(59)	–	93	–	34
Foreign exchange	29	4	–	–	33
Interest income/(charge)	(154)	(186)	(50)	–	(390)
Acquisitions and disposals	–	(5)	–	–	(5)
Lease additions, terminations, modifications and reassessments	–	(215)	–	–	(215)
Share purchase agreements	–	–	–	(746)	(746)
At 24 August 2024	**(6,123)**	**(7,542)**	**567**	**(171)**	**(13,269)**

(a) Net financing derivatives comprise those derivatives which hedge the Group's exposures in respect of lease liabilities and borrowings. Net operating and investing derivatives, which form part of the Group's Net debt APM, are not included.

(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 £64m (26 weeks ended 26 August 2023: £49m) cash received from employees exercising Save As You Earn (SAYE) options.

(c) Liabilities from Group financing activities include liabilities from share purchase obligations of £(171)m (26 August 2023: £(249)m) and exclude net operating and investing derivatives of £(29)m (26 August 2023: £100m).

Note 18 Analysis of change in net debt continued

	Bank and other borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivatives[a] £m	Share purchase obligations[b] £m	Liabilities from Group financing activities[c] £m
At 25 February 2023	**(6,451)**	**(7,727)**	**472**	**(55)**	**(13,761)**
Cash flows arising from financing activities	(885)	308	(2)	558	(21)
Cash flows arising from operating activities:					
Interest paid	177	183	34	–	394
Non-cash movements:					
Fair value gains/(losses)	(18)	–	(18)	–	(36)
Foreign exchange	102	25	–	–	127
Interest income/(charge)	(176)	(183)	(57)	–	(416)
Acquisitions and disposals	–	1	–	–	1
Lease additions, terminations, modifications and reassessments	–	(316)	–	–	(316)
Share purchase agreements	–	–	–	(752)	(752)
At 26 August 2023	**(7,251)**	**(7,709)**	**429**	**(249)**	**(14,780)**

Refer to previous table for footnotes.

Note 19 Contingent liabilities

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

Note 20 Events after the reporting period

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

Glossary – Alternative performance measures

Introduction

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

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

Purpose

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

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

Further information on the Group's adjusting items, which is a critical accounting judgement, can be found in Note 3.

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.

There were no changes to the Group's APMs in the period.

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 to demonstrate the Group's performance in the Retail and financial services businesses. It removes volatilities outside of the control of management, associated with the movement in fuel prices. – This is a key management incentive metric. – This measure is also presented on a Retail and Tesco Bank basis.
Growth in sales	No direct equivalent	– Ratio N/A	– Growth in sales is a ratio that measures year-on-year movement in Group sales for continuing operations for 26 weeks. It shows the annual rate of increase in the Group's sales and is considered a good indicator of how rapidly the Group's core business is growing.
Like-for-like (LFL)	No direct equivalent	– Ratio N/A	– Like-for-like 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 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 historical inorganic business combinations and does not reflect the Group's ongoing trading performance (related revenue and other costs from acquisitions are not adjusted). – This is a key management incentive metric. – This measure is also presented on a Retail basis.

Glossary – Alternative performance measures continued

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Adjusted total finance costs	Finance costs	– Adjusting items[b]	– Adjusting items within finance costs include net pension finance income/costs and fair value remeasurements on financial instruments. Net pension finance income/costs are impacted by corporate bond yields, which can fluctuate significantly and are reset each year based on external market factors that are outside management's control. Fair value remeasurements are impacted by changes to credit risk and various market indices, applying to financial instruments resulting from liability management exercises, which can fluctuate significantly outside of management's control. This measure helps to provide an alternative view of year-on-year trends in the Group's 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.
Adjusted operating margin	No direct equivalent	– Ratio N/A	– Operating margin is calculated as adjusted operating profit divided by revenue. Progression in 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.
Retail EBITDA (earnings before adjusting items, interest, tax, depreciation and amortisation)	Retail 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 and Total indebtedness ratios, 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.
Balance sheet measures			
Net debt	No direct equivalent	– N/A	– Net debt excludes the net debt of Tesco Bank and includes the net debt of Retail discontinued operations to reflect the net debt obligations of the Retail business. – Net debt comprises bank and other 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 Retail 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.
Total indebtedness	No direct equivalent	– N/A	– Total indebtedness is Net debt plus the IAS 19 deficit in any pension schemes (net of associated deferred tax) to provide an overall view of the Group's obligations, including the long-term commitments to the Group's pension schemes. Pension surpluses are not included. It is an important measure of the long-term obligations of the Group and is a measure widely used by credit rating agencies.

Glossary – Alternative performance measures continued

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Total indebtedness ratio	No direct equivalent	– Ratio N/A	– Total indebtedness ratio is calculated as Total indebtedness divided by the rolling 12-month Retail EBITDA. It is a measure of the Group's ability to meet its payment obligations and 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 Retail 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, 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.
Cash flow measures			
Retail free cash flow	No direct equivalent	– N/A	Retail free cash flow includes: – Continuing cash flows from operating activities of the Retail business less adjusting Retail operating cash flows. – Retail investing cash flows relating to: the purchase of property, plant and equipment, investment property and other long-term assets (excluding property buybacks and store purchases); purchase of intangible assets; dividends received from Tesco Bank (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 Retail repayment of obligations under leases. – Directors and management believe this provides a view of free cash flow generated by the Group's Retail trading operations that is more predictable and comparable over time and reflects the cash available to shareholders. – This is a key management incentive metric.

(a) Operating profit is presented on the Group income statement. It is not defined per IFRS, however, is a generally accepted profit measure.
(b) Refer to Note 3.

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 24 August 2024 are not disclosed in the notes to the condensed consolidated interim financial statements for the current financial period.

Retail EBITDA

Continuing operations	52 weeks ended 24 August 2024 £m	52 weeks ended 24 February 2024 £m
Operating profit	**3,007**	**2,821**
Exclude: Adjusting items	45	8
Adjusted operating profit	**3,052**	**2,829**
Exclude: Tesco Bank segment adjusted operating profit	(271)	(148)
Exclude: Tesco Bank adjusted operating profit from discontinued operations	117	79
Retail adjusted operating profit	**2,898**	**2,760**
Include: Retail depreciation and amortisation before adjusting items	1,631	1,602
Retail EBITDA	**4,529**	**4,362**

APMs: Reconciliation of balance sheet measures

Net debt

A reconciliation of Net debt is provided in Note 18.

Reconciliation from Retail free cash flow to Net debt

	Notes	24 August 2024 £m	26 August 2023 £m
Opening Net debt	18	**(9,764)**	**(10,493)**
Retail free cash flow		**1,261**	**1,368**
Other cash movements:			
Own shares purchased for cancellation	2	(575)	(503)
Dividends paid to equity holders	2	(575)	(509)
Special dividends received from Tesco Bank	2	–	250
Adjusting items included in operating cash flow activities	2	(52)	(87)
Retail repayments of capital element of obligations under leases	2	295	306
Retail interest paid on lease liabilities		186	182
Retail net other interest paid/(received)		58	91
Retail proceeds from sale of property, plant and equipment, investment property, intangible assets and assets held for sale	2	16	34
Cash outflows attributable to property buybacks and store purchases		(30)	(37)
Other investing cash movements		(50)	7
Non-cash movements in Net debt:			
Retail fair value movements		(1)	(25)
Retail foreign exchange movements		21	81
Retail net interest charge		(64)	(94)
Retail non-cash movements in lease liabilities		(397)	(473)
Retail movement in net debt of disposal group		–	14
Retail non-cash movement arising from acquisitions and disposals		(5)	1
Other non-cash movements		–	(1)
Closing Net debt	18	**(9,676)**	**(9,888)**

Net debt/EBITDA and Total indebtedness ratio

	Notes	24 August 2024 £m	24 February 2024 £m
Net debt	18	9,676	9,764
Retail EBITDA		4,529	4,362
Net debt/EBITDA ratio		**2.1**	**2.2**
Net debt	18	9,676	9,764
Add: Defined benefit pension deficit, net of deferred tax	16	320	493
Total indebtedness		**9,996**	**10,257**
Retail EBITDA		**4,529**	**4,362**
Total indebtedness ratio		**2.2**	**2.4**

Glossary – Alternative performance measures continued

Fixed charge cover

	52 weeks ended 24 August 2024 £m	52 weeks ended 24 February 2024 £m
Net finance costs	487	538
Exclude: Net pension finance income/(costs)	(23)	(18)
Exclude: Fair value remeasurements of financial instruments	76	38
Adjusted total finance costs	**540**	**558**
Exclude: Finance charges payable on lease liabilities	(376)	(373)
Adjusted total finance cost, excluding capitalised interest and finance charges payable on lease liabilities	**164**	**185**
Include: Total lease liability payments	992	1,000
Exclude: Discontinued operations total lease liability payments	(3)	(3)
	1,153	**1,182**
Retail EBITDA	**4,529**	**4,362**
Fixed charge cover (ratio)	**3.9**	**3.7**

Capex

	Notes	24 August 2024 £m	26 August 2023 £m
Property, plant and equipment additions*	9	**422**	**422**
Other intangible asset additions*		**133**	**135**
Exclude: Additions from property buybacks		(22)	(34)
Exclude: Additions from store purchases		(3)	-
Capex		**530**	**523**

* Excluding amounts acquired through business combinations.

APMs: Reconciliation of cash flow measures

	Notes	26 weeks ended 24 August 2024 £m	26 weeks ended 26 August 2023 £m
Cash generated from/(used in) operating activities	2	**2,043**	**2,312**
Exclude: Cash (generated from)/used in operating activities in Tesco Bank	2	39	(63)
Exclude: Cash (generated from)/used in operating activities in discontinued operations	2	(139)	(181)
Retail cash generated from/(used in) operating activities	2	**1,943**	**2,068**
Exclude: Retail adjusting net cash (generated from)/used in operating activities	2	52	87
Retail adjusted cash generated from/(used in) operating activities		**1,995**	**2,155**
Include the following cash flows generated from/(used in) investing activities:			
Retail purchase of property, plant and equipment, investment property and other long-term assets – other capital expenditure*	2	(464)	(472)
Retail purchase of intangible assets	2	(130)	(123)
Dividends received from joint ventures and associates	2	2	6
Retail interest received	2	136	114
Include the following cash flows generated from/(used in) financing activities:			
Own shares purchased for share schemes, net of cash received from employees	2	17	(6)
Retail repayment of capital element of obligations under leases	2	(295)	(306)
Retail free cash flow		**1,261**	**1,368**

* Excludes property buybacks and store purchases.

Glossary – Other

Expected credit loss (ECL)
Credit loss represents the portion of the debt that a company is unlikely to recover. The ECL is the projected future losses based on probability-weighted calculations.

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 24 August 2024 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 20.

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 24 August 2024 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's 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
2 October 2024

Appendices

Appendix 1

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

	Like-for-like sales					
	H1 2023/24	H2 2023/24	FY 2023/24	Q1 2024/25	Q2 2024/25	HY 2024/25
UK & ROI	**8.4%**	**6.2%**	**7.3%**	**3.6%**	**2.5%**	**3.1%**
UK	8.7%	6.8%	7.7%	4.6%	3.5%	4.0%
ROI	6.9%	6.7%	6.8%	4.4%	5.1%	4.7%
Booker	7.5%	3.2%	5.4%	(1.3)%	(2.5)%	(1.9)%
Central Europe	**0.9%**	**(0.5)%**	**0.2%**	**0.6%**	**0.6%**	**0.6%**
Total Retail	**7.8%**	**5.7%**	**6.8%**	**3.4%**	**2.4%**	**2.9%**

Appendix 2

Total sales performance (exc. VAT, exc. fuel)

	Actual rates				Constant rates			
	H1 2023/24	H2 2023/24	FY 2023/24	H1 2024/25	H1 2023/24	H2 2023/24	FY 2023/24	H1 2024/25
UK & ROI	**8.9%**	**6.3%**	**7.6%**	**3.6%**	**8.8%**	**6.4%**	**7.6%**	**3.7%**
UK	9.1%	7.2%	8.1%	4.7%	9.1%	7.2%	8.1%	4.7%
ROI	13.0%	6.1%	9.3%	3.6%	10.0%	7.3%	8.5%	5.6%
Booker	6.9%	2.2%	4.6%	(1.7)%	6.9%	2.2%	4.6%	(1.7)%
Central Europe	**6.7%**	**(0.2)%**	**3.1%**	**(4.2)%**	**1.4%**	**(0.1)%**	**0.6%**	**0.9%**
Total Retail	**8.7%**	**5.8%**	**7.3%**	**3.0%**	**8.2%**	**5.9%**	**7.0%**	**3.5%**

Appendix 3

Country detail – Retail

	Revenue (exc. VAT, inc. fuel)			
	Local currency (m)	£m	Average exchange rate	Closing exchange rate
UK	26,077	26,077	1.0	1.0
ROI	1,701	1,449	1.2	1.2
Booker	4,623	4,623	1.0	1.0
Czech Republic	20,942	710	29.5	29.6
Hungary	324,882	705	460.8	464.7
Slovakia	810	690	1.2	1.2

Appendix 4

UK sales area by size of store

	24 August 2024			24 February 2024		
Store size (sq. ft.)	No. of stores	Million sq. ft.	% of total sq. ft.	No. of stores	Million sq. ft.	% of total sq. ft.
0-3,000	2,693	5.8	14.9%	2,675	5.8	14.9%
3,001-20,000	279	2.9	7.5%	279	2.9	7.5%
20,001-40,000	288	8.3	21.3%	288	8.3	21.3%
40,001-60,000	182	8.8	22.6%	182	8.8	22.6%
60,001-80,000	119	8.4	21.6%	119	8.4	21.6%
80,001-100,000	45	3.7	9.5%	45	3.7	9.5%
Over 100,000	8	1.0	2.6%	8	1.0	2.6%
Total*	**3,614**	**38.9**	**100.0%**	**3,596**	**38.9**	**100.0%**

* Excludes Booker and franchise stores.

Appendix 5

Actual Group space – store numbers[a]

	2023/24 year end	Openings	Closures/ disposals	Net gain/ (reduction)[b]	As at 24 August 2024	Repurposing/ extensions[c]
Large	809	1	(1)	–	809	–
Convenience	2,048	19	(3)	16	2,064	–
Dotcom only	6	–	–	–	6	–
Total Tesco	**2,863**	**20**	**(4)**	**16**	**2,879**	**–**
One Stop[d]	733	6	(4)	2	735	–
Booker	190	–	–	–	190	–
UK[d]	3,786	26	(8)	18	3,804	–
ROI	170	7	–	7	177	–
UK & ROI[d]	**3,956**	**33**	**(8)**	**25**	**3,981**	**–**
Czech Republic[d]	184	1	–	1	185	5
Hungary	197	–	–	–	197	26
Slovakia[d]	169	10	–	10	179	11
Central Europe[d]	**550**	**11**	**–**	**11**	**561**	**42**
Group[d]	**4,506**	**44**	**(8)**	**36**	**4,542**	**42**
UK (One Stop)	317	25	(9)	16	333	–
Czech Republic	119	1	(4)	(3)	116	–
Slovakia	–	–	–	–	–	–
Franchise stores	**436**	**26**	**(13)**	**13**	**449**	**–**
Total Group	**4,942**	**70**	**(21)**	**49**	**4,991**	**42**

Actual Group space – ’000 sq. ft.[a]

	2023/24 year end	Openings	Closures/ disposals	Repurposing/ extensions[c]	Net gain/ (reduction)	As at 24 August 2024
Large	31,505	10	(16)	–	(6)	31,499
Convenience	5,455	54	(13)	–	41	5,496
Dotcom only	716	–	–	–	–	716
Total Tesco	**37,676**	**64**	**(29)**	–	**35**	**37,711**
One Stop[d]	1,208	9	(6)	–	3	1,211
Booker	8,094	–	–	–	–	8,094
UK[d]	46,978	73	(35)	–	38	47,016
ROI	3,499	43	–	–	43	3,542
UK & ROI[d]	**50,477**	**116**	**(35)**	–	**81**	**50,558**
Czech Republic[d]	4,101	25	–	(21)	4	4,105
Hungary	5,372	–	–	(61)	(61)	5,311
Slovakia[d]	3,213	19	–	(25)	(6)	3,207
Central Europe[d]	**12,686**	**44**	**–**	**(107)**	**(63)**	**12,623**
Group[d]	**63,163**	**160**	(35)	**(107)**	**18**	**63,181**
UK (One Stop)	459	29	(12)	–	17	476
Czech Republic	108	1	(3)	–	(2)	106
Slovakia	–	–	–	–	–	–
Franchise stores	**567**	**30**	**(15)**	**–**	**15**	**582**
Total Group	**63,730**	**190**	**(50)**	**(107)**	**33**	**63,763**

(a) Continuing operations.
(b) The net gain/(reduction) reflects the number of store openings less the number of store closures/disposals.
(c) Repurposing of retail selling space.
(d) Excludes franchise stores.

Appendices continued

Group space forecast to 22 February 2025 – ’000 sq. ft.[a]

	As at 24 August 2024	Openings	Closures/ disposals	Repurposing/ extensions[b]	Net gain/ (reduction)[c]	2024/25 year end
Large	31,499	29	(44)	5	(10)	31,489
Convenience	5,496	120	(22)	–	98	5,594
Dotcom only	716	–	–	–	–	716
Total Tesco	**37,711**	**149**	**(66)**	**5**	**88**	**37,799**
One Stop[d]	1,211	29	(2)	–	27	1,238
Booker	8,094	–	–	–	–	8,094
UK[d]	47,016	178	(68)	5	115	47,131
ROI	3,542	39	–	–	39	3,581
UK & ROI[d]	**50,558**	**217**	**(68)**	**5**	**154**	**50,712**
Czech Republic[d]	4,105	37	(35)	1	3	4,108
Hungary	5,311	7	–	(25)	(18)	5,293
Slovakia[d]	3,207	24	–	(14)	10	3,217
Central Europe[d]	**12,623**	**68**	**(35)**	**(38)**	**(5)**	**12,618**
Group[d]	**63,181**	**285**	**(103)**	**(33)**	**149**	**63,330**
UK (One Stop)	476	61	–	–	61	537
Czech Republic	106	–	(1)	–	(1)	105
Slovakia	–	–	–	–	–	–
Franchise stores	**582**	**61**	**(1)**	**–**	**60**	**642**
Total Group	**63,763**	**346**	**(104)**	**(33)**	**209**	**63,972**

(a) Continuing operations.
(b) Repurposing of retail selling space.
(c) The net gain/(reduction) reflects the number of store openings less the number of store closures/disposals and repurposing/extensions.
(d) Excludes franchise stores.