

Interim Results 2026/27

The full release of Tesco PLC's Interim Results 2026/27 is available at http://www.ms-pdf.londonstockexchange.com/ms/0690Y_1-2026-10-7.pdf and on the Tesco PLC corporate website tescoplc.com. Tesco PLC's Interim Results for the 26 weeks ended 29 August 2026 have been submitted in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available shortly for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

STRONG FINANCIAL & STRATEGIC PROGRESS WITH RECORD CUSTOMER SATISFACTION

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

Ken Murphy, Chief Executive:

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

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

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

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

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

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

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

STRATEGIC PROGRESS

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

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

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

1) Winning in food

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

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

2) Meeting more everyday customer needs

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

- Continued the strategic repositioning of our Clothing and Home offer, bringing it together under one cohesive F&F brand
- Further elevated F&F Clothing's quality and style credentials, helping drive further growth in full-price and planned-event sales; new ranges include 'The Edit: On Duty', a new-season collection of elevated, workwear-inspired womenswear
- Broadened reach and appeal of F&F Online with major website and app upgrade, including new discovery tools such as 'Shop the Look' and product videos, helping even more customers browse and shop our full clothing range
- Enhanced Clubcard benefits across Tesco Insurance & Money Services (IMS), including new 10% Clubcard discount on motor insurance; further growth in IMS H1 adjusted operating profit, up £5m to £105m; 2.7m in-force insurance policies across IMS
- Leveraged our banking partnership to offer Barclays Cashback Rewards on fuel purchases at Tesco, providing customers with additional ways to save and helping enhance the value of the relationship
- Continued to strengthen Tesco Mobile for its six million customers, including simplified pay-as-you-go options & new travel eSIM; over 200 refreshed in-store phone shops to date, helping us better serve customers & showcase latest mobile ranges
- Over 1,000 sellers now on Tesco Marketplace, up over 80% year-on-year, supported by improved AI-enabled onboarding process; range and supplier expansion helping drive satisfaction scores for 'I can get what I want' and 'prices are good'

3) Being the most strategic partner for suppliers

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

- Voted #1 in the Advantage supplier survey for the eleventh consecutive year; ranked #1 for 'partnership', 'vision' and 'execution', underlining the strength of our supplier relationships and long-term collaboration
- Strong revenue and profit growth at Tesco Media; +17% growth in active advertisers and a further increase in campaigns per advertiser; Tesco Media won the Retail category at Campaign's Media Company of the Year Awards in April 2026

- Further enhanced Tesco Media platform, helping support scalable, cost-effective growth, particularly with smaller advertisers; enhancements include improved analytics, automation and self-service capabilities
- Over 7,500 digital screens now in place across the Group, including in Booker and One Stop; media spend through 'Scan as you Shop' hand-held devices doubled year-on-year
- Connecting our unrivalled store network, customer insight and Tesco Media to bring distinctive supplier innovation to market at scale, including exclusive product launches from Hellmann's, Poppi, Nestlé Iced Coffee, and Walkers
- Latest iterations of the Tesco Accelerator Programme launched, helping bring a further 23 new challenger brands to market across a range of categories; brands include Surreal high-protein, low-sugar cereals and Bubble Skincare

4) Connected, personalised and loved by customers

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

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

5) Long-term business sustainability

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

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

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

CAPITAL ALLOCATION AND SHAREHOLDER RETURNS

Our strategy is underpinned by our unchanged capital allocation framework:

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

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

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

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

MULTI-YEAR PERFORMANCE FRAMEWORK

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

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

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

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

OUTLOOK

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

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

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

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

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

GROUP REVIEW OF PERFORMANCE

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

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

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

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

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

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

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

last year and represents significant progress towards our full year guidance.

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

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

Footnotes:

1. The Group has defined and outlined the purpose of its Alternative Performance Measures, including its performance highlights, in the Glossary starting on page 38.
2. Like-for-like (LFL) sales growth is a measure of growth in Group sales from stores that have been open for at least a year and online sales (at constant exchange rates, excluding VAT and fuel). LFL excludes revenue from dunnhumby, Insurance and Money Services and mall rental income as this revenue is not directly linked to the sale of goods. As last year's financial year included a 53rd week and to align seasonal events throughout each year, like-for-like comparisons for H1 are against an offset week in the prior year – that is, comparing weeks 1-26 this year with weeks 2-27 last year. Total sales change aligns to reporting periods, reflecting weeks 1-26 in both years, which for Central Europe includes an adjustment for the difference in days between these weeks and the statutory accounting date.
3. Two-year LFL is calculated by comparing current year sales to sales in 2024/25 for those stores that were trading in both years. The Venus Wines and Spirits business was acquired in June 2024 and is therefore included from that date.

Segmental review of performance:

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

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

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

Adjusted operating profit¹ performance:

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

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

UK & ROI OVERVIEW:

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

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

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

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

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

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

Home and Clothing like-for-like sales declined by (0.6)%. Within Home, softer performance in home textiles was partially offset by strong demand for TVs and collectables for the World Cup and other summer sporting events. In Clothing, markdown sales were lower year-on-year, while full-price and planned promotional sales grew, outperforming a subdued industry backdrop. We have seen continued positive performance within Womenswear, with strong growth in our Active ranges and the launch of our Style It Out campaign. F&F Online has continued to grow and, towards the end of the period, we launched a new F&F website which further enhances the customer experience.

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

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

and Deliveroo will further expand our rapid grocery reach to new customers and allow us to serve even more shopping missions.

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

ROI – Ongoing volume growth driving further market share gains:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adjusting items:

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

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

The key adjusting items included within operating profit are consistent with the prior period, resulting in a net charge of £(74)m, similar to the prior period. We continue to present amortisation of acquired intangible assets, principally relating to the merger with Booker, as an adjusting item. The amortisation of acquired intangible assets was £(38)m, in line with the prior year. We

incurred a further £(25)m of separation costs relating to the disposal of our Banking operations, with the transition expected to complete as planned in the second half.

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

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

Net finance costs:

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

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

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

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

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

Group tax:

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

Tax on adjusted profit of £(404)m was up 6.6% year-on-year reflecting increased Group adjusted profit. The adjusted effective tax rate was 26.8% (H1 25/26: 26.9%). This is higher than the UK statutory rate of 25%, primarily due to the depreciation of assets which do not qualify for tax relief. We continue to expect our adjusted effective tax rate to be around 27% for the full year.

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

Earnings per share:

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

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

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

Dividend:

The interim dividend has been set at 5.05 pence per ordinary share, in line with our policy of setting the interim dividend at 35% of the prior full year dividend.

The interim dividend will be paid on 20 November 2026 to shareholders who are on the register of members at close of business on 16 October 2026 (the Record Date). Shareholders may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 30 October 2026.

Summary of Net debt:

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

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

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

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

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

Defined benefit pension schemes:

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

Net of deferred tax, the net IAS 19 pension surplus has increased by £205m to £425m, principally due to the impact of elevated gilt yields on corporate bonds used as the discount rate. The principal defined benefit pension plan within the Group is the Tesco PLC Pension Scheme (the 'Scheme'), a UK scheme that has been closed to future accrual since 2015. The Scheme continues to be in both an accounting and funding surplus.

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

Summary free cash flow:

The following table reconciles Group adjusted operating profit to free cash flow. Further details are included in the Glossary starting on page 38.

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

Memo (not included in free cash flow definition):

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

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

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

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

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

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

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

Capital expenditure and space:

UK & ROI		Booker		Central Europe		Group	
H1 26/27	H1 25/26	H1 26/27	H1 25/26	H1 26/27	H1 25/26	H1 26/27	H1 25/26

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

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

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

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

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

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

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

Contacts

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

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

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

Sources

- UK market share based on Worldpanel by Numerator Total Grocers Total Till Roll for 12 weeks ended 6 September 2026 except UK market share including rapid grocery which is based on Nielsen IQ Total Grocers Total Till Roll for 4 weeks ended 5 September 2026
- UK channels market share based on Worldpanel by Numerator Total Grocery for 12 weeks ended 6 September 2026
- Relative price positioning is based on our UK Price index, an internal measure calculated using the retail selling price of each item on a per unit or unit of measure basis. Competitor retail selling prices are collected weekly by a third party. The price index includes price cut promotions and is weighted by sales to reflect customer importance.
- ROI market share based on Worldpanel by Numerator Total Grocers Total Grocery for 12 weeks ended 6 September 2026
- Customer satisfaction and Brand NPS are based on BASIS Global Brand Tracker for the 13 weeks ended 30 August 2026. Responses to the question: "How likely is it that you would recommend the following company to a friend or colleague as a place to shop?"
- Grocery Home Shopping leading position metrics based on Multi channel tracker for 13 weeks ended 30 August 2026.
- Number of new Booker retail partners is net of openings and closures, including national accounts

Additional Disclosures

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group remain those as set out on pages 38 to 47 of our Annual Report and Financial Statements 2026: cyber security; data privacy; climate and environmental sustainability; geopolitics and other global events; technology; product safety and responsible sourcing; health and safety; people; macroeconomic exposures; customer, competition and markets; security of supply; and regulatory and compliance.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Interim Results for the 26-week period ended 29 August 2026 in accordance with applicable law, regulations, and accounting standards. Each of the Directors confirms that to the best of their knowledge the condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34: 'Interim Financial Reporting' and that the interim management report includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

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

The Directors of Tesco PLC are listed on pages 54 to 57 of the Tesco PLC Annual Report and Financial Statements 2026.

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

By order of the Board of Directors
Dr Gerry Murphy - Non-executive Chair
Ken Murphy – Group Chief Executive
Imran Nawaz – Chief Financial Officer
Dame Carolyn Fairbairn*
Melissa Bethell*
Bertrand Bodson*
Stewart Gilliland*
Chris Kennedy*
Caroline Silver*
Karen Whitworth*

*Independent Non-executive Directors

7 October 2026

Disclaimer

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

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