TESCO

Preliminary Results 2024/25

STRONG PERFORMANCE POSITIONS US TO CONTINUE WINNING WITH CUSTOMERS.

Performance highlights (on a continuing operations basis)[1,2]	**FY 24/25**	**FY 23/24**	**Change at actual rates**	**Change at constant rates**
Group sales (exc. VAT, exc. fuel)[3]	**£63,636m**	£61,477m	3.5%	4.0%
Group adjusted operating profit[4]	**£3,128m**	£2,829m	10.6%	10.9%
of which: Retail adjusted operating profit	*£2,973m*	*£2,760m*	*7.7%*	*8.1%*
Free cash flow[5]	**£1,750m**	£2,063m	(15.2)%	
Net debt[6]	**£(9,454)m**	£(9,684)m	2.4%	
Adjusted diluted EPS[4]	**27.38p**	23.41p	17.0%	
Dividend per share	**13.70p**	12.10p	13.2%	
Statutory measures (on a continuing operations basis)[1]				
Revenue (exc. VAT, inc. fuel)	**£69,916m**	£68,187m	2.5%	
Operating profit	**£2,711m**	£2,821m	(3.9)%	
Profit before tax	**£2,215m**	£2,289m	(3.2)%	
Diluted EPS	**23.13p**	24.53p	(5.7)%	
Statutory measures (including discontinued operations)[1]				
Profit for the year (after tax)	**£1,630m**	£1,192m	36.7%	
Diluted EPS	**23.51p**	16.56p	42.0%	

As a result of the disposal of the Group's Banking operations, our Insurance and Money Services business (IMS) is now reported as part of the UK & ROI segment. The Retail adjusted operating profit figure of £2,973m (which excludes IMS adjusted operating profit of £155m) is presented above for the purposes of comparing to our previously published profit guidance.

Ken Murphy, Chief Executive

"Our continued focus on value and quality, coupled with market-leading availability, has contributed to another year of increased customer satisfaction and our highest market share for nearly a decade. We have invested in bringing great prices to our customers throughout the year, and continued to innovate with over 1,600 new or improved products including 400 new Finest lines, where overall sales grew 15%.

We are also making significant progress on our long-term growth opportunities, further enhancing our digital capabilities with increased personalisation, further improvements to our online experience and an expanded retail media offering.

None of this would be possible without the dedication of our 340,000 colleagues and I want to thank them for all their hard work. We continue to invest in our market-leading package of colleague benefits, including over £900m in pay increases across the last three years.

Building on our strong financial performance, robust balance sheet and positive momentum, we are setting ourselves up for the year ahead with the flexibility to continue to win in a highly competitive market. Despite inflationary headwinds, we are committed to ensuring customers get the best possible value by shopping at Tesco, and see further opportunities to strengthen our competitiveness. By putting customers first, we will continue to create sustainable value for every stakeholder in Tesco."

Strong financial performance and cash generation

- Group LFL[7] sales up +3.1%, including UK +4.0%, ROI +4.6% and CE +2.2%; Booker LFL sales down (1.8)%, reflecting growth in core retail and catering, offset by ongoing decline in tobacco market and lower Best Food Logistics volumes
- Group adjusted operating profit[4] up +10.9% at constant rates to £3,128m includes strong progress across both segments:
  - UK & ROI up +10.3% to £3,016m, supported by strong volume performance and Save to Invest delivery; includes £155m contribution from IMS, with £46m of non-recurring items primarily due to a new five-year pet insurance contract
  - Central Europe up +28.9% to £112m, driven by improved category mix, volume growth and further Save to Invest progress
- Adjusted diluted EPS[1,4] up +17.0% to 27.38p, driven by higher Group adjusted operating profit, lower adjusted net finance costs and the benefit of our ongoing share buyback programme
- Statutory operating profit[1] of £2,711m, down (3.9)% and statutory diluted EPS of 23.13p, down (5.7)%, include a £(286)m non-cash net impairment charge (LY: £28m release), reflecting higher discount rates, driven by increased government bond rates
- Free cash flow[5] of £1,750m, towards top end of guidance range, reflecting strong trading performance; compares to £2,063m last year which benefited from higher trade payables due to elevated input cost inflation; Net debt[6] down 2.4% to £(9,454)m
- Return on capital employed[5] of 14.6%, reflecting growth in Group adjusted operating profit and disciplined capital allocation

Footnotes can be found on page 4.

Ongoing investments in our offer support customer satisfaction improvements and market share growth

- UK market share +67bps YoY to 28.3%, with share gains for 21 consecutive four-week periods and reaching highest level since 2016 during the year; ROI market share +29bps YoY to 23.9%, with share gains for 37 consecutive four-week periods
- Overall brand perception in UK increased by +185bps YoY, stepping forward across all drivers, including reputation (+282bps), value (+242bps) and quality (+153bps)
- Cheapest full-line grocer throughout the year; further improvement in price position against the market since January 2025
- Delivered market-leading availability and highest net promoter score in five years
- Announced a +5.2% increase in UK store colleague pay, with hourly rate rising to £12.64 by end of August 2025
- Launched over 1,000 new products and improved over 600, underscoring our commitment to quality and innovation
- Finest annual sales of £2.5bn, up 15% YoY; 400 new Finest products launched
- Save to Invest progress, delivering c.£510m of savings in FY 24/25 as we simplified operations across the Group
- Supporting our communities through Stronger Starts, awarding funding of £13m since July 2023 to over 12,200 projects; launch of 'Fruit & Veg for Schools' campaign, supporting 400 schools with over 5m portions of fruit & veg to date
- Progress towards ambitious climate change targets, with a 65% reduction in Scope 1 and Scope 2 emissions versus 2015/16 baseline; signed our largest power purchase agreement to date, at Cleve Hill Solar Park in Kent

Continuing to invest in long-term growth opportunities and capability

- Increase in Clubcard sales penetration across all markets: UK 84%, ROI 87%, Central Europe 88%; Group-wide Tesco app users at 18.0m, up +12% YoY, with proportion of digital Clubcard scans in UK +11ppts to 63% of Clubcard transactions
- Increasingly personalised offer: rollout of Clubcard Challenges to 10m customers and trial of Your Clubcard Prices
- Growing the Tesco Media and Insight Platform, with over 5,000 in-store screens; launched video advertising on Tesco.com and app, introduced store wrap advertising at scale and further enhanced self-serve platform for brands and agencies
- Expanded Tesco Whoosh rapid-delivery service to over 1,500 stores, including launch into 42 large stores, helping expand depth of range and reach; active customers up 48% with further growth in basket size
- Launch of Tesco Marketplace, now offering >400,000 third-party products across homeware, furniture and electronics, helping us expand our online range in a capital-light way, with commission earned on the value of each order
- Online launch of F&F clothing scheduled to go live for customers in the year ahead

CAPITAL RETURN PROGRAMME.

We see our share buyback programme as a critical driver of shareholder returns, reflecting the strength of our balance sheet and our confidence in both our strategy and our ability to continue to deliver strong future cash flows. In addition to £864m of dividends paid across the last year, we have now completed our April 2024 commitment to buy back £1bn worth of shares. Since October 2021, we have bought back £2.8bn worth of shares.

OUTLOOK.

Our investments over the last four years have resulted in the most competitive position and highest market share we have had for many years, leading to a strong financial position and positive trading momentum. We have delivered well against the multi-year performance framework we set out in 2021, and maintained a disciplined approach to capital, leading to strong cash generation and shareholder returns.

In the last few months, we have seen a further increase in the competitive intensity of the UK market. We are committed to ensuring that customers get the best value in the market by shopping at Tesco and we see further opportunities to protect and strengthen our competitiveness.

We are therefore providing guidance that gives us flexibility and firepower to be able to respond to current market conditions. As a result, for FY 25/26, we expect Group adjusted operating profit of between £2.7bn and £3.0bn (FY 24/25: £3,128m). We continue to expect free cash flow within our medium-term guidance range of £1.4bn to £1.8bn.

We are announcing today a further share buyback totalling £1,450m, to be completed by April 2026, comprising £750m funded by free cash flow and £700m funded by the sale of our Banking operations.

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

STRATEGIC PRIORITIES.

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

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

- Winning value combination of Aldi Price Match on >600 lines, Low Everyday Prices on >1,000 lines and around 8,000 Clubcard Prices deals each week; Clubcard Prices save customers up to £392 off their annual grocery bill
- Exclusive Clubcard deals on everyday services such as no mid-contract price rises with Tesco Mobile and Clubcard Prices available for car, home, pet and travel insurance policies
- Further own-brand innovation across all tiers, including launches of the Taste Discoveries dinner-for-tonight range inspired by Japanese and Korean cuisine, and health-led High Protein and Gut Sense ranges
- Further progress in customer satisfaction scores at Booker, with 700 prices locked until June 2025
- Expanded our Low Price Guarantee in Central Europe, adding an average of c.650 products per market

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

- Clubcard celebrates 30 years with unrivalled customer reach; over 23m Clubcard households in the UK with new campaigns including 10,000 bonus points for customers who use Clubcard vouchers when booking with easyJet Holidays
- Expanding the UK's largest and most generous supermarket reward partner scheme, with Virgin Red and five new visitor attractions becoming reward partners; customers can now earn Clubcard Points with the purchase of a new Vauxhall car
- Tesco Media and Insight Platform saw growth in active advertisers and spend per campaign, with the team ranked joint #1 in Flywheel's European retail media rankings and shortlisted for Media Brand of the Year at the Media Week Awards
- Over 9,000 retail media campaigns delivered; creativity enhancements included fully integrated Coca-Cola campaign over Christmas, comprising onsite and offsite media, exclusive competitions and products, and wrapping home delivery vans

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

- Opened 90 stores across the Group: 64 in the UK, 12 in ROI and 14 in Central Europe
- Refreshed a further 463 stores across the Group including 100 large stores and 245 convenience stores in the UK
- UK online sales up +10.2%, driven by growth in orders per week, with market share up +173bps YoY to 35.5%
- Increase in UK online customer satisfaction, +8pts YoY and 150 new delivery vans launched, as we increase capacity; Delivery Saver subscribers at 770k, up +9% YoY
- Integrated a further 566 net new Booker retail partners, taking the total outlets to just under 8,000; integration of Venus acquisition progressing well, with a new Venus distribution hub opened at our Makro branch in Manchester

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

- Save to Invest progress, delivering c.£510m of savings for FY 24/25
- Continued progress across all areas, including goods & services not for resale, operations, property and central overheads
- New robotic automation implemented at our Peterborough distribution centre, with Aylesford semi-automated distribution centre on track to open summer 2025
- End-to-end review of stock flow from suppliers to store, optimising waste performance and improving availability
- Simplifying in-store routines, supported by the roll-out of new fresh-food fixtures which enable faster replenishment
- Taking action to reduce stock loss, including security system enhancements at checkouts and investments in new technology at our Daventry security hub
- Extending Save to Invest programme; seeking further c.£500m in FY 25/26 to help offset new operating cost inflation, including the impact of an increase in National Insurance contributions of £235m

GROUP REVIEW OF PERFORMANCE.

On a continuing operations basis[1]

52 weeks ended 22 February 2025[2,8]	FY 24/25	FY 23/24	Change at actual rates	Change at constant rates
Sales (exc. VAT, exc. fuel)[3]	**£63,636m**	**£61,477m**	**3.5%**	**4.0%**
Fuel	£6,280m	£6,710m	(6.4)%	(6.3)%
Revenue (exc. VAT, inc. fuel)	**£69,916m**	**£68,187m**	**2.5%**	**3.0%**
Group adjusted operating profit[4]	**£3,128m**	**£2,829m**	**10.6%**	**10.9%**
Adjusting items	£(417)m	£(8)m		
Statutory operating profit	**£2,711m**	**£2,821m**	**(3.9)%**	
Net finance costs	£(492)m	£(538)m		
Joint ventures and associates	£(4)m	£6m		
Statutory profit before tax	**£2,215m**	**£2,289m**	**(3.2)%**	
Taxation	£(611)m	£(525)m		
Statutory profit after tax	**£1,604m**	**£1,764m**	**(9.1)%**	
Adjusted diluted EPS[4]	27.38p	23.41p	17.0%	
Statutory diluted EPS	23.13p	24.53p	(5.7)%	
Dividend per share	**13.70p**	**12.10p**	13.2%	
Net debt[6]	**£(9,454)m**	**£(9,684)m**	2.4%	
Free cash flow[5]	**£1,750m**	**£2,063m**	(15.2)%	
Capex[9]	**£1,457m**	**£1,314m**	10.9%	

Sales[3] increased by 4.0% at constant rates, including a strong contribution from higher volumes and improved category mix, supported by our continued investments in value, quality and service. Revenue increased by 3.0% at constant rates, including a (6.3)% decline in fuel sales, mainly driven by lower retail prices year-on-year.

Group adjusted operating profit[4] increased by 10.9% at constant rates, driven by further progress in our core retail markets as higher sales volumes and a further c.£510m contribution from Save to Invest more than offset net operating cost inflation. Group adjusted operating profit includes Insurance and Money Services where adjusted operating profit increased by £86m to £155m, including £46m of non-recurring items mainly due to a new five-year pet insurance contract.

Statutory operating profit decreased by (3.9)% year-on-year, as the Group adjusted operating profit growth described above was more than offset by a non-cash net impairment charge on non-current assets of £(286)m, mainly due to an increase in discount rates driven by higher government bond rates compared to the prior year.

Net finance costs (including adjusting items) were £46m lower year-on-year, mainly due to lower net interest costs on medium-term notes as a result of net refinancing activities, and favourable non-cash mark-to-market movements on certain derivative financial instruments. The higher tax charge this year was driven by higher operating profit and the full year effect of the increase in UK corporation tax rates, effective from 1 April 2023.

Adjusted diluted EPS[4] grew by 17.0%, driven by the strong growth in Group adjusted operating profit described above as well as a benefit from our ongoing share buyback programme, with a further £1bn of share buybacks completed in the year. Statutory diluted EPS declined by (5.7)%, driven by the non-cash net impairment charge as described above. We propose to pay a final dividend of 9.45 pence per ordinary share, taking the full year dividend to 13.70 pence, up 13.2% year-on-year.

We generated strong free cash flow[5] of £1,750m compared to £2,063m last year, with the prior year benefiting from higher trade working capital balances, driven by elevated levels of input cost inflation.

Net debt[6] reduced by £230m to £(9,454)m, driven by strong free cash flow generation and the receipt of the £614m Banking operations gross disposal proceeds, partially offset by cash returned to shareholders via dividends and our ongoing share buyback programme. The Net debt/EBITDA ratio was 2.0 times, down from 2.2 times in the prior year.

Further commentary on these metrics can be found below and a full income statement can be found on page 14.

Notes:

1. The performance of the Banking operations has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business (IMS) has been presented on a continuing operations basis and therefore within headline performance measures. Further details on discontinued operations can be found in Note 7, starting on page 25.
2. The Group has defined and outlined the purpose of its alternative performance measures, including its performance highlights, in the Glossary starting on page 39.
3. Group sales exclude VAT and fuel.
4. Adjusted operating profit and Adjusted diluted EPS exclude adjusting items.
5. Free cash flow and return on capital employed (ROCE) are alternative performance measures defined and outlined in the Glossary starting on page 39.
6. Net debt now includes Insurance and Money Services, with the prior year reported on a consistent basis. The impact on the prior year is to reduce Net debt by £80m. Further information on Net debt can be found in Note 22, starting on page 37.
7. 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 as this revenue is not directly linked to the sale of goods.
8. All measures are shown on a continuing operations basis unless otherwise stated.
9. Capex excludes additions arising from business combinations, property buybacks (typically stores) and other store purchases and their associated refit costs. Refer to page 44 for further details.

Segmental review of performance:

Sales performance:
(exc. VAT, exc. fuel)[3,8]

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	47,486	4.0%	5.1%	5.1%
- ROI	2,974	4.6%	2.9%	5.6%
- Booker	8,990	(1.8)%	(1.0)%	(1.0)%
UK & ROI	**59,450**	**3.1%**	**4.0%**	**4.2%**
Central Europe	**4,186**	**2.2%**	**(3.0)%**	**2.5%**
Sales	**63,636**	**3.1%**	**3.5%**	**4.0%**

Further information on sales performance is included in the appendices starting on page 48.

Adjusted operating profit[4,8] 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	3,016	10.1%	10.3%	4.6%	30 bps
Central Europe	112	24.4%	28.9%	2.6%	58 bps
Group	**3,128**	**10.6%**	**10.9%**	**4.5%**	**33 bps**

Further information on operating profit performance is included in Note 2 starting on page 20.

UK & ROI OVERVIEW:

Like-for-like sales for the UK & ROI segment increased by 3.1%. Volume growth was particularly strong in the UK and ROI, with growth in every quarter of the year, and continued market share gains across the year. Whilst Booker delivered a strong performance in core retail and catering, overall like-for-like sales reduced by (1.8)% due to the continued decline in the tobacco market and weakness in some areas of the fast-food market serviced by Best Food Logistics.

UK & ROI adjusted operating profit was £3,016m, up 10.3% at constant rates, driven by volume growth and the ongoing delivery of our Save to Invest programme, which offset net operating cost inflation, including colleague pay awards. Insurance and Money Services adjusted operating profit, now included within the UK & ROI segment, increased by £86m to £155m, including £46m of non-recurring items, mainly reflecting the accounting for upfront commission income on the signing of a new five-year pet insurance contract. The year-on-year growth excluding these items was driven by strong underlying performance in the insurance business.

UK – Growing volumes and market share:

Like-for-like sales grew by 4.0%, with growth both in stores and online. Volume growth was ahead of our expectations, and we consistently grew ahead of the market.

Market share grew by +67bps year-on-year to 28.3%, delivering 21 consecutive four-week periods of market share growth by the end of the year and our highest market share since 2016 over the Christmas period. We continue to deliver improvements in our overall brand perception year-on-year, up +185bps and stepping forward across all drivers, including reputation (+282bps), value (+242bps) and quality (+153bps).

Food like-for-like sales grew by 4.9%, with full year volume growth supported by our ongoing investments in product quality and innovation. We launched over 1,000 new products and improved over 600, including Taste Discoveries dinner-for-tonight range and health-led High Protein and Gut Sense ranges. Our Finest range continued to perform well, with sales up 15% year-on-year, including record sales over the festive period.

We are committed to ensuring that customers get the best value for money by shopping at Tesco. Over 2,300 products were cheaper at the end of the year than at the start, with an average reduction of around 9%.

Clothing like-for-like sales grew by 3.0% due to a strong performance in womenswear, with further development of our F&F Active and F&F Edit ranges. Home like-for-like sales declined by (2.2)%, which includes a (5.5)ppts drag from the transition to our new partnership with The Entertainer. The partnership, which offers customers an even better range of toys in our stores, means we no longer recognise toy sales, and instead earn commission income. The transition completed in the second half of the year and is now in around 750 stores. Excluding this impact, Home like-for-like sales grew by 3.3%, primarily driven by the launch of our F&F Home range.

Large store like-for-like sales grew by 4.1%, driven by further investment into our promotional offer over key seasonal events in addition to investments in service and delivering market-leading availability. These investments resulted in our highest customer net promoter score in five years. Convenience like-for-like sales, which includes our One Stop stores, declined by (0.2)%. Tesco Express like-for-like sales were broadly flat, with a particularly strong performance in fresh food offset by the impact of the ongoing decline in the tobacco market. Tesco Express gained +138bps of market share, supported by a 1.7ppts contribution to sales growth from net new store openings.

Online sales grew by 10.2%, including a c.3ppts contribution from Tesco Whoosh. Sales growth was primarily driven by an increase in average online orders per week which were up 10.8% year-on-year to 1.3 million, with customer satisfaction also increasing year-on-year. Tesco Whoosh, our rapid delivery service, saw sales almost double in the year, with a further improvement in customer satisfaction and growth in average basket size. Tesco Whoosh is now available in over 1,500 stores, including 42 large stores.

Online performance	**FY 24/25**	**YoY change**
Sales inc. VAT	**£6.8bn**	10.2%
Orders per week	**1.33m**	10.8%
Basket size (excluding Whoosh)	**£109**	3.6%
Online % of UK total sales	**13.5%**	0.6ppts

In June, we launched Tesco Marketplace, offering customers an even broader range of products online through third-party sellers. We are now offering over 400,000 products and have built a pipeline of further sellers to join the platform, with new category launches planned for later in FY 25/26. We are encouraged with customer satisfaction scores, and trading through Black Friday was particularly successful. Our priority has been laying the foundations for growth, adding for instance the capability to offer customers Clubcard Prices when they shop on Tesco Marketplace.

In November, we completed the disposal of our Banking operations and started our associated strategic partnership with Barclays. The exclusive ten-year partnership provides customers access to Tesco-branded banking products and services, combining Tesco's market-leading brand, physical and digital reach and relentless customer focus with Barclays' deep financial services capabilities and expertise in commercial partnerships. We retained all the existing insurance and money services activities, including ATMs, travel money and gift cards. In the year, sales from Insurance and Money Services grew by c.30%, primarily driven by strong growth in the insurance business.

ROI – Ongoing volume growth driving strong market share gains:

Like-for-like sales grew by 4.6% for the full year, driven by volume growth supported by our continued roll out of our 'fresh first' store refresh programme and our ongoing investments in product quality and innovation, which has been recognised with 21 gold medals at the Blas na hÉireann ('Taste of Ireland') awards. Total sales grew by 5.6% at constant rates, including a 1.0ppts contribution from new stores, driven by the opening of 12 new stores in the year.

Food like-for-like sales grew by 5.0%, driven by strong volume growth in fresh food. Our Finest range performed well with year-on-year volume growth of over 29%.

Non-food like-for-like sales grew by 0.9%, which includes a (3.1)ppts impact from the transition to our new partnership with The Entertainer, as in the UK. Excluding toys, non-food like-for-like sales grew by 4.0%, with a strong contribution from Home driven by a refreshed proposition which has now been rolled out across 30 stores.

We have now gained market share in ROI for 37 consecutive four-week periods, taking our share to 23.9% at the end of the year, up +29bps year-on-year. Clubcard sales penetration stepped up by a further 2ppts year-on-year to 87%.

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

	Sales £m	LFL
Core retail	3,234	0.9%
Core catering*	2,621	2.1%
Tobacco	1,694	(8.8)%
Best Food Logistics	1,441	(5.1)%
Total Booker	**8,990**	**(1.8)%**

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

Overall like-for-like sales declined by (1.8)%, 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 grew despite a challenging market backdrop.

Core retail like-for-like sales increased by 0.9% year-on-year, growing ahead of the market, supported by a further 566 net new retail partners in the year. Whilst the independent convenience sector is seeing some trading softness, Booker's symbol brands performed strongly, supported by our targeted promotional plans and improvements in availability. Booker retail customer satisfaction continued to improve, with gains year-on-year.

Core catering like-for-like sales increased by 2.1%, driven by stronger volumes, as customers responded well to our value campaigns throughout the year, with prices now locked on over 700 products until June 2025. Customer satisfaction levels remained high, growing year-on-year, and availability improved even further to c.98% by the end of the year.

In June 2024, 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 of Venus is progressing well, and we are continuing to expand the customer base, with strong progress towards increasing its geographic presence.

CENTRAL EUROPE – Improved category mix and volume growth driving sales momentum and profit growth:

Like-for-like sales grew by 2.2%, as improved category mix and volumes contributed to positive growth, with market share trajectory improving. Food like-for-like sales grew by 2.4% year-on-year, including c.4% growth in Fresh volumes. Customer satisfaction scores improved in Central Europe, as customers respond well to our product innovation and targeted value investments, with on average c.650 products added to our Low Price Guarantee per market. Our Finest range performed well, with year-on-year volume growth of over 23%.

Non-food like-for-like sales grew by 0.6%, with particularly strong performance over the seasonal Christmas period.

Central Europe adjusted operating profit was £112m, an increase of 28.9% year-on-year at constant rates, primarily driven by volume growth and further progress in our Save to Invest programme.

Discontinued operations:

In February 2024, we agreed to sell our Banking operations, comprising personal loans, credit cards and customer deposits and associated operational capabilities. In November 2024, we completed the disposal to Barclays for gross cash proceeds of £614m. In combination with further net cash released after the settlement of certain regulatory capital amounts and net of transaction costs, this provides £700m of cash realised from the disposal which will be returned to shareholders through share buybacks in FY 25/26.

The performance of our Banking operations has been presented as a discontinued operation and has been excluded from our headline performance measures. Profit after tax from discontinued operations was £26m which includes adjusting items of £(65)m primarily relating to the fair value remeasurement of assets of the disposal group, associated with the sale of our Banking operations to Barclays.

Adjusting items:

	FY 24/25 £m	FY 23/24 £m
Net impairment (charge)/release on non-current assets	(286)	28
Amortisation of acquired intangible assets	(76)	(74)
Save to Invest restructuring provisions	(43)	(50)
Property transactions	2	75
Other*	(14)	13
Total adjusting items included within operating profit	**(417)**	**(8)**
Net finance income	44	20
Taxation	79	68
Total adjusting items included within profit after tax from continuing operations	**(294)**	**80**
Adjusting items included within discontinued operations	(65)	(628)
Total adjusting items (including discontinued operations)	**(359)**	**(548)**

* Other comprises Banking operations disposal costs. In the prior year, other includes a £12m profit on disposal of Booker's Ritter-Courivaud Limited subsidiary.

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 operating profit (from continuing operations) resulted in a net charge of £(417)m, compared to £(8)m in the prior year.

In the current year, there was a non-cash net impairment charge on non-current assets of £(286)m, primarily reflecting an increase in discount rates, as a result of higher government bond rates. This compares to a £28m non-cash net impairment release in the prior year.

We continue to present amortisation of acquired intangible assets, principally relating to the merger with Booker, as an adjusting item. In the current year, amortisation of acquired intangible assets was £(76)m, compared to £(74)m in the prior year.

We recognised a £(43)m restructuring charge in the current year, compared to a £(50)m charge in the prior year relating to our Save to Invest programme.

Adjusting items in discontinued operations of £(65)m primarily relates to the fair value remeasurement of assets of the disposal group, associated with the sale of our Banking operations to Barclays. In the prior year, we recognised a post-tax loss of £(628)m, related to the disposal of our Banking operations. Further detail on discontinued operations can be found in Note 7 starting on page 25.

Adjusting items in net finance costs and tax are set out below. Further detail on adjusting items can be found in Note 4, starting on page 22.

Net finance costs:

On a continuing operations basis	FY 24/25 £m	FY 23/24 £m
Net interest costs	(157)	(179)
Net finance expenses from insurance contracts	(9)	(6)
Interest expense on lease liabilities	(370)	(373)
Adjusted net finance costs	**(536)**	**(558)**
Fair value remeasurements of financial instruments	76	38
Net pension finance costs	(32)	(18)
Adjusting items in net finance costs	**44**	**20**
Net finance costs	**(492)**	**(538)**

Adjusted net finance costs were £(536)m, £22m lower year-on-year mainly due to lower net interest costs on medium term notes as a result of refinancing activities.

Within adjusting items, fair value remeasurements of financial instruments led to a credit of £76m, compared to a £38m credit in the prior year, driven by non-cash mark-to-market movements on certain derivative financial instruments that are not hedge accounted and a non-cash gain from a liability management transaction.

Net pension finance costs increased by £(14)m, reflecting a higher opening pension deficit in FY 24/25 and a higher discount rate at the start of FY 24/25 than the start of FY 23/24.

We expect a similar level of adjusted net finance costs for FY 25/26. Further detail on finance income and costs can be found in Note 5 on page 23, as well as further detail on the adjusting items in Note 4, starting on page 22.

Group tax:

On a continuing operations basis	FY 24/25 £m	FY 23/24 £m
Tax on adjusted profit	(690)	(593)
Tax on adjusting items	79	68
Tax on profit	**(611)**	**(525)**

Tax on adjusted Group profit was £(690)m, £(97)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 effective tax rate on adjusted Group profit was 26.7% (FY 23/24: 26.0%), higher than the current UK statutory rate of 25%, primarily due to the depreciation of assets which do not qualify for tax relief. We expect our FY 25/26 effective tax rate to remain around 27%.

The current year £79m adjusting credit in tax primarily relates to deferred tax on impairment charges on qualifying assets. The prior year £68m adjusting tax credit primarily relates to impairment charges on qualifying assets, as well as a final settlement related to our exit from the Gain Land Associate in China, in February 2020.

Earnings per share:

On a continuing operations basis	FY 24/25	FY 23/24	YoY change
Adjusted diluted EPS	27.38p	23.41p	17.0%
Statutory diluted EPS	23.13p	24.53p	(5.7)%
Statutory basic EPS	23.41p	24.80p	(5.6)%
On a total basis, including discontinued operations			
Statutory diluted EPS	23.51p	16.56p	42.0%
Statutory basic EPS	23.79p	16.74p	42.1%

Adjusted diluted EPS was 27.38p, 17.0% higher year-on-year, due to an increase in Group adjusted operating profit, the benefit of our ongoing share buyback programme and a reduction in net finance costs, partially offset by an increase in tax.

Statutory diluted EPS was 23.13p, (5.7)% lower year-on-year, primarily driven by the £(286)m non-cash net impairment charge on non-current assets in the year, compared to a £28m impairment release in the prior year.

On a total basis, including discontinued operations, statutory diluted EPS was 23.51p, 42.0% higher year-on-year due to the effect of the remeasurement loss recognised last year related to the sale of our Banking operations.

Dividend:

We propose to pay a final dividend of 9.45 pence per ordinary share, which combined with the interim dividend of 4.25 pence per ordinary share made in November 2024, takes the full year dividend to 13.70 pence per ordinary share. The full year dividend is based on our dividend policy to pay a progressive dividend, broadly targeting a 50% payout of adjusted earnings per share.

The proposed final dividend was approved by the Board of Directors on 9 April 2025 and is subject to the approval of shareholders at this year's Annual General Meeting. The final dividend will be paid on 27 June 2025 to shareholders who are on the register of members at close of business on 16 May 2025 (the Record Date). Shareholders may elect to reinvest their dividend in the dividend reinvestment plan (DRIP). The last date for receipt of DRIP elections and revocations will be 6 June 2025.

Summary of Net debt:

	Feb-25 £m	Feb-24* £m	Movement £m
Net debt before lease liabilities	(1,738)	(2,062)	324
Lease liabilities	(7,716)	(7,622)	(94)
Net debt	**(9,454)**	**(9,684)**	**230**
Net debt/EBITDA	**2.0x**	**2.2x**	

* The Net debt APM has been amended to include Insurance and Money Services, with the prior year presented on a consistent basis. The impact on the prior year is to reduce Net debt by £80m.

Net debt was £(9,454)m, a decrease of £230m year-on-year, predominantly driven by strong free cash flow generation of £1,750m and gross proceeds from Barclays of £614m related to the disposal of our Banking operations. This exceeded the cash outflows relating to our ongoing share buyback programme of £(1,016)m and dividend payments of £(864)m.

Lease liabilities of £(7,716)m were £(94)m higher year-on-year, mainly driven by the opening of a new distribution centre and the leasing back of stores following the sale of mall properties in Central Europe.

Our Net debt/EBITDA ratio was 2.0 times at the end of the year, down from 2.2 times in the prior year, partially driven by the receipt of cash proceeds from the sale of our Banking operations which we will return to shareholders in the coming year.

We had strong levels of liquidity at year-end, totalling £3.6bn, including cash, highly liquid short-term deposits and money market investments. In addition, our £2.5bn committed revolving credit facility remained undrawn and is in place until at least October 2027.

Fixed charge cover was 4.2 times at the end of the year (FY 23/24: 3.8 times), an improvement year-on-year, primarily due to an increase in EBITDA.

Defined benefit pension schemes:

	Feb-25 £m	Feb-24 £m	Movement £m
Defined benefit schemes in surplus	56	22	34
Defined benefit schemes in deficit	(307)	(657)	350
Deferred tax asset/(liability)	71	162	(91)
Deficit in schemes at the end of the year (net of deferred tax)	**(180)**	**(473)**	**293**

Net of tax, the net IAS 19 pension deficit has improved from £(473)m to £(180)m, principally reflecting the impact of higher discount rates. The largest scheme is the main UK Tesco Pension Scheme. The trustees of each pension scheme are also required to calculate the net surplus/deficit using Technical Provisions and in accordance with relevant regulations and guidance issued by the appropriate regulator. On this basis, which is different to IAS 19, the main UK Tesco Pension Scheme continues to be in a funding surplus at the year end. The most recent completed triennial funding valuation of the UK Tesco Pension Scheme was at 31 March 2022 and the next valuation, relating to the funding position of the scheme as at 31 March 2025, will be completed during FY 25/26.

Further detail on post-employment benefits can be found in Note 19, starting on page 34.

Summary free cash flow:

The following table reconciles Group adjusted operating profit to free cash flow. Further details are included in the reconciliation of cash flow measures, starting on page 45.

On a continuing operations basis	FY 24/25 £m	FY 23/24 £m
Group adjusted operating profit	**3,128**	**2,829**
Less: Insurance and Money Services adjusted operating (profit)/loss	(155)	(69)
Retail adjusted operating profit	**2,973**	**2,760**
Add back: Depreciation and amortisation	1,680	1,602
Other reconciling items	69	82
Pensions	(30)	(29)
(Increase)/decrease in working capital	(45)	418
Cash generated from operations before adjusting items	**4,647**	**4,833**
Cash capex	(1,392)	(1,289)
Net interest	(500)	(560)
- Interest related to Net debt before lease liabilities	*(123)*	*(188)*
- Interest related to lease liabilities	*(377)*	*(372)*
Tax paid	(355)	(214)
Dividends received	2	9
Repayment of capital element of obligations under leases	(598)	(623)
Own shares purchased for share schemes	(54)	(93)
Free cash flow	**1,750**	**2,063**
Memo (not included in free cash flow definition):		
- Special dividend received from Tesco Bank	-	250
- Net acquisitions and disposals*	(61)	(2)
- Property buybacks, store purchases and associated refits, and disposal proceeds	(93)	(66)
- Cash impact of adjusting items	(55)	(98)

*Excluding proceeds from the disposal of the Group's Banking operations. Refer to Note 7, starting on page 25, for further details.

We delivered another strong year of cash generation, with free cash flow of £1,750m. This is £(313)m lower year-on-year, primarily due to higher trade working capital balances in the prior year due to elevated levels of input cost inflation.

There was a working capital outflow of £(45)m this year. We continue to tightly manage our working capital balances, with the outflow this year reflecting lower trade balances in fuel, driven by fuel price deflation.

Cash capital expenditure was £(1,392)m, £(103)m higher than last year driven by incremental investments in expanding our digital platforms, automating our distribution network and refreshing our UK store estate.

Net interest paid was £60m lower year-on-year, principally driven by the impact of the timing of refinancing activities in the prior year.

Tax paid was £(141)m higher year-on-year, mainly due to no longer benefiting from tax relief related to the one-off pension contribution made in 2021, with the balance fully utilised by the end of the prior year, and the impact of higher adjusted operating profit year-on-year. These increases in cash tax paid were partially offset by a tax deduction arising on the disposal of our Banking operations.

Within the memo lines shown, the net £(61)m acquisitions and disposals outflow primarily relates to Booker's acquisition of Venus Wine and Spirit Merchants PLC. The £(93)m net outflow relating to property transactions includes the buyback of four supermarkets in the UK, partially offset by proceeds generated from the sale of mall properties in Central Europe. The cash impact of adjusting items of £(55)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		Group	
	FY 24/25	FY 23/24[2]	FY 24/25	FY 23/24	FY 24/25	FY 23/24
Capex	**£1,347m**	**£1,201m**	**£110m**	**£113m**	**£1,457m**	**£1,314m**
Openings (k sq ft)	311	366	84	87	395	453
Closures (k sq ft)	(98)	(204)	(45)	(22)	(143)	(226)
Repurposed (k sq ft)[1]	(235)	-	(145)	(342)	(380)	(342)
Net space change (k sq ft)	**(22)**	**162**	**(106)**	**(277)**	**(128)**	**(115)**

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. A full breakdown of space by segment is included in the appendices starting on page 48.

1. Repurposed space relates to optimising selling space, such as through the addition of retail partners.
2. Includes £13m relating to the Banking operations disposal group, incurred prior to being classified as held for sale.

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

We have been pleased with the results of our continued investment in our store estate, including refreshing a total of 463 stores and opening two superstores, 55 Tesco Express stores and seven One Stop stores in the UK. In ROI, we opened six new large stores and six Tesco Express stores. In Central Europe, we opened 14 new stores.

Our total capital expenditure for the year was £1,457m, £143m higher year-on-year. Our capital expenditure for the year includes investing in our core assets, as well as investing in growth, such as our online customer proposition, and delivering efficiencies across our operations, including further automation within our distribution and fulfilment centres. We continue to see attractive opportunities to commit capital to high-returning investments, and expect a similar level of capital investment in FY 25/26.

Statutory capital expenditure for the year was £1.6bn.

Further details of current space can be found in the appendices starting on page 48.

Property:

	UK & ROI		Central Europe		Group	
	Feb-25	Feb-24	Feb-25	Feb-24	Feb-25	Feb-24
Property[1] – fully owned						
- Estimated market value	£15.4bn	£15.1bn	£1.6bn	£1.8bn	£17.0bn	£16.9bn
- Net book value	£15.3bn	£15.2bn	£1.3bn	£1.5bn	£16.6bn	£16.7bn
% store selling space owned	58%	58%	64%	68%	59%	60%
% property owned by value[2]	60%	59%	55%	65%	60%	60%

1. Stores, malls, investment property, offices, distribution centres, fixtures and fittings, work-in-progress. Excludes joint ventures.
2. Excludes fixtures and fittings.

The estimated market value of our fully owned property as at the year-end increased by £0.1bn to £17.0bn. In the UK & ROI, we saw an increase of £0.3bn due to a combination of our refit and remodelling programmes. In Central Europe, we saw a decrease of £0.2bn, predominantly reflecting the sale of malls. The market value represents a surplus of £0.4bn over the net book value.

Our Group store selling space ownership percentage was 59%, marginally down year-on-year driven by the sale of malls in Central Europe, which more than offset property buybacks in UK & ROI.

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This document is available at www.tescoplc.com/prelims2025.

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/prelims2025. 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 Q1 Trading statement on 12 June 2025.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. This announcement is being released on behalf of Tesco PLC by Sara Thomson, Interim Company Secretary.

Sources.

- UK market share based on Kantar Total Grocers Total Till Roll for 12 weeks ended 23 February 2025.
- UK volume growth based on Kantar Total Grocery for 12 weeks ended 23 February 2025.
- UK convenience market share based on Kantar Total Grocery convenience channel for 12 weeks ended 23 February 2025.
- UK online market share based on Kantar Total Grocery online channel for 12 weeks ended 23 February 2025.
- ROI market share based on Kantar Total Till Roll on 12-week rolling basis to 23 February 2025.
- 'Full-line grocers' refers to Tesco, Sainsbury's, Asda and Morrisons and 'Limited-range discounters' refers to Aldi and Lidl.
- 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 £392 is based on the top 25% of Tesco Clubcard members and large stores sales between 6 January 2024 and 4 January 2025. Tesco Clubcard Price savings versus regular Tesco price.
- Customer satisfaction and Brand Perception based on YoY changes in YouGov BrandIndex scores for 12 weeks ended 23 February 2025.
- 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, including national accounts.
- Booker availability is an internal measure, based on the customer's online order versus delivered.
- 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 January 2025. Refers to responses of agreement to 'I would recommend Tesco as a great place to work'.

Disclaimer.

Group income statement

	Notes	52 weeks ended 22 February 2025 Before adjusting items £m	Adjusting items (Note 4) £m	Total £m	52 weeks ended 24 February 2024 Before adjusting items £m	Adjusting items (Note 4) £m	Total £m
Continuing operations							
Revenue from sale of goods and services		69,191	–	69,191	67,673	–	67,673
Insurance revenue		725	–	725	514	–	514
Revenue	2, 3	**69,916**	**–**	**69,916**	**68,187**	**–**	**68,187**
Cost of sales		(63,886)	(319)	(64,205)	(62,832)	(4)	(62,836)
Insurance service expenses		(598)	–	(598)	(454)	–	(454)
Net expenses from reinsurance contracts held		(62)	–	(62)	(48)	–	(48)
Gross profit/(loss)		**5,370**	**(319)**	**5,051**	**4,853**	**(4)**	**4,849**
Administrative expenses		(2,242)	(98)	(2,340)	(2,024)	(4)	(2,028)
Operating profit/(loss)	2	**3,128**	**(417)**	**2,711**	**2,829**	**(8)**	**2,821**
Share of post-tax profit/(loss) of joint ventures and associates		(4)	–	(4)	6	–	6
Finance income	5	254	–	254	267	–	267
Finance costs	5	(790)	44	(746)	(825)	20	(805)
Profit/(loss) before tax from continuing operations		**2,588**	**(373)**	**2,215**	**2,277**	**12**	**2,289**
Taxation	6	(690)	79	(611)	(593)	68	(525)
Profit/(loss) for the year from continuing operations		**1,898**	**(294)**	**1,604**	**1,684**	**80**	**1,764**
Discontinued operations							
Profit/(loss) for the year from discontinued operations	7	91	(65)	26	56	(628)	(572)
Profit/(loss) for the year		**1,989**	**(359)**	**1,630**	**1,740**	**(548)**	**1,192**
Attributable to:							
Owners of the parent		1,985	(359)	1,626	1,736	(548)	1,188
Non-controlling interests		4	–	4	4	–	4
		1,989	**(359)**	**1,630**	**1,740**	**(548)**	**1,192**
Earnings per share from continuing and discontinued operations							
Basic	9			23.79p			16.74p
Diluted	9			23.51p			16.56p
Earnings per share from continuing operations							
Basic	9			23.41p			24.80p
Diluted	9			23.13p			24.53p

The notes on pages 19 to 38 form part of this condensed consolidated financial information.

Group statement of comprehensive income/(loss)

	Notes	52 weeks ended 22 February 2025 £m	52 weeks ended 24 February 2024 £m
Items that will not be reclassified to the Group income statement			
Change in fair value of financial assets at fair value through other comprehensive income		4	–
Remeasurements of defined benefit pension schemes	19	387	(251)
Net fair value gains/(losses) on inventory cash flow hedges		7	(38)
Tax on items that will not be reclassified		(95)	62
		303	**(227)**
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		14	16
Currency translation differences:			
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		(89)	(157)
Impact of net investment hedges		33	41
Gains/(losses) on cash flow hedges:			
Net fair value gains/(losses)		33	25
Reclassified and reported in the Group income statement		(71)	(56)
Finance income/(expenses) from insurance contracts issued		–	(4)
Finance income/(expenses) from reinsurance contracts held		1	1
Tax on items that may be reclassified		6	(6)
		(73)	**(140)**
Total other comprehensive income/(loss) for the year		**230**	**(367)**
Profit/(loss) for the year		1,630	1,192
Total comprehensive income/(loss) for the year		**1,860**	**825**
Attributable to:			
Owners of the parent		1,858	820
Non-controlling interests		2	5
Total comprehensive income/(loss) for the year		**1,860**	**825**
Total comprehensive income/(loss) attributable to owners of the parent arising from:			
Continuing operations		1,832	1,392
Discontinued operations	7	26	(572)
		1,858	**820**

The notes on pages 19 to 38 form part of this condensed consolidated financial information.

Group balance sheet

	Notes	22 February 2025 £m	24 February 2024 £m
Non-current assets			
Goodwill and other intangible assets		5,087	5,066
Property, plant and equipment	10	17,262	17,221
Right of use assets	11	5,569	5,478
Investment property		24	24
Investments in joint ventures and associates		110	102
Other investments		934	1,546
Trade and other receivables		158	36
Reinsurance contract assets	16	124	125
Derivative financial instruments		663	781
Post-employment benefit surplus	19	56	22
Deferred tax assets		47	32
		30,034	**30,433**
Current assets			
Other investments		151	206
Inventories		2,768	2,635
Trade and other receivables		1,210	1,349
Derivative financial instruments		172	55
Current tax assets		27	110
Short-term investments	13	2,223	2,128
Cash and cash equivalents	13	2,255	2,340
		8,806	**8,823**
Assets of the disposal group and non-current assets classified as held for sale	7	50	7,783
		8,856	**16,606**
Current liabilities			
Trade and other payables		(10,364)	(10,264)
Borrowings	15	(1,861)	(1,536)
Lease liabilities	11	(618)	(584)
Provisions		(300)	(306)
Insurance contract liabilities	16	(652)	(526)
Deposits from central bank		–	(108)
Derivative financial instruments		(12)	(25)
Current tax liabilities		(13)	(1)
		(13,820)	**(13,350)**
Liabilities of the disposal group classified as held for sale	7	–	(7,122)
Net current liabilities		**(4,964)**	**(3,866)**
Non-current liabilities			
Trade and other payables		(40)	(39)
Borrowings	15	(5,089)	(5,683)
Lease liabilities	11	(7,098)	(7,038)
Provisions		(166)	(175)
Deposits from central bank		–	(800)
Derivative financial instruments		(205)	(241)
Post-employment benefit deficit	19	(307)	(657)
Deferred tax liabilities		(503)	(269)
		(13,408)	**(14,902)**
Net assets		**11,662**	**11,665**
Equity			
Share capital	20	426	445
Share premium		5,165	5,165
Other reserves	20	3,140	3,131
Retained earnings		2,935	2,930
Equity attributable to owners of the parent		**11,666**	**11,671**
Non-controlling interests		(4)	(6)
Total equity		**11,662**	**11,665**

The notes on pages 19 to 38 form part of this condensed consolidated financial information.

Group statement of changes in equity

	Notes	Share capital £m	Share premium £m	Other reserves (Note 20) £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 year		**–**	**–**	**–**	**1,626**	**1,626**	**4**	**1,630**
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		–	–	(89)	–	(89)	–	(89)
Impact of net investment hedges		–	–	33	–	33	–	33
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	18	18	–	18
Remeasurements of defined benefit pension schemes	19	–	–	–	387	387	–	387
Gains/(losses) on cash flow hedges		–	–	40	–	40	–	40
Cash flow hedges reclassified and reported in the Group income statement		–	–	(69)	–	(69)	(2)	(71)
Finance income/(expenses) from reinsurance contracts held		–	–	1	–	1	–	1
Tax relating to components of other comprehensive income		–	–	7	(96)	(89)	–	(89)
Total other comprehensive income/(loss)		**–**	**–**	**(77)**	**309**	**232**	**(2)**	**230**
Total comprehensive income/(loss)		**–**	**–**	**(77)**	**1,935**	**1,858**	**2**	**1,860**
Transfer from translation reserve to retained earnings		**–**	**–**	**36**	**(36)**	**–**	**–**	**–**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	–	(4)	–	(4)	–	(4)
Total inventory cash flow hedge movements		**–**	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Transactions with owners								
Own shares purchased for cancellation	20	–	–	(1,016)	–	(1,016)	–	(1,016)
Own shares cancelled	20	(19)	–	1,035	(1,016)	–	–	–
Own shares purchased for share schemes		–	–	(204)	–	(204)	–	(204)
Share-based payments		–	–	239	(49)	190	–	190
Dividends	8	–	–	–	(865)	(865)	–	(865)
Tax on items charged/(credited) to equity		–	–	–	36	36	–	36
Total transactions with owners		**(19)**	**–**	**54**	**(1,894)**	**(1,859)**	**–**	**(1,859)**
At 22 February 2025		**426**	**5,165**	**3,140**	**2,935**	**11,666**	**(4)**	**11,662**

	Notes	Share capital £m	Share premium £m	Other reserves (Note 20) £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 year		**–**	**–**	**–**	**1,188**	**1,188**	**4**	**1,192**
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		–	–	(157)	–	(157)	–	(157)
Impact of net investment hedges		–	–	41	–	41	–	41
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	16	16	–	16
Remeasurements of defined benefit pension schemes	19	–	–	–	(251)	(251)	–	(251)
Gains/(losses) on cash flow hedges		–	–	(14)	–	(14)	1	(13)
Cash flow hedges reclassified and reported in the Group income statement		–	–	(56)	–	(56)	–	(56)
Finance income/(expenses) from insurance contracts issued		–	–	(4)	–	(4)	–	(4)
Finance income/(expenses) from reinsurance contracts held		–	–	1	–	1	–	1
Tax relating to components of other comprehensive income		–	–	(4)	60	56	–	56
Total other comprehensive income/(loss)		**–**	**–**	**(193)**	**(175)**	**(368)**	**1**	**(367)**
Total comprehensive income/(loss)		**–**	**–**	**(193)**	**1,013**	**820**	**5**	**825**
Transfer from hedging reserve to retained earnings		**–**	**–**	**44**	**(44)**	**–**	**–**	**–**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	–	79	–	79	–	79
Total inventory cash flow hedge movements		**–**	**–**	**79**	**–**	**79**	**–**	**79**
Transactions with owners								
Own shares purchased for cancellation	20	–	–	(752)	–	(752)	–	(752)
Own shares cancelled	20	(18)	–	770	(752)	–	–	–
Own shares purchased for share schemes		–	–	(140)	–	(140)	–	(140)
Share-based payments		–	–	184	11	195	–	195
Dividends	8	–	–	–	(777)	(777)	–	(777)
Tax on items charged/(credited) to equity		–	–	–	10	10	–	10
Total transactions with owners		**(18)**	**–**	**62**	**(1,508)**	**(1,464)**	**–**	**(1,464)**
At 24 February 2024		**445**	**5,165**	**3,131**	**2,930**	**11,671**	**(6)**	**11,665**

The notes on pages 19 to 38 form part of this condensed consolidated financial information.

Group cash flow statement

	Notes	52 weeks ended 22 February 2025 £m	52 weeks ended 24 February 2024 £m
Cash flows generated from/(used in) operating activities			
Operating profit/(loss) of continuing operations		**2,711**	**2,821**
Operating profit/(loss) of discontinued operations	**7**	**35**	**(659)**
Depreciation and amortisation		1,775	1,723
(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		1	(53)
(Profit)/loss arising on sale of joint ventures and associates		–	(9)
(Profit)/loss arising on sale of subsidiaries and businesses		–	(12)
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property	12	298	(28)
Impairment loss on other investments		10	-
Net remeasurement loss on non-current assets held for sale	7	64	720
Defined benefit pension scheme payments	19	(30)	(29)
Share-based payments	18	37	78
Fair value movements included in operating profit/(loss)		9	71
(Increase)/decrease in inventories		(141)	(150)
(Increase)/decrease in trade and other receivables and reinsurance assets		(5)	(129)
Increase/(decrease) in trade and other payables and insurance liabilities		158	698
Increase/(decrease) in provisions		(10)	(77)
Increase/(decrease) in deposits from central bank		(908)	(72)
Increase/(decrease) in working capital of the Banking operations disposal group		53	(7)
(Increase)/decrease in working capital[a]		(853)	263
Cash generated from/(used in) operations		**4,057**	**4,886**
Interest paid		(769)	(824)
Corporation tax paid		(366)	(223)
Net cash generated from/(used in) operating activities		**2,922**	**3,839**
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		137	55
Purchase of property, plant and equipment and investment property		(1,247)	(1,108)
Purchase of intangible assets		(292)	(278)
Disposal of subsidiaries, net of cash disposed		–	15
Disposal of Banking operations, net of cash disposed	7	157	-
Acquisition of subsidiaries, net of cash acquired		(46)	(17)
Proceeds from sale of joint ventures and associates		–	9
Increase in loans to joint ventures and associates		(1)	(61)
Investments in joint ventures and associates		(15)	(9)
Dividends received from joint ventures and associates		2	9
Cash inflows from maturing short-term investments – deposits[b]		1,910	1,900
Cash outflows on investing in short-term investments – deposits[b]		(1,771)	(2,432)
(Investments in)/proceeds from other short-term investments[b]		(234)	25
Proceeds from sale of other investments		966	352
Purchase of other investments		(290)	(390)
Interest received		255	249
Cash inflows from derivative financial instruments		29	5
Cash outflows from derivative financial instruments		(1)	(24)
Net cash generated from/(used in) investing activities		**(441)**	**(1,700)**
Cash flows generated from/(used in) financing activities			
Own shares purchased for cancellation	20	(1,016)	(752)
Own shares purchased for share schemes, net of cash received from employees	18	(54)	(93)
Repayment of capital element of obligations under leases		(602)	(627)
Cash outflows exceeding the incremental increase in assets in a property buyback		(92)	(62)
Increase in borrowings		462	1,232
Repayment of borrowings		(809)	(775)
Cash inflows from derivative financial instruments		485	98
Cash outflows from derivative financial instruments		(453)	(102)
Dividends paid to equity owners	8	(864)	(778)
Net cash generated from/(used in) financing activities		**(2,943)**	**(1,859)**
Net increase/(decrease) in cash and cash equivalents		**(462)**	**280**
Cash and cash equivalents at the beginning of the year		1,874	1,565
Effect of foreign exchange rate changes		(13)	29
Cash and cash equivalents, including cash held in the disposal group, at the end of the year		**1,399**	**1,874**
Less: Cash held in the disposal group		–	(346)
Cash and cash equivalents at the end of the year	13	**1,399**	**1,528**

(a) Comparative (increase)/decrease in working capital has been re-presented to present increase/(decrease) in deposits from central bank and increase/(decrease) in working capital of the Banking operations disposal group separately following the sale of Banking operations. These were previously included in the subsection relating to Tesco Bank. There is no impact on net cash generated from operating, investing, or financing activities, and no impact on any APMs.
(b) Comparative net (investments in)/proceeds from sale of short-term investments has been re-presented as cash inflows from maturing short-term investments – deposits, cash outflows on investing in short-term investments – deposits and (investments in)/proceeds from other short-term investments. There is no impact on net cash generated from operating, investing, or financing activities, and no impact on any APMs.

The notes on pages 19 to 38 form part of this condensed consolidated financial information.

Note 1 Basis of preparation

This preliminary consolidated financial information has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority, and the principles of UK-adopted IFRS. 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 Group financial statements 2025, which are the same as those used in preparing the Annual Report and Group financial statements 2024, except as noted below. The financial year represents the 52 weeks ended 22 February 2025 (prior financial year 52 weeks ended 24 February 2024). This preliminary consolidated financial information does not constitute statutory consolidated financial statements for the 52 weeks ended 22 February 2025 as defined under section 434 of the Companies Act 2006.

The Annual Report and Group financial statements for the 52 weeks ended 22 February 2025 were approved by the Board of Directors on 9 April 2025. The report of the auditor on those Group financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The Annual Report and Group financial statements for 2025 will be filed with the Registrar in due course.

The Annual Report and Group financial statements for the 52 weeks ended 24 February 2024 were approved by the Board of Directors on 9 April 2024. The report of the auditor on those Group financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Directors have, at the time of approving the 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 financial statements, and have concluded that there are no material uncertainties relating to going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated Group financial statements. Further information on the Group's strong liquidity position is given in the Summary of Net Debt section of the Financial review.

Adoption of new IFRSs

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

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

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

Other standards, interpretations and amendments issued but not yet effective are not expected to have a material impact on the consolidated Group financial statements.

Discontinued operations

During the prior financial year, the Board approved a plan to dispose of the Group's regulated Banking operations, which formed the major part of the previous Tesco Bank segment. The disposal of the Banking operations completed on 1 November 2024. The net results of the Banking operations are presented as a discontinued operation in the Group income statement. For further details, refer to **Note 7.**

Segmental reporting

Following the disposal of the Group's Banking operations, the Group no longer presents Tesco Bank as a separate reportable segment. The remaining Insurance and Money Services business previously reported within the Tesco Bank segment have been reclassified to the UK & ROI segment, with comparative segmental reporting restated (refer to **Note 2**).

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.

As a result of the disposal of the Group's Banking operations, the Group's organisational structure and internal reporting to the CODM have changed and Tesco Bank is no longer presented as a separate reportable segment. The remaining Insurance and Money Services business, previously part of the Tesco Bank segment, is now reported as part of the UK business within the UK & ROI segment. The comparative segmental disclosures have been restated.

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

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

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

52 weeks ended 22 February 2025 At constant exchange rates	Notes	**UK & ROI £m**	**Central Europe £m**	**Continuing operations at constant exchange £m**	**Foreign exchange £m**	**Continuing operations at actual exchange £m**
Revenue	3	65,667	4,580	70,247	(331)	69,916
Less: Fuel sales		(6,133)	(155)	(6,288)	8	(6,280)
Sales		59,534	4,425	63,959	(323)	63,636
Adjusted operating profit		**3,022**	**116**	**3,138**	**(10)**	**3,128**
Adjusting items	4	(287)	(137)	(424)	7	(417)
Operating profit		**2,735**	**(21)**	**2,714**	**(3)**	**2,711**
Adjusted operating margin		**4.6%**	**2.5%**	**4.5%**		**4.5%**

Included within the UK & ROI segment is £155m (2024: £69m) of adjusted operating profit related to the Insurance and Money Services business. After adjusting items of £(14)m (2024: £(3)m), operating profit is £141m (2024: £66m).

52 weeks ended 22 February 2025 At actual exchange rates	Notes	**UK & ROI £m**	**Central Europe £m**	**Continuing operations at actual exchange £m**
Revenue	3	65,583	4,333	69,916
Less: Fuel sales		(6,133)	(147)	(6,280)
Sales		59,450	4,186	63,636
Adjusted operating profit		**3,016**	**112**	**3,128**
Adjusting items	4	(287)	(130)	(417)
Operating profit		**2,729**	**(18)**	**2,711**
Adjusted operating margin		**4.6%**	**2.6%**	**4.5%**
Share of post-tax profit/(loss) of joint ventures and associates				(4)
Finance income	5			254
Finance costs	5			(746)
Profit before tax				**2,215**

52 weeks ended 24 February 2024 At actual exchange rates	Notes	UK & ROI (restated*) £m	Central Europe £m	Continuing operations at actual exchange £m
Revenue	3	63,691	4,496	68,187
Less: Fuel sales		(6,536)	(174)	(6,710)
Sales		57,155	4,322	61,477
Adjusted operating profit		**2,739**	**90**	**2,829**
Adjusting items	4	16	(24)	(8)
Operating profit		**2,755**	**66**	**2,821**
Adjusted operating margin		**4.3%**	**2.0%**	**4.1%**
Share of post-tax profit/(loss) of joint ventures and associates				6
Finance income	5			267
Finance costs	5			(805)
Profit before tax				**2,289**

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

Note 2 Segmental reporting continued

Other segment information

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

52 weeks ended 22 February 2025	UK & ROI £m	Central Europe £m	Total segments £m
Capital expenditure (including acquisitions through business combinations):			
Property, plant and equipment[a]	1,264	98	1,362
Goodwill and other intangible assets[b]	332	10	342
Depreciation and amortisation:			
Property, plant and equipment	(850)	(87)	(937)
Right of use assets	(501)	(49)	(550)
Other intangible assets	(276)	(11)	(287)

(a) Includes £1m (2024: £nil) of property, plant and equipment acquired through business combinations. The prior year includes £65m of land and buildings related to obtaining control of The Tesco Coral Limited Partnership.
(b) Includes £56m (2024: £17m) of goodwill and other intangible assets acquired through business combinations.

52 weeks ended 24 February 2024	UK & ROI (restated[c]) £m	Central Europe £m	Total segments £m
Capital expenditure (including acquisitions through business combinations):			
Property, plant and equipment[a]	1,099	99	1,198
Goodwill and other intangible assets[b]	258	12	270
Depreciation and amortisation:			
Property, plant and equipment	(810)	(86)	(896)
Right of use assets	(497)	(46)	(543)
Other intangible assets	(243)	(12)	(255)

(a)-(b) Refer to previous table for footnotes.
(c) Comparatives have been restated to reflect the reclassification of Insurance and Money Services from the former Tesco Bank segment to the UK & ROI segment.

Note 3 Revenue

Continuing operations	Notes	52 weeks 2025 £m	52 weeks 2024 £m
UK		53,619	51,718
ROI		2,974	2,891
Booker		8,990	9,082
UK & ROI	2	**65,583**	**63,691**
Hungary		1,445	1,512
Czech Republic		1,471	1,554
Slovakia		1,417	1,430
Central Europe	2	**4,333**	**4,496**
Total Group	2	**69,916**	**68,187**

Note 4 Adjusting items

Group income statement

52 weeks ended 22 February 2025

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

	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Adjusting items included within discontinued operations £m	Total adjusting items £m
Property transactions[a]	1	1	2	–	–	–	2
Net impairment (loss)/reversal of non-current assets[b]	(274)	(12)	(286)	–	57	–	(229)
Restructuring[c]	(38)	(5)	(43)	–	11	–	(32)
Amortisation of acquired intangible assets[d]	–	(76)	(76)	–	19	–	(57)
Banking operations disposal costs[e]	(8)	(6)	(14)	–	4	–	(10)
Net pension finance income/(costs)[f]	–	–	–	(32)	8	–	(24)
Fair value remeasurements of financial instruments[f]	–	–	–	76	(20)	–	56
Total adjusting items from continuing operations	**(319)**	**(98)**	**(417)**	**44**	**79**	**–**	**(294)**
Adjusting items relating to discontinued operations[g]	–	–	–	–	–	(65)	(65)
Total adjusting items	**(319)**	**(98)**	**(417)**	**44**	**79**	**(65)**	**(359)**

(a) Includes profit of £3m relating to the sale of four malls and the leaseback of the four associated stores in Central Europe. Refer to **Note 7**. In the prior year, predominantly related to the disposal of surplus properties generating a profit before tax of £63m.
(b) Refer to **Note 12** for further details on net impairment (loss)/reversal of non-current assets.
(c) Provisions relating to operational restructuring changes announced as part of 'Save to Invest', a multi-year programme which commenced in June 2022. The total cost of the programme recognised as adjusting since its start date is £(275)m (2024: £(232)m). Future cost savings will not be reported within adjusting items.
(d) Amortisation of acquired intangibles relates to inorganic business combinations and does not reflect the Group's ongoing trading performance.
(e) Costs incurred within the continuing Group in relation to the sale of Banking operations.
(f) Net pension finance costs and fair value remeasurements of financial instruments are included within adjusting items, as they can fluctuate significantly due to external market factors that are outside management's control. Refer to **Note 5** for details of finance income and costs. Refer to **Note 19** for details of pension schemes.
(g) Comprises fair value remeasurement of the disposal group of £(64)m (2024: £(732)m) (refer to **Note 7**), separation costs incurred within the disposal Group in relation to the sale of Banking operations of £(23)m (2024: £(11)m) and the associated tax of £22m (2024: £115m).

52 weeks ended 24 February 2024

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

	Cost of sales £m	Administrative expenses £m	Total adjusting items included within operating profit £m	Finance income/ (costs) £m	Taxation £m	Adjusting items included within discontinued operations £m	Total adjusting items £m
Property transactions	6	69	75	–	(18)	–	57
Disposal of China associate in a prior year	–	9	9	–	23	–	32
Net impairment (loss)/reversal of non-current assets	35	(7)	28	–	38	–	66
Restructuring	(45)	(5)	(50)	–	12	–	(38)
Amortisation of acquired intangible assets	–	(74)	(74)	–	18	–	(56)
Disposal of subsidiary	–	12	12	–	–	–	12
Banking operations disposal costs	–	(8)	(8)	–	–	–	(8)
Net pension finance income/(costs)	–	–	–	(18)	5	–	(13)
Fair value remeasurements of financial instruments	–	–	–	38	(10)	–	28
Total adjusting items from continuing operations	**(4)**	**(4)**	**(8)**	**20**	**68**	**–**	**80**
Adjusting items relating to discontinued operations	–	–	–	–	–	(628)	(628)
Total adjusting items	**(4)**	**(4)**	**(8)**	**20**	**68**	**(628)**	**(548)**

Note 4 Adjusting items continued

Group cash flow statement

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

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
	52 weeks 2025 £m	52 weeks 2024 £m	**52 weeks 2025 £m**	52 weeks 2024 £m	**52 weeks 2025 £m**	52 weeks 2024 £m
Property transactions[a]	–	–	130	53	–	–
Disposal of subsidiaries[b]	–	–	–	15	–	–
Restructuring[c]	(55)	(100)	–	–	–	–
Disposal of China associate	–	–	–	9	–	–
Acquisition of property joint venture	–	–	–	7	–	–
Special dividend	–	–	–	–	–	(1)
Disposal of Banking operations[d]	(26)	–	586	–	–	–
Total adjusting items from continuing operations	**(81)**	**(100)**	**716**	**84**	**–**	**(1)**
Adjusting items relating to discontinued operations[e]	–	(1)	(429)	–	–	–
Total	**(81)**	**(101)**	**287**	**84**	**–**	**(1)**

(a) Property transactions include £66m proceeds from the sale of four malls and the leaseback of the four associated stores in Central Europe, previously classified as assets held for sale. Refer to **Note 7**. In the prior year, £14m related to the sale of stores in Poland not included in the sale of the corporate business.
(b) In the prior year, the Group disposed of its Booker subsidiary Ritter-Courivaud Limited, part of the UK & ROI segment.
(c) Cash outflows relating to operational restructuring changes as part of the multi-year 'Save to Invest' programme, which commenced in June 2022.
(d) Net proceeds from the sale and costs incurred within the continuing Group in relation to the disposal of the Group's Banking operations. Refer to **Note 7**.
(e) The Banking operations disposal group held £429m in cash and cash equivalents at the date of disposal. Refer to **Note 7** for the net book value of assets disposed.

Note 5 Finance income and costs

Continuing operations	Notes	**52 weeks 2025 £m**	52 weeks 2024 £m
Finance income			
Interest income on bank balances		113	133
Interest income on short-term investments		119	117
Interest income on loans to joint ventures and associates		7	2
Interest income on other investments		12	12
Interest income on net investment in leases		1	2
Finance income on reinsurance contracts held		2	1
Total finance income		**254**	**267**
Finance costs			
GBP MTNs and loans		(204)	(190)
EUR MTNs		(82)	(113)
USD bonds		(16)	(15)
Interest expense on lease liabilities*		(370)	(373)
Finance expense on insurance contracts issued		(11)	(7)
Interest expense on bank overdrafts		(97)	(116)
Undrawn committed facility fee		(5)	(5)
Unwind of discount on provision		(5)	(6)
Total finance costs before adjusting items		**(790)**	**(825)**
Fair value remeasurements of financial instruments		76	38
Net pension finance income/(costs)	19	(32)	(18)
Total finance costs		**(746)**	**(805)**
Net finance costs		**(492)**	**(538)**

* Interest expense on lease liabilities is presented net of £7m hedging impact (2024: £nil).

Note 6 Taxation

Recognised in the Group income statement

Continuing operations	52 weeks 2025 £m	52 weeks 2024 £m
Current tax (credit)/charge		
UK corporation tax	394	351
Overseas tax	88	71
Adjustments in respect of prior years	(18)	(29)
	464	**393**
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	137	133
Adjustments in respect of prior years	6	(4)
Change in tax rate	4	3
	147	**132**
Total income tax (credit)/charge	**611**	**525**

Reconciliation of effective tax charge

Continuing operations	52 weeks 2025 £m	52 weeks 2024 £m
Profit/(loss) before tax	**2,215**	**2,289**
Tax credit/(charge) at the UK corporation tax rate of 25% (2024: 24.45%)	(554)	(560)
Effect of:		
Non-qualifying depreciation	(41)	(39)
Expenses not deductible	(20)	(24)
Property items taxed on a different basis to accounting entries	–	6
Net impairment (loss)/reversal of non-current assets	(8)	46
Unrecognised tax losses	(3)	–
Differences in overseas taxation rates	11	15
Adjustments in respect of prior years	12	33
Share of profits/(losses) of joint ventures and associates	(1)	2
Change in tax rate	(4)	(3)
Irrecoverable withholding tax	(3)	(1)
Total income tax credit/(charge)	**(611)**	**(525)**
Effective tax rate (statutory)	**27.6%**	**22.9%**

Reconciliation of effective tax charge on adjusted profit before tax

Continuing operations	52 weeks 2025 £m	52 weeks 2024 £m
Profit/(loss) before tax	**2,215**	**2,289**
Exclude: Adjusting items	373	(12)
Adjusted profit before tax	**2,588**	**2,277**
Tax credit/(charge) at the UK corporation tax rate of 25% (2024: 24.45%)	(647)	(557)
Effect of:		
Non-qualifying depreciation	(41)	(39)
Expenses not deductible	(21)	(23)
Unrecognised tax losses	(3)	–
Differences in overseas taxation rates	20	19
Adjustments in respect of prior years	12	10
Share of profits/(losses) of joint ventures and associates	(1)	2
Change in tax rate	(6)	(4)
Irrecoverable withholding tax	(3)	(1)
Total income tax credit/(charge) before adjusting items	**(690)**	**(593)**
Adjusted effective tax rate	**26.7%**	**26.0%**

Deferred tax

The following are the major deferred tax (liabilities)/assets recognised by the Group and movements thereon during the current and prior financial years, measured using the tax rates that are expected to apply when the liability is settled, or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable sufficient taxable profits will be available to utilise deductible temporary differences or unused tax losses. This assessment is based on the Group's three-year long-term plan which is updated and approved annually by the Board and is consistent with the Group's longer-term viability statement and impairment assessments.

Continuing operations	Property-related items[(a)] £m	Acquired intangibles £m	Post-employment benefits[(b)] £m	Share-based payments £m	Short-term timing differences £m	Tax losses £m	Financial instruments £m	Total £m
At 25 February 2023	**(434)**	**(95)**	**255**	**39**	**63**	**146**	**(9)**	**(35)**
(Charge)/credit to the Group income statement	(85)	18	2	–	11	(73)	(5)	(132)
(Charge)/credit to the Group statement of changes in equity	–	–	–	10	–	–	–	10
(Charge)/credit to the Group statement of comprehensive income/(loss)	–	–	(95)	–	–	–	(8)	(103)
Discontinued operations	27	–	–	–	–	–	(3)	24
Foreign exchange and other movements	(1)	–	–	–	–	–	–	(1)
At 24 February 2024	**(493)**	**(77)**	**162**	**49**	**74**	**73**	**(25)**	**(237)**
(Charge)/credit to the Group income statement	(100)	19	2	(5)	8	(68)	(3)	(147)
(Charge)/credit to the Group statement of changes in equity	–	–	–	22	–	–	–	22
(Charge)/credit to the Group statement of comprehensive income/(loss)	–	–	(93)	–	–	–	4	(89)
Acquisition	–	(5)	–	–	–	–	–	(5)
At 22 February 2025	**(593)**	**(63)**	**71**	**66**	**82**	**5**	**(24)**	**(456)**

(a) Property-related items are a deferred tax liability on accelerated tax depreciation of £610m (2024: £510m), deferred tax liability on rolled-over gains of £422m (2024: £424m), deferred tax asset on capital losses of £239m (2024: £242m) and deferred tax asset on IFRS 16 balances of £200m (2024: £199m).

(b) Post-employment benefits include a tax (charge)/credit to the Group statement of comprehensive income/(loss) relating to remeasurement gain/(loss). The closing deferred tax relates to a deferred tax asset on pension schemes in deficit or a deferred tax liability on schemes in surplus if no withholding tax applies. Refer to **Note 19** for further details.

Note 7 Discontinued operations and assets classified as held for sale

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

	2025	2024		
	Other* £m	Banking operations £m	Other* £m	Total £m
Assets of the disposal group	–	7,698	–	7,698
Non-current assets classified as held for sale	50	–	85	85
Total assets of the disposal group and non-current assets classified as held for sale	**50**	**7,698**	**85**	**7,783**
Liabilities of the disposal group	–	(7,122)	–	(7,122)
Total net assets of the disposal group and non-current assets classified as held for sale	**50**	**576**	**85**	**661**

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

Assets classified as held for sale

During the year the Group sold four mall properties in Central Europe, leasing back four stores within those sites. Net proceeds from the sale and leaseback transactions were £66m. As the sale and leaseback proceeds did not exceed the fair value of the stores sold, the proceeds are presented in the investing category in the Group cash flow statement. The profit on disposal was £3m. Refer to **Note 4.** Refer to **Note 11** for details on the leaseback of the stores.

Disposal of Banking operations

In February 2024, the Group agreed to sell its banking operations, comprising personal loans, credit cards, customer deposits, and associated operational capabilities (Banking operations). The related assets and liabilities were classified as held for sale in the prior year.

Upon classification as held for sale in the prior year, the Group recognised a loss of £(732)m on remeasuring the disposal group to fair value less costs to sell. Of this loss, £(314)m 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 of £(418)m 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. In the current year and up until the date of disposal, an additional £(7)m impairment of non-current assets and excess loss of £(57)m were recognised, giving rise to a total loss on remeasuring the disposal group to fair value less costs to sell of £(64)m.

In October 2024, the Group received approval from the High Court of Justice of England and Wales for the disposal which subsequently completed on 1 November 2024. The net results of Banking operations and the profit/(loss) on disposal are presented in profit/(loss) for the year from discontinued operations in the Group income statement.

Note 7 Discontinued operations and assets classified as held for sale continued

Income statement of discontinued operations

	2025 Banking operations £m	2024 Banking operations £m
Revenue	547	710
Operating costs	(448)	(637)
Operating profit[(a)]	**99**	**73**
Net finance costs	(1)	(6)
Profit before tax	**98**	**67**
Taxation	(24)	(19)
Profit after tax	**74**	**48**
Remeasurement of the disposal group to fair value less costs to sell[(a)(b)]	(64)	(732)
Tax on remeasurement of the disposal group to fair value less costs to sell[(c)]	16	112
Profit after tax of discontinued operations	**26**	**(572)**

(a) Operating profit/(loss) of discontinued operations in the Group cash flow statement of £35m (2024: £(659)m) comprises operating profit above of £99m (2024: £73m) and fair value remeasurement of assets of the disposal group of £(64)m (2024: £(732)m).
(b) Remeasurement of the disposal group to fair value less costs to sell includes £nil goodwill impairment (2024: £(211)m), £(7)m remeasurements on non-current assets (2024: £(96)m), £(57)m loss in excess of the carrying amount of the non-current assets (2024: £(418)m), and in the prior year, £(7)m of costs already incurred in relation to the sale. This is treated as an adjusting item. Refer to **Note 4**.
(c) Tax on remeasurement of the disposal group to fair value less costs to sell is included within adjusting items. Refer to **Note 4**.

The profit/(loss) on disposal of the Group's Banking operations comprises the following:

	2025 £m
Gross proceeds	**614**
Costs to sell*	(28)
Proceeds less costs to sell	**586**
Net book value of assets disposed	
Loans and advances to customers	(8,071)
Derivative financial instruments	(34)
Trade and other receivables	(87)
Cash and cash equivalents	(429)
Trade and other payables	38
Borrowings	550
Provisions	17
Lease liabilities	15
Deposits from customers	6,926
Derivative financial instruments	14
Excess loss on remeasurement of the disposal group	475
Net book value of assets disposed	**(586)**
Profit/(loss) on disposal of Banking operations	**-**

* Total costs associated with the sale of the Banking operations amounted to £(35)m, of which £(7)m was expensed in the prior financial year.

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

The opening ECL balance was £433m. During the period prior to disposal of the Group's Banking operations, there was a £(53)m net decrease in ECLs on loans and advances to customers, principally in relation to write-offs and asset disposals. During that period, there were no material transfers between the classification of loans based on the risk levels stages 1, 2 or 3. The total ECL balance of £380m was derecognised on completion of the sale.

Cash flow statement of discontinued operations

	2025 £m	2024 £m
Net cash flows from operating activities	171	162
Net cash flows from investing activities	(436)	(22)
Net cash flows from financing activities	(2)	548
Net cash flows from discontinued operations	**(267)**	**688**

The total cash inflows of £157m presented in the investing category of the Group cash flow statement in the 'Disposal of Banking operations, net of cash disposed' line comprise of gross proceeds of £614m, less cost incurred of £(28)m and cash and cash equivalents disposed of £(429)m.

Note 8 Dividends

	2025		2024	
	Pence/share	£m	Pence/share	£m
Paid prior financial year final dividend[(a)]	8.25	576	7.05	506
Paid interim dividend[(b)]	4.25	289	3.85	271
Amounts recognised through equity as distributions to owners	**12.50**	**865**	**10.90**	**777**
(Increase)/decrease in unclaimed dividends	–	(1)	–	–
Paid 2021 special dividend	–	–	50.93	1
Dividends paid in the financial year		**864**		**778**
Proposed final dividend at financial year end	**9.45**	**637**	**8.25**	**581**

(a) Excludes £5m prior financial year final dividend waived (2024: £6m) and includes the write-back of unclaimed dividends and forfeited shares of £nil (2024: £4m).
(b) Excludes £2m interim dividend waived (2024: £2m).

The proposed final dividend was approved by the Board of Directors on 9 April 2025 and is subject to the approval of shareholders at the AGM. The proposed dividend has not been included as a liability as at 22 February 2025. If approved by shareholders, it will be paid on 27 June 2025 to shareholders who are on the register of members at close of business on 16 May 2025.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 6 June 2025.

For all dividends, including the 2021 special dividend paid following the disposal of the Thai and Malaysia businesses, the Group has a share forfeiture programme following the completion of a tracing and notification exercise to any shareholders who have not had contact with Tesco PLC over the past 12 years, in accordance with the provisions set out in the Company's Articles of Association. £nil (2024: £2m) of unclaimed dividends in relation to these shares have been adjusted for in retained earnings.

Note 9 Earnings/(losses) per share and diluted earnings/(losses) per share

	52 weeks ended 22 February 2025			52 weeks ended 24 February 2024		
	Basic	Dilutive share options and awards	Diluted	Basic	Dilutive share options and awards	Diluted
Profit/(loss) (£m)						
Continuing operations*	1,600	–	1,600	1,760	–	1,760
Discontinued operations	26	–	26	(572)	–	(572)
Total	**1,626**	**–**	**1,626**	**1,188**	**–**	**1,188**
Weighted average number of shares (millions)	**6,835**	**83**	**6,918**	**7,097**	**79**	**7,176**
Earnings/(losses) per share (pence)						
Continuing operations	23.41	(0.28)	23.13	24.80	(0.27)	24.53
Discontinued operations	0.38	–	0.38	(8.06)	0.09	(7.97)
Total	**23.79**	**(0.28)**	**23.51**	**16.74**	**(0.18)**	**16.56**

* Excludes profits/(losses) attributable to non-controlling interests of £4m (2024: £4m).

APM: Adjusted diluted earnings/(losses) per share

Continuing operations	Notes	52 weeks 2025	52 weeks 2024
Profit before tax (£m)		2,215	2,289
Exclude: Adjusting items (£m)	4	373	(12)
Adjusted profit before tax (£m)		**2,588**	**2,277**
Adjusted profit before tax attributable to the owners of the parent (£m)*		2,584	2,273
Taxation on adjusted profit before tax attributable to the owners of the parent (£m)	6	(690)	(593)
Adjusted profit after tax attributable to the owners of the parent (£m)		**1,894**	**1,680**
Basic weighted average number of shares (millions)		6,835	7,097
Adjusted basic earnings per share (pence)		**27.71**	**23.67**
Diluted weighted average number of shares (millions)		6,918	7,176
Adjusted diluted earnings per share APM (pence)		**27.38**	**23.41**

Refer to previous table for footnote.

Note 10 Property, plant and equipment

	2025			2024		
	Land and buildings[a] £m	**Other[b] £m**	**Total £m**	Land and buildings[a] £m	Other[b] £m	Total £m
Net carrying value						
Opening balance	**14,997**	**2,224**	**17,221**	**14,870**	**1,992**	**16,862**
Foreign currency translation	(77)	(14)	(91)	(124)	(21)	(145)
Additions[c][d]	504	857	1,361	445	753	1,198
Acquired through business combinations	–	1	1	–	–	–
Reclassification	(2)	2	–	11	(7)	4
Transfers (to)/from assets classified as held for sale	(34)	–	(34)	103	5	108
Transfer to disposal group classified as held for sale	–	–	–	(1)	(3)	(4)
Disposals	(70)	(12)	(82)	(17)	(11)	(28)
Depreciation charge for the year	(464)	(473)	(937)	(449)	(450)	(899)
Impairment losses[e]	(292)	(119)	(411)	(236)	(95)	(331)
Reversal of Impairment losses[e]	197	37	234	395	61	456
Closing balance	**14,759**	**2,503**	**17,262**	**14,997**	**2,224**	**17,221**
Construction in progress included above[f]	**155**	**361**	**516**	**109**	**280**	**389**

(a) The estimated fair value of land and buildings is £15.0bn (2024: £15.0bn).
(b) Other assets consist of fixtures and fittings with a net carrying value of £1,874m (2024: £1,679m), office equipment with a net carrying value of £269m (2024: £234m) and motor vehicles with a net carrying value of £360m (2024: £311m). Depreciation charge for the year is £(306)m (2024: £(291)m), £(75)m (2024: £(69)m) and £(92)m (2024: £(90)m), respectively.
(c) Prior year includes £65m of land and buildings related to obtaining control of The Tesco Coral Limited Partnership, which was not impaired on acquisition.
(d) Includes £199m (2024: £107m) relating to store buybacks, direct store purchases and refits associated with both direct store purchases and business combinations.
(e) Refer to **Note 12**.
(f) Construction in progress does not include land.

Commitments for capital expenditure contracted for, but not incurred, at 22 February 2025 were £191m (2024: £160m) principally relating to store development and distribution investment.

Note 11 Leases

Group as lessee

Right of use assets

	2025			2024		
	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)	476	66	542	305	39	344
Acquired through business combinations	5	–	5	–	–	–
Depreciation charge for the year	(512)	(38)	(550)	(508)	(36)	(544)
Impairment losses[a]	(223)	(2)	(225)	(213)	(1)	(214)
Reversal of impairment losses[a]	130	–	130	131	–	131
Derecognition on acquisition of property joint venture	–	–	–	(17)	–	(17)
Transfer to disposal group classified as held for sale	–	–	–	(9)	–	(9)
Other movements[b]	190	(1)	189	289	(2)	287
Closing balance	**5,431**	**138**	**5,569**	**5,365**	**113**	**5,478**

(a) Refer to **Note 12**.
(b) Other movements include lease terminations, modifications and reassessments, foreign exchange, reclassifications between asset classes and entering into finance subleases.

Lease liabilities

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

	2025 £m	2024 £m
Current	618	584
Non-current	7,098	7,038
Total lease liabilities	**7,716**	**7,622**
Total undiscounted lease payments	**10,876**	**10,757**

A reconciliation of the Group's opening to closing lease liabilities balance is presented in **Note 22**.

Sale and leaseback related to assets previously classified as held for sale

During the year the Group sold four mall properties previously classified as held for sale in Central Europe, leasing back four stores within those sites. Refer to **Note 7** for details of the net proceeds and profit from the transaction. The stores are being leased back over 30-year lease terms at market rentals with options to extend. These store leases have resulted in lease liability additions of £23m. The sale and leaseback transaction allows the Group to relinquish control over the malls while continuing to operate the stores within those sites.

Note 12 Impairment of non-current assets

Goodwill

There was no impairment of goodwill balances in the current year (2024: £211m related to the sale of the Group's Banking operations).

Other non-current assets

The tables below summarise the Group's pre-tax impairment losses and reversals on other non-current assets, aggregated by segment due to the large number of individually immaterial cash-generating units. This includes any (losses)/reversals recognised immediately prior to classifying an asset or disposal group as held for sale but excludes any changes in fair value less costs to sell post classification as held for sale. There were no impairment losses or reversals in the year (2024: £nil) with respect to investments in joint ventures and associates. Impairments are typically treated as adjusting where there is significant volatility arising from inputs outside the control of management.

52 weeks ended 22 February 2025	UK & ROI Impairment loss £m	UK & ROI Impairment reversal £m	Central Europe Impairment loss £m	Central Europe Impairment reversal £m	Total Impairment loss £m	Total Impairment reversal £m	Net Impairment (loss)/reversal £m
Group balance sheet							
Other intangible assets	(35)	8	–	–	(35)	8	(27)
Property, plant and equipment	(336)	233	(75)	1	(411)	234	(177)
Right of use assets	(165)	125	(60)	5	(225)	130	(95)
Investment property	–	1	–	–	–	1	1
Total impairment (loss)/reversal of other non-current assets	**(536)**	**367**	**(135)**	**6**	**(671)**	**373**	**(298)**
Group income statement							
Cost of sales[a]	(517)	360	(134)	5	(651)	365	(286)
Administrative expenses[b]	(19)	7	(1)	1	(20)	8	(12)
Total impairment (loss)/reversal from continuing operations	**(536)**	**367**	**(135)**	**6**	**(671)**	**373**	**(298)**

(a) Of which £(274)m is adjusting (2024: £35m).
(b) Of which £(12)m is adjusting (2024: £(7)m).

52 weeks ended 24 February 2024	UK & ROI Impairment loss £m	UK & ROI Impairment reversal £m	Central Europe Impairment loss £m	Central Europe Impairment reversal £m	Total Impairment loss £m	Total Impairment reversal £m	Net Impairment (loss)/reversal £m
Group balance sheet							
Other intangible assets	(26)	13	–	–	(26)	13	(13)
Property, plant and equipment	(306)	449	(25)	7	(331)	456	125
Right of use assets	(187)	122	(27)	9	(214)	131	(83)
Investment property	–	–	(1)	–	(1)	–	(1)
Total impairment (loss)/reversal of other non-current assets	**(519)**	**584**	**(53)**	**16**	**(572)**	**600**	**28**
Group income statement							
Cost of sales[a]	(518)	584	(46)	15	(564)	599	35
Administrative expenses[b]	(1)	–	(7)	1	(8)	1	(7)
Total impairment (loss)/reversal from continuing operations	**(519)**	**584**	**(53)**	**16**	**(572)**	**600**	**28**

Refer to previous table for footnotes.

The net impairment loss is primarily due to increases in discount rates, as a result of the continued upward trend in government bond rates, as well as future cost pressures. The gross non-current asset impairment losses and reversals largely reflect normal fluctuations expected from store-level performance, as well as any specific store closures.

Impairment methodology

The impairment methodology is unchanged in the period from that described in **Note 14** of the Annual Report and Financial Statements 2024.

Key assumptions and sensitivity

Key assumptions

For value in use calculations, the key assumptions to which the recoverable amounts are most sensitive are discount rates, long-term growth rates and future cash flows (incorporating sales volumes, prices and costs). For fair value less costs of disposal calculations, the key assumption is property fair values.

The discount rates and long-term growth rates relating to the goodwill carrying values that are significant to the Group's total goodwill are:

	UK 2025 %	UK 2024 %
Pre-tax discount rates	9.1	8.6
Post-tax discount rates	6.8	6.4
Long-term growth rates	2.0	2.0

The discount rates and long-term growth rates for the Group's portfolio of store cash-generating units, aggregated by segment due to the large number of individually immaterial store cash-generating units, are:

	UK & ROI 2025 %	UK & ROI 2024 %	Central Europe 2025 %	Central Europe 2024 %
Pre-tax discount rates	8.2-9.1	7.8-8.5	8.9-12.9	8.2-12.6
Post-tax discount rates	6.8-7.2	6.4-6.8	7.0-8.5	6.5-8.3
Long-term growth rates	2.0	2.0	2.0-3.0	1.8-3.1

Note 12 Impairment of non-current assets continued

Sensitivity

The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions in the impairment tests for (a) the goodwill carrying values that are significant compared to the Group's total goodwill and (b) for its portfolio of store cash-generating units.

(a) Neither a reasonably possible increase of 1.0%pt in discount rates, a 5.0% decrease in future cash flows nor a 0.5%pt decrease in long-term growth rates would indicate impairment in the goodwill carrying values that are significant compared to the Group's total goodwill.

(b) While there is not a significant risk of an adjustment to the carrying amount of any one store cash-generating unit that would be material to the Group as a whole in the next financial year, the table below summarises the reasonably possible changes in key assumptions which most impact the impairment of the Group's entire portfolio of store cash-generating units, presented in aggregate due to the large number of individually immaterial store cash-generating units. For the probability-weighted cash flow scenarios, the impairment is most sensitive to the downside scenario relating to geopolitical and global supply issues (weighting 6.5%). Impairment is not highly sensitive to the climate or upside scenarios. The reasonably possible change below applies the corresponding change to the base scenario.

Key assumption	Reasonably possible change	Impact on impairment	2025 £m
Post-tax discount rates*	Increase of 1.0%pt for each geographic region	Increase	(342)
	Decrease of 1.0%pt for each geographic region	Decrease	316
Future cash flows	Increase of 5.0% for each geographic region	Decrease	138
	Decrease of 5.0% for each geographic region	Increase	(142)
Long-term growth rates	Increase of 0.5%pt for each geographic region	Decrease	94
	Decrease of 0.5%pt for each geographic region	Increase	(92)
Property fair values	Increase of 10.0% for each geographic region	Decrease	190
	Decrease of 10.0% for each geographic region	Increase	(200)
Geopolitical and global supply downside scenario weighting	Increase of 5.0%pt for each geographic region	Increase	(127)
	Decrease of 2.5%pt for each geographic region	Decrease	63

* Sensitivities are applied to post-tax discount rates used to derive the pre-tax discount rates.

Note 13 Cash and cash equivalents and short-term investments

Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank and on hand	2,190	2,300
Short-term deposits	65	40
Cash and cash equivalents in the Group balance sheet	**2,255**	**2,340**
Bank overdrafts	(856)	(812)
Cash and cash equivalents in the Group cash flow statement	**1,399**	**1,528**

Short-term investments

	2025 £m	2024 £m
Money market funds, deposits and similar instruments	2,223	2,128

Cash and cash equivalents include £26m (2024: £30m) of restricted amounts mainly relating to unclaimed dividends, the Group's pension schemes and employee benefit trust.

Note 14 Commercial income

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

	2025 £m	2024 £m
Current assets		
Inventories	(14)	(12)
Trade and other receivables		
Trade/other receivables	110	86
Accrued income	142	136
Current liabilities		
Trade and other payables		
Trade payables	173	138

Note 15 Borrowings

Borrowings are classified as current and non-current based on their scheduled repayment date, and not their maturity date. Repayments of principal amounts are classified as current if the repayment is scheduled to be made within one year of the balance sheet date. During the year ended 22 February 2025, within continuing operations, the Group made principal repayments of: €473m (2024: £775m) relating to a Euro MTN which matured July 2024; €88m partial repayment on the Euro 2047 MTN; principal repayments on amortising secured debt of £56m; and the Insurance and Money Services business (previously part of the Tesco Bank segment) repaid Senior MREL Notes of £146m. In addition, there has been a £350m (2024: £682m) bond issuance, maturing in May 2034.

Current

	2025 £m	2024 £m
Bank loans and overdrafts	882	838
Borrowings	979	698
	1,861	**1,536**

Non-current

	2025 £m	2024 £m
Borrowings	5,089	5,683

Borrowing facilities

The Group has a £2.5bn undrawn committed facility available at 22 February 2025 (24 February 2024: £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.

There were no drawings under the facility during the year (2024: £nil).

Note 16 Insurance

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

Insurance contract liabilities and reinsurance contract assets

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

	2025			2024		
	Insurance contract liabilities £m	Reinsurance contracts held £m	Net (liabilities)/ assets £m	Insurance contract liabilities £m	Reinsurance contracts held[a] £m	Net (liabilities)/ assets[a] £m
(Liabilities)/assets for remaining coverage	(270)	181	(89)	(260)	168	(92)
(Liabilities)/assets for incurred claims	(382)	(57)	(439)	(266)	(43)	(309)
	(652)	**124**	**(528)**	**(526)**	**125**	**(401)**
Contracts measured under premium allocation approach (PAA)	(510)	71	(439)	(364)	62	(302)
Contracts not measured under PAA[b]	(142)	53	(89)	(162)	63	(99)
	(652)	**124**	**(528)**	**(526)**	**125**	**(401)**

(a) Comparatives have been re-presented due to the reclassification of quota share funds withheld of £346m from Asset for remaining coverage (ARC) to Asset for incurred claims (AIC).
(b) Contracts not measured under PAA are measured using the general measurement model (GMM).

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

	At 22 February 2025				At 24 February 2024			
	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Insurance contract liabilities	(557)	(24)	(71)	(652)	(437)	(16)	(73)	(526)
Reinsurance contract assets	83	7	34	124	95	6	24	125
Net (liabilities)/assets	**(474)**	**(17)**	**(37)**	**(528)**	**(342)**	**(10)**	**(49)**	**(401)**

Note 17 Financial instruments

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

Fair value of financial assets and liabilities measured at amortised cost

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

		22 February 2025		24 February 2024	
	Level	Carrying value £m	Fair value[a] £m	Carrying value £m	Fair value[a] £m
Financial assets measured at amortised cost					
Investments in debt instruments at amortised cost[b][c]	1 and 2	196	201	1,033	838
Joint ventures and associates loan receivables	2	97	105	96	97
Financial liabilities measured at amortised cost					
Borrowings					
Amortised cost	1	(4,916)	(4,651)	(5,067)	(4,794)
Bonds in fair value hedge relationships	1	(2,034)	(2,088)	(2,152)	(2,211)

(a) Refer to the fair value measurement by level of fair value hierarchy section below for details on Level 2 methodology.
(b) Investment securities previously held by Tesco Bank have been wound down in advance of the sale of the Group's Banking operations.
(c) These are principally Level 1 instruments.

Fair value measurement by level of fair value hierarchy

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

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

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 22 February 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investments at fair value through other comprehensive income	855	–	19	874
Short-term investments at fair value through profit or loss	1,386	–	–	1,386
Cash and cash equivalents at fair value through profit or loss	–	61	–	61
Other investments at fair value through profit or loss	–	–	15	15
Derivative financial instruments:				
Interest rate swaps	–	–	24	24
Cross-currency swaps	–	–	138	138
Index-linked swaps	–	–	646	646
Foreign currency forward contracts	–	27	–	27
Total assets	**2,241**	**88**	**842**	**3,171**
Liabilities				
Derivative financial instruments:				
Interest rate swaps	–	–	(74)	(74)
Cross-currency swaps	–	–	(130)	(130)
Foreign currency forward contracts	–	(11)	–	(11)
Diesel forward contracts	–	(2)	–	(2)
Total liabilities	**–**	**(13)**	**(204)**	**(217)**
Net assets	**2,241**	**75**	**638**	**2,954**

Note 17 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
Other 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**

During the financial year, there were no transfers (2024: 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 year from that described in **Note 26** of the Annual Report and Financial Statements 2024.

The following table presents the changes in Level 3 instruments:

	2025		2024	
	Uncollateralised derivatives £m	**Unlisted investments £m**	Uncollateralised derivatives £m	Unlisted investments £m
At the beginning of the year	**545**	**37**	**379**	**34**
Gains/(losses) recognised in finance costs[a]	(14)	(1)	9	(2)
Gains/(losses) recognised in other comprehensive income not reclassified to the income statement	–	4	–	–
Gains/(losses) recognised in other comprehensive income that may subsequently be reclassified to the income statement	35	–	15	–
Impairment recognised in cost of sales	–	(10)	–	–
Additions	–	5	–	5
Settlements	38	–	–	–
Transfers of assets into Level 3[b]	–	–	142	–
Transfer of assets from Level 3[c]	–	(1)	–	–
At the end of the year	**604**	**34**	**545**	**37**

(a) Net unrealised gains/(losses) of £105m (2024: £7m) are attributable to those assets and liabilities held at the end of the year and have been recognised in finance costs in the Group income statement.
(b) There were £nil transfers of unlisted investments (2024: £nil) and £nil of derivative assets (2024: £142m derivative liabilities) to Level 3 from Level 2 and £nil (2024: £nil) to Level 3 from Level 1.
(c) There were £1m transfers from Level 3 to Level 2 (2024: £nil) and £nil transfers from Level 3 to Level 1 (2024: £nil).

Note 18 Share-based payments

The table below shows amounts charged to the Group income statement in respect of share-based payments:

	2025 £m	2024 £m
Income statement		
Equity-settled share-based payment charge[a]	119	123
Cash-settled National Insurance contributions[b]	17	5
	136	**128**

(a) Includes £4m (2024: £6m) in relation to discontinued operations.
(b) Includes £1m (2024: £2m) in relation to discontinued operations.

Note 18 Share-based payments continued

The table below shows amounts included in the Group cash flow statement in relation to share-based payments and own shares purchased for share schemes:

	2025 £m	2024 £m
Share-based payment charge included in operating profit/(loss)	**(136)**	**(128)**
Share-based payments non-cash movement	37	78
Increase/(decrease) in trade and other payables*	99	50
Included in Group operating cash flows	**-**	**-**
Cash paid to purchase own shares including related fees and taxes	(123)	(146)
Cash received from employees exercising SAYE options	69	53
Included in Group financing cash flows	**(54)**	**(93)**

* Shares withheld from employees in order to settle their tax liability and National Insurance.

Note 19 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 22 February 2025.

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)	
	2025 £m	2024 £m
Opening balance	**(631)**	**(391)**
Current service cost	(17)	(15)
Finance income/(cost)	(32)	(18)
Included in the Group income statement	**(49)**	**(33)**
Remeasurement gain/(loss):		
Financial assumptions gain/(loss)	981	720
Demographic assumptions gain/(loss)	17	261
Experience gain/(loss)	(62)	(182)
Return on plan assets excluding finance income	(550)	(1,050)
Foreign currency translation	(1)	-
Included in the Group statement of comprehensive income/(loss)	**385**	**(251)**
Employer contributions	17	15
Additional employer contributions	23	24
Benefits paid	7	5
Other movements	**47**	**44**
Closing balance	**(248)**	**(631)**
Withholding tax on surplus[(a)]	(3)	(4)
Closing balance, net of withholding tax	**(251)**	**(635)**
Consisting of:		
Schemes in deficit	(307)	(657)
Schemes in surplus[(b)]	56	22
Deferred tax asset/(liability)[(c)]	71	162
Surplus/(deficit) in schemes at the end of the period, net of deferred tax	**(180)**	**(473)**

(a) The movement in the year is recognised through other comprehensive income in remeasurements of defined benefit pension schemes.
(b) Schemes in surplus in the UK are presented on the balance sheet net of a 25% (2024: 35%) withholding tax.
(c) Including £(6)m deferred tax liability relating to the ROI scheme in surplus where no withholding tax is applicable (2024: £(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:

	2025 %	2024 %
Discount rate	5.7	5.1
Price inflation	3.0	2.9
Rate of increase in deferred pensions*	2.6	2.5
Rate of increase in pensions in payment*		
Benefits accrued before 1 June 2012	2.9	2.8
Benefits accrued after 1 June 2012	2.6	2.5

* 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:

	2025		2024	
Financial assumptions – Increase/(decrease) in UK defined benefit obligation	Discount rate £m	Inflation rate £m	Discount rate £m	Inflation rate £m
Impact of 0.1% increase of the assumption	(157)	146	(191)	167
Impact of 0.1% decrease of the assumption	168	(135)	191	(167)
Impact of 1.0% increase of the assumption	(1,459)	1,492	(1,686)	1,770
Impact of 1.0% decrease of the assumption	1,829	(1,279)	2,153	(1,483)

Mortality assumptions – Increase/(decrease) in UK defined benefit obligation	2025 £m	2024 £m
Impact of 1 year increase in longevity	292	335
Impact of 1 year decrease in longevity	(325)	(371)

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 20 Share capital and other reserves

Share capital

	2025 Ordinary shares of 6⅓p each		2024 Ordinary shares of 6⅓p 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	(302,088,678)	(19)	(279,410,755)	(18)
At the end of the financial period	**6,736,841,762**	**426**	**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:

	Notes	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held* £m	Merger reserve £m	Insurance finance reserve £m	Total £m
At 24 February 2024		**61**	**75**	**206**	**(315)**	**3,090**	**14**	**3,131**
Other comprehensive income/(loss)								
Retranslation of net assets of overseas subsidiaries, joint ventures and associates		–	–	(89)	–	–	–	(89)
Impact of net investment hedges		–	–	33	–	–	–	33
Gains/(losses) on cash flow hedges		–	40	–	–	–	–	40
Cash flow hedges reclassified and reported in the Group income statement		–	(69)	–	–	–	–	(69)
Finance income/(expenses) from reinsurance contracts held		–	–	–	–	–	1	1
Tax relating to components of other comprehensive income	6	–	7	–	–	–	–	7
Total other comprehensive income/(loss)		**–**	**(22)**	**(56)**	**–**	**–**	**1**	**(77)**
Transfer from translation reserve to retained earnings		**–**	**–**	**36**	**–**	**–**	**–**	**36**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	(4)	–	–	–	–	(4)
Total inventory cash flow hedge movements		**–**	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Transactions with owners								
Own shares purchased for cancellation		–	–	–	(1,016)	–	–	(1,016)
Own shares cancelled		19	–	–	1,016	–	–	1,035
Own shares purchased for share schemes		–	–	–	(204)	–	–	(204)
Share-based payments	18	–	–	–	239	–	–	239
Total transactions with owners		**19**	**–**	**–**	**35**	**–**	**–**	**54**
At 22 February 2025		**80**	**49**	**186**	**(280)**	**3,090**	**15**	**3,140**

* Including 37.1 million shares held by the Tesco International Employee Benefit Trust (2024: 70.0 million). The number of shares held by the Tesco International Employee Benefit Trust represents 0.55% of called-up share capital at the end of the year (2024: 0.99%).

	Notes	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Own shares held* £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		–	–	(157)	–	–	–	(157)
Impact of net investment hedges		–	–	41	–	–	–	41
Gains/(losses) on cash flow hedges		–	(14)	–	–	–	–	(14)
Cash flow hedges reclassified and reported in the Group income statement		–	(56)	–	–	–	–	(56)
Finance income/(expenses) from insurance contracts issued		–	–	–	–	–	(4)	(4)
Finance income/(expenses) from reinsurance contracts held		–	–	–	–	–	1	1
Tax relating to components of other comprehensive income	6	–	(5)	–	–	–	1	(4)
Total other comprehensive income/(loss)		**–**	**(75)**	**(116)**	**–**	**–**	**(2)**	**(193)**
Transfer from hedging reserve to retained earnings		**–**	**44**	**–**	**–**	**–**	**–**	**44**
Inventory cash flow hedge movements								
(Gains)/losses transferred to the cost of inventory		–	79	–	–	–	–	79
Total inventory cash flow hedge movements		**–**	**79**	**–**	**–**	**–**	**–**	**79**
Transactions with owners								
Own shares purchased for cancellation		–	–	–	(752)	–	–	(752)
Own shares cancelled		18	–	–	752	–	–	770
Own shares purchased for share schemes		–	–	–	(140)	–	–	(140)
Share-based payments	18	–	–	–	184	–	–	184
Total transactions with owners		**18**	**–**	**–**	**44**	**–**	**–**	**62**
At 24 February 2024		**61**	**75**	**206**	**(315)**	**3,090**	**14**	**3,131**

Refer to previous table for footnote.

Own shares purchased for cancellation

302.1 million (2024: 279.4 million) shares were purchased for cancellation at an average price of £3.36 per share (2024: £2.69). This represented 4.5% of the called-up share capital as at 22 February 2025 (24 February 2024: 4.0%). The total consideration was £1,016m (2024: £752m) including expenses of £16m (2024: £2m).

Insurance finance reserve

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

Note 21 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures and associates are disclosed below:

Transactions

	Joint ventures		Associates	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Sales to related parties	645	606	–	–
Purchases from related parties	109	126	–	–
Dividends received	2	9	–	–
Injection of equity funding	10	9	5	–

Sales to related parties consist of service/management fees and loan interest.

Transactions between the Group and the Group's pension plans are disclosed in **Note 19**.

Balances

	Joint ventures		Associates	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Amounts owed to related parties	(7)	(7)	–	–
Amounts owed by related parties	57	80	–	–
Lease liabilities payable to related parties[a]	(1,840)	(1,844)	–	–
Loans to related parties[b]	97	96	–	–

(a) Lease liabilities payable to related parties represent leases entered into by the Group for properties held by joint ventures.
(b) A 12-month ECL allowance is recorded on initial recognition. In the current and prior financial years, the ECL allowance was immaterial.

Amounts owed to and owed by related parties are measured at amortised cost and the carrying values approximate fair value. The undiscounted cash flow amounts owed to related parties are due within one year and do not differ from the amounts included in the table above.

Note 22 Analysis of changes in net debt

	2025 £m	2024 £m
Borrowings, excluding overdrafts	(6,094)	(6,407)
Lease liabilities	(7,716)	(7,622)
Net financing derivatives	602	544
Liabilities from financing activities	**(13,208)**	**(13,485)**
Cash and cash equivalents in the balance sheet	2,255	2,340
Overdrafts[a]	(856)	(812)
Cash and cash equivalents (including overdrafts) in the cash flow statement	1,399	1,528
Short-term investments	2,223	2,128
Joint venture loans	97	96
Interest and other receivables	19	23
Net operating and investing derivatives	16	26
Net debt APM[b]	**(9,454)**	**(9,684)**

(a) Overdraft balances are included within borrowings in the Group balance sheet, and within cash and cash equivalents in the Group cash flow statement. Refer to **Note 13**.
(b) Following the disposal of the Group's Banking operations, Net debt is now presented on a Group continuing operations basis including Insurance and Money Services, rather than on a Retail basis including Retail discontinued operations. The comparative has been restated.

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

	Borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivative financial instruments[a] £m	Share purchase obligations[b] £m	Liabilities from Group financing activities[a] £m
At 24 February 2024	**(6,407)**	**(7,622)**	**544**	**–**	**(13,485)**
Cash flows arising from financing activities	347	600	(32)	1,016	1,931
Cash flows arising from operating activities:					
Interest paid	210	377	85	–	672
Non-cash movements:					
Fair value gains/(losses)	(92)	–	96	–	4
Foreign exchange	58	25	–	–	83
Interest income/(charge)	(210)	(377)	(91)	–	(678)
Acquisitions and disposals	–	(5)	–	–	(5)
Lease additions, terminations, modifications and reassessments	–	(714)	–	–	(714)
Share purchase agreements	–	–	–	(1,016)	(1,016)
At 22 February 2025	**(6,094)**	**(7,716)**	**602**	**–**	**(13,208)**

(a) Net financing derivatives comprise those derivatives which hedge the Group's exposures in respect of lease liabilities and borrowings. Net operating and investing derivatives of £16m (2024: £26m), which form part of the Group's Net debt APM, are not included in liabilities from Group financing activities.
(b) Share purchase obligations form part of the liabilities arising from the Group's financing activities, but do not form part of Net debt. Cash flows arising from financing activities exclude £(91)m (2024: £(91)m) cash outflows relating to other cancellable arrangements and prepayments, and £69m (2024: £53m) cash received from employees exercising SAYE options.

Note 22 Analysis of change in net debt continued

	Borrowings, excluding overdrafts £m	Lease liabilities £m	Net financing derivatives financial instruments[a] £m	Share purchase obligations[b] £m	Liabilities from Group financing activities[a] £m
At 25 February 2023	**(6,451)**	**(7,727)**	**472**	**(55)**	**(13,761)**
Cash flows arising from financing activities	(457)	627	4	807	981
Cash flows arising from operating activities:					
Interest paid[c]	192	373	125	–	690
Non-cash movements:					
Fair value gains/(losses)	(124)	–	50	–	(74)
Foreign exchange	101	46	–	–	147
Interest income/(charge)[c]	(217)	(373)	(108)	–	(698)
Acquisitions and disposals	–	3	–	–	3
Lease additions, terminations, modifications and reassessments	–	(588)	–	–	(588)
Share purchase agreements	–	–	–	(752)	(752)
Transfer to disposal group	549	17	1	–	567
At 24 February 2024	**(6,407)**	**(7,622)**	**544**	**–**	**(13,485)**

(a)-(b) Refer to previous table for footnotes.
(c) Interest paid and Interest income/(charge) have been re-presented in the prior year.

Note 23 Contingent liabilities

As previously reported, Tesco Stores Limited (TSL) (along with all the major supermarkets) has received claims from current and former hourly-paid store colleagues alleging that they do equal work to that of colleagues working in its distribution centres and that differences in terms and conditions relating to pay are not objectively justifiable (the Equal Pay Claims). The claimants are seeking the differential between the pay terms looking back, and equivalence of pay terms moving forward. As at the date of this disclosure, there are approximately 59,000 claims against TSL, with the number of claims expected to continue to increase as the litigation progresses.

UK equal pay law provides that an employee is entitled to the same terms in relation to pay as those of a comparator of the opposite sex in the same employment if they are employed to do equal work. The legislation achieves this by implying a clause into the contract of employment, which has the effect of importing into the employee's contract the more favourable term(s) of the comparator.

Equal pay claims are typically heard in three stages and the claimants have to win at every stage in order to succeed. The first stage is comparability, which is effectively a technical gateway to the claims proceeding. The claimants have to show that there is a valid basis in law for comparing their pay and the pay of any comparator. One of the legal bases here is that pay terms are set by the same body. Following a European court ruling on this, TSL has made a concession on comparability.

The subsequent stages comprise an equal work assessment and the consideration of TSL's material factor defences (non-discriminatory reasons for differentials in pay terms). The employment tribunal hearing of TSL's material factor defences is due to commence on 1 September 2025. The employment tribunal hearing for the equal value assessment is due to commence on 1 February 2027. The Equal Pay Claims have been split into three tranches (with tranche 1 being heard first) and the stages apply to each tranche. Although the claims that have been heard to date involve female claimants, male store workers (being close to 50% of the current store worker population) may also bring claims by comparing themselves against any successful female claimants. Male claimants who have pre-emptively brought such claims currently make up approximately 46% of the Equal Pay Claims against TSL in the employment tribunal. The ultimate determination of all claims is likely to take many years, including as a result of appeals.

At present, the total number of Equal Pay Claims that may be received, the merits, and likely outcome of those claims and of TSL's defences to them, and the potential impact on the Group, are subject to various and substantial uncertainties. There are multiple factual and legal defences to these claims and the Group intends to defend them vigorously, while at the same time taking appropriate steps to mitigate the risks. The Group therefore cannot make an assessment of the likely outcome of the litigation, or the potential quantum of its liability or the potential impact on the Group at this stage. Depending on the outcome at the various stages of the Equal Pay Claims, and dependent on the number of any ultimately successful claims, the potential quantum of its liability could be material.

There are a number of other contingent liabilities that arise in the normal course of business, which if realised, are not expected to result in a material liability to the Group.

Note 24 Events after the reporting period

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

Glossary – Alternative performance measures

Introduction

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

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

Purpose

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

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

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

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

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

Changes to APMs

Following the disposal of the Group's Banking operations, management has reviewed the definition of each APM, with the following changes:

- EBITDA (previously Retail EBITDA) has been refined to include the continuing Insurance and Money Services business. This reflects the Group's new segmental reporting structure (refer to **Note 2**) and ensures that all continuing operations are included in the APM. Comparatives have been restated.

- Net debt has been refined to include the continuing Insurance and Money Services business and exclude all discontinued operations. This reflects the Group's new segmental reporting structure (refer to **Note 2**) and ensures that all continuing operations are included in the APM. Comparatives have been restated.

- The Group no longer makes the distinction between Retail and Tesco Bank (refer to **Note 2**). Accordingly, Retail free cash flow is now called Free cash flow. Free cash flow does not include cash generated directly by the Insurance and Money Services business but does include any ordinary cash dividends this business pays to Tesco PLC.

In addition to the changes set out above, management has made the following clarifications:

- Free cash flow and Capex have been refined to also exclude refit costs directly associated with store purchases (including those acquired through business combinations). Such costs are a necessary and directly attributable cost of such acquisitions. The impact is immaterial to both the current and prior year, and as such comparatives have not been restated.

- The Group has updated the name Adjusted total finance costs to Adjusted net finance costs to reflect that this APM includes finance income as well as finance cost. This name change does not change the composition or quantification of the amount in the current or prior year.

Management has introduced one additional APM:

- Return on capital employed (ROCE), which is defined as Adjusted operating profit divided by the average of opening and closing capital employed from continuing operations. This metric represents the profit generated as a proportion of the total average capital that the business has utilised in the period. Management believes this is a useful measure to assess performance.

Management has discontinued two APMs:

– Total indebtedness and Total indebtedness ratio are no longer used as APMs by management as they do not drive decision making and therefore have less relevance in assessing performance.

Glossary – Alternative performance measures continued

Group APMs

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Income statement			
Revenue measures			
Sales	Revenue	Fuel sales	– Excludes the impact of fuel sales made at petrol filling stations. This removes volatilities outside of the control of management, associated with the movement in fuel prices. – This measure is presented on a country, segmental and Group continuing operations basis. – This is a key management incentive metric.
Growth in sales	No direct equivalent	Ratio N/A	– Growth in sales is a ratio that measures year-on-year movement in Group sales for continuing operations for 52 weeks ended 22 February 2025 (52 weeks ended 24 February 2024). It shows the annual rate of increase in the Group's sales and is considered a good indicator of how rapidly the Group's core business is growing. – This measure is presented at both actual and constant foreign exchange rates.
Like-for-like (LFL) sales growth	No direct equivalent	Ratio N/A	– LFL sales growth is a measure of growth in Group online sales and sales from stores that have been open for at least a year (but excludes prior year sales of stores closed during the year) at constant foreign exchange rates. – It excludes revenue from dunnhumby, Insurance and Money Services as this revenue is not directly linked to the sale of goods. – It is a widely used indicator of a retailer's current trading performance and is important when comparing growth between retailers that have different profiles of expansion, disposals and closures.
Profit measures			
Adjusted operating profit	Operating profit from continuing operations[a]	Adjusting items[b]	– Adjusted operating profit is the headline measure of the Group's performance, based on operating profit from continuing operations before the impact of adjusting items. Refer to the APM Purpose section of the Glossary for further information on adjusting items. – Amortisation of acquired intangibles is included within adjusting items because it relates to inorganic business combinations and does not reflect the Group's ongoing trading performance (related revenue and other costs from acquisitions are not adjusted). – This measure is presented on a segmental and Group continuing operations basis. – This is a key management incentive metric.
Adjusted net finance costs	Net finance costs	Adjusting items[b]	– Adjusting items within net finance costs include net pension finance income/(costs) and fair value remeasurements on financial instruments. Net pension finance income/(costs) are impacted by corporate bond yields, which can fluctuate significantly and are reset each year based on external market factors that are outside management's control. Fair value remeasurements are impacted by changes to credit risk and various market indices, applying to financial instruments resulting from liability management exercises, which can fluctuate significantly outside of management's control. This measure helps to provide an alternative view of year-on-year trends in the Group's net finance costs.
Adjusted profit before tax	Profit before tax	Adjusting items[b]	– 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	– Adjusted operating margin is calculated as adjusted operating profit divided by revenue. Progression in Adjusted operating margin is an important indicator of the Group's operating efficiency.
Adjusted diluted earnings per share	Diluted earnings per share from continuing operations	Adjusting items[b]	– This metric shows the adjusted profit after tax from continuing operations attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period, adjusted for the effects of dilutive share options.
EBITDA (earnings before adjusting items, interest, tax, depreciation and amortisation)	Operating profit from continuing operations[a]	Adjusting items[b] Depreciation and amortisation	– This measure is widely used by analysts, investors and other users of the accounts to evaluate comparable profitability of companies, as it excludes the impact of differing capital structures and tax positions, variations in tangible asset portfolios, and differences in identification and recognition of intangible assets. It is used to derive the Net debt/EBITDA ratio, and Fixed charge cover APMs.
Tax measures			
Adjusted effective tax rate	Effective tax rate	Adjusting items[b]	– Adjusted effective tax rate is calculated as total income tax credit/(charge) excluding the tax impact of adjusting items, divided by adjusted profit before tax. This APM provides an indication of the ongoing tax rate across the Group.

(a) Operating profit is presented on the Group income statement and is a generally accepted profit measure.
(b) Refer to **Note 4**.

Glossary – Alternative performance measures continued

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Balance sheet measures			
Net debt	No direct equivalent	N/A	– Net debt excludes the net debt of discontinued operations to reflect the net debt obligations of the continuing business. – Net debt comprises borrowings, lease liabilities and net derivative financial instruments, offset by cash and cash equivalents, short-term investments, joint venture loans, and interest and other receivables. – It is a useful measure of the progress in generating cash and strengthening of the Group's balance sheet position, and is a measure widely used by credit rating agencies.
Net debt/EBITDA ratio	No direct equivalent	Ratio N/A	– Net debt/EBITDA ratio is calculated as Net debt divided by the rolling 12-month EBITDA. It is a measure of the Group's ability to meet its payment obligations, showing how long it would take the Group to repay its current net debt if both net debt and EBITDA remained constant. It is widely used by analysts and credit rating agencies.
Fixed charge cover	No direct equivalent	Ratio N/A	– Fixed charge cover is calculated as the rolling 12-month EBITDA divided by the sum of net finance costs (excluding net pension finance costs, finance charges payable on lease liabilities, capitalised interest and fair value remeasurements on financial instruments) and all lease liability payments from continuing operations. It is a measure of the Group's ability to meet its payment obligations and is widely used by analysts and credit rating agencies.
Capex	Property, plant and equipment, intangible asset, and investment property additions, excluding those from business combinations	Additions relating to property buybacks and store purchases Additions relating to decommissioning provisions and similar items	– Capex excludes additions arising from business combinations, buybacks of properties (typically stores), purchases of store properties, refits associated with business combinations and purchases of store properties, as well as additions relating to decommissioning provisions and similar items. – Property buybacks and purchases of store properties are variable in timing, with the number and value of transactions dependent on opportunities that arise within any given financial year. Excluding property buybacks and store property purchases therefore gives an alternative view of trends in capital expenditure in the Group's ongoing trading operations. – Additions relating to decommissioning provisions and similar items are adjusted because they do not result in near-term cash outflows.
Return on capital employed (ROCE)	No direct equivalent	Ratio N/A	– Return on capital employed (ROCE) is Adjusted operating profit divided by the average of opening and closing capital employed from continuing operations. – Capital employed from continuing operations is defined as net assets of the Group excluding: the pension deficit/surplus; net assets of the disposal group and non-current assets classified as held for sale; current and deferred tax balances and an adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations; and Net debt. – This metric represents the profit generated as a proportion of the total average capital that the business has utilised in the period. – Management believes this is a useful measure to assess performance.
Cash flow measures			
Free cash flow	No direct equivalent	N/A	- Free cash flow includes: – Continuing cash flows from operating activities of the business, excluding Insurance and Money Services and adjusting operating cash flows. – Investing cash flows excluding Insurance and Money Services relating to: the purchase of property, plant and equipment (excluding property buybacks and store purchases and refits associated with both store purchases and business combinations) and investment property; purchase of intangible assets; dividends received from Tesco Insurance and Money Services (excluding special dividends); dividends received from joint ventures and associates; and interest received. – Financing cash flows excluding Insurance and Money Services relating to: market purchase of shares net of proceeds from shares issued in relation to share schemes; and repayment of obligations under leases. – Directors and management believe this provides a view of free cash flow generated by the Group's trading operations, excluding Insurance and Money Services, that is more predictable and comparable over time, and reflects the cash available to shareholders. Insurance and Money Services is excluded because free cash flow is not a common metric within this industry. – This is a key management incentive metric.

Refer to previous table for footnotes

Glossary – Alternative performance measures continued

APMs: Reconciliation of income statement measures

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

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

Continuing operations	Notes	2025	2024
Revenue – current year (£m)	2, 3	69,916	68,187
Revenue – prior year (£m)	2, 3	68,187	65,322
Revenue growth		**2.5%**	**4.4%**
Exclude: Fuel impact		1.0%	3.0%
Growth in sales at actual rate		**3.5%**	**7.4%**
Exclude: Foreign exchange		0.5%	(0.2)%
Growth in sales at constant rate		**4.0%**	**7.2%**
Exclude: Revenue from dunnhumby and Insurance and Money Services		(0.4)%	(0.2)%
Exclude: Underlying net new space impact		(0.5)%	(0.2)%
Like-for-like sales growth		**3.1%**	**6.8%**

Adjusted operating profit and EBITDA

Continuing operations	Notes	2025 £m	2024 (restated*) £m
Operating profit	2	**2,711**	**2,821**
Exclude: Adjusting items	4	417	8
Adjusted operating profit	2	**3,128**	**2,829**
Include: Depreciation and amortisation before adjusting items		1,697	1,619
EBITDA		**4,825**	**4,448**

* Following the disposal of the Group's Banking operations, EBITDA is now presented on a Group continuing operations basis including Insurance and Money Services rather than on a Retail basis. Comparatives have been restated.

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

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

Adjusted diluted earnings per share
A reconciliation of Adjusted diluted earnings per share is provided in **Note 9**.

Adjusted effective tax rate
A reconciliation of Adjusted effective tax is provided in **Note 6**.

APMs: Reconciliation of balance sheet measures

Net debt

A reconciliation of Net debt is provided in Note 22.

Reconciliation from Free cash flow to Net debt

	Notes	2025 £m	2024 (restated*) £m
Opening Net debt	22	**(9,684)**	**(10,049)**
Free cash flow		**1,750**	**2,063**
Other cash movements:			
Own shares purchased for cancellation		(1,016)	(752)
Dividends paid to equity owners		(864)	(778)
Adjusting items included in operating cash flow activities		(81)	(100)
Repayments of capital element of obligations under leases		600	625
Interest paid on lease liabilities		377	373
Net other interest paid/(received)		136	202
Proceeds from sale of property, plant and equipment, investment property, intangible assets and assets held for sale		137	55
Cash outflows attributable to property buybacks and store purchases		(225)	(121)
Disposal of Banking operations, net of costs to sell	7	586	–
Other cash movements		(21)	(91)
Non-cash movements in Net debt:			
Fair value movements		20	(80)
Foreign exchange movements		44	126
Net interest charge		(144)	(175)
Non-cash movements in lease liabilities		(1,066)	(916)
Non-cash movement arising from acquisitions and disposals		(5)	(68)
Other non-cash movements		2	2
Closing Net debt	22	**(9,454)**	**(9,684)**

* Following the disposal of the Group's Banking operations, Net debt is now presented on a Group continuing operations basis including Insurance and Money Services, rather than on a Retail basis including Retail discontinued operations. Comparatives have been restated.

Net debt/EBITDA ratio

	Notes	2025 £m	2024 (restated*) £m
Net debt	22	9,454	9,684
EBITDA		4,825	4,448
Net debt/EBITDA ratio		**2.0**	**2.2**

* Following the disposal of the Group's Banking operations, EBITDA is now presented on a Group continuing operations basis including Insurance and Money Services rather than on a Retail basis. Net debt is now presented on a Group continuing operations basis including Insurance and Money Services, rather than on a Retail basis including Retail discontinued operations. Comparatives have been restated.

Adjusted net finance costs and Fixed charge cover

	Notes	2025 £m	2024 (restated[a]) £m
Net finance costs	5	492	538
Exclude: Net pension finance income/(costs)	5	(32)	(18)
Exclude: Fair value remeasurements of financial instruments	5	76	38
Adjusted net finance costs[b]		**536**	**558**
Exclude: Interest expense on lease liabilities[c]	5	(377)	(373)
Adjusted net finance cost, excluding finance charges payable on lease liabilities		**159**	**185**
Include: Total lease liability payments		980	1,000
Exclude: Discontinued operations total lease liability payments		(3)	(3)
		1,136	1,182
EBITDA		**4,825**	**4,448**
Fixed charge cover (ratio)		**4.2**	**3.8**

(a) Following the disposal of the Group's Banking operations, EBITDA is now presented on a Group continuing operations basis including Insurance and Money Services rather than on a Retail basis. Comparatives for EBITDA and Fixed charge cover (ratio) have been restated. All other components of this APM were on a Group continuing operations basis so have not been restated.
(b) Adjusted net finance costs were previously called Adjusted total finance costs. The amended name more clearly reflects the inclusion of both finance and income costs. The composition of the APM has not changed.
(c) Interest expense on lease liabilities is presented gross of £7m hedging impact (2024: £nil).

Capex

	Notes	2025 £m	2024 £m
Property, plant and equipment additions[a]	10	**1,361**	**1,198**
Goodwill and other intangible asset additions[a]		**286**	**275**
Exclude: Additions from obtaining control of property joint venture[b]	10	–	(65)
Exclude: Additions from property buybacks	10	(157)	(78)
Exclude: Additions from store purchases and associated refits	10	(24)	(29)
Exclude: Additions from refits associated with business combinations	10	(18)	–
Exclude: Additions relating to decommissioning provisions and similar items		9	13
Capex		**1,457**	**1,314**

(a) Excluding amounts acquired through business combinations.
(b) Acquisition of The Tesco Coral Limited Partnership in 2024.

Return on capital employed (ROCE)

	Notes	2025 £m	2024 £m
Adjusted operating profit	2	**3,128**	**2,829**
Capital employed from continuing operations:			
Net assets		11,662	11,665
Exclude: Pension deficit/(surplus) gross of deferred tax	19	251	635
Exclude: Assets of the disposal group and non-current assets classified as held for sale		(50)	(7,783)
Exclude: Liabilities of the disposal group classified as held for sale		–	7,122
Exclude: Net current tax (asset)/liability		(14)	(109)
Exclude: Deferred tax assets		(47)	(32)
Exclude: Deferred tax liabilities		503	269
Exclude: Adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations		(133)	(128)
Exclude: Net debt	22	9,454	9,684
Capital employed		**21,626**	**21,323**
Average capital employed from continuing operations*		**21,475**	**21,072**
Return on capital employed (ROCE)		**14.6%**	**13.4%**

* The opening capital employed for 2024 is for the Retail business only because Banking operations were not classified as held for sale at 25 February 2023. The closing capital employed for 2024, opening capital employed for 2025 and closing capital employed for 2025 all include Insurance and Money Services. The 2025 ROCE would have been c.25bps lower had Insurance and Money Services been excluded. The impact on 2024 of including Insurance and Money Services would also have been immaterial.

APMs: Reconciliation of cash flow measures

Free cash flow

	Continuing operations excluding Insurance and Money Services			Insurance and Money Services	Discontinued operations	Tesco Group
52 weeks ended 22 February 2025	Before adjusting items £m	Adjusting items £m	Total £m	Total £m	Total £m	Total £m
Operating profit/(loss) of continuing operations	**2,973**	**(403)**	**2,570**	**141**	**–**	**2,711**
Operating profit/(loss) of discontinued operations	**–**	**–**	**–**	**–**	**35**	**35**
Depreciation and amortisation	1,680	78	1,758	17	–	1,775
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property	12	286	298	–	–	298
Net remeasurement (gain)/loss on non-current assets held for sale	–	–	–	–	64	64
Defined benefit pension scheme payments	(30)	–	(30)	–	–	(30)
Share-based payments	39	–	39	(6)	4	37
Fair value movements included in operating profit/(loss)	–	–	–	(7)	16	9
Other reconciling items[(a)]	18	(15)	3	8	–	11
Cash generated from/(used in) operations excluding working capital	**4,692**	**(54)**	**4,638**	**153**	**119**	**4,910**
(Increase)/decrease in working capital	(45)	(1)	(46)	(860)	53	(853)
Cash generated from/(used in) operations	**4,647**	**(55)**	**4,592**	**(707)**	**172**	**4,057**
Interest paid	(755)	–	(755)	(13)	(1)	(769)
Corporation tax paid	(355)	–	(355)	(11)	–	(366)
Net cash generated from/(used in) operating activities	**3,537**	**(55)**	**3,482**	**(731)**	**171**	**2,922**
Include the following cash flows generated from/(used in) investing activities:						
Purchase of property, plant and equipment and investment property[(b)]	(1,112)	–	(1,112)	(2)	–	(1,114)
Purchase of intangible assets	(280)	–	(280)	(5)	(7)	(292)
Dividends received from joint ventures and associates	2	–	2	–	–	2
Interest received	255	–	255	–	–	255
Include the following cash flows generated from/(used in) financing activities:						
Own shares purchased for share schemes, net of cash received from employees	(54)	–	(54)	–	–	(54)
Repayment of capital element of obligations under leases	(598)	–	(598)	(2)	(2)	(602)
Free cash flow	**1,750**					

(a) Other reconciling items consist of individually immaterial items, primarily relating to (profit)/loss arising on sale of property, plant and equipment, investment property, intangible assets, assets classified as held for sale and early termination of leases. Refer to the Group cash flow statement.
(b) Total purchase of property, plant and equipment and investment property in the Group cash flow statement of £(1,247)m (2024: £(1,108)m) excluding £(133)m (2024: £(59)m) of store buybacks, direct store purchases and refits associated with both direct store purchases and business combinations.

During the year, the Insurance and Money Services business divested of an investment portfolio, included in Proceeds from sale of other investments in the Group cash flow statement, and used the proceeds to settle deposits from central bank of £908m drawn under the Bank of England's Term Funding Scheme with additional incentives for small and medium-sized enterprises (TFSME). The repayment of the deposit is included in (Increase)/decrease in working capital above.

No ordinary dividends were received by Tesco PLC from the Insurance and Money Services business (2024: £nil).

APMs: Reconciliation of cash flow measures continued

Free cash flow

52 weeks ended 24 February 2024	Continuing operations excluding Insurance and Money Services Before adjusting items £m	Adjusting items £m	Total £m	Insurance and Money Services Total £m	Discontinued operations Total £m	Tesco Group Total £m
Operating profit/(loss) of continuing operations	**2,760**	**(5)**	**2,755**	**66**	**–**	**2,821**
Operating profit/(loss) of discontinued operations	**–**	**–**	**–**	**–**	**(659)**	**(659)**
Depreciation and amortisation	1,602	75	1,677	17	29	1,723
Net impairment loss/(reversal) on property, plant and equipment, right of use assets, intangible assets and investment property	–	(28)	(28)	–	–	(28)
Net remeasurement (gain)/loss on non-current assets held for sale	–	(12)	(12)	–	732	720
Defined benefit pension scheme payments	(29)	–	(29)	–	–	(29)
Share-based payments	75	–	75	(3)	6	78
Fair value movements included in operating profit/(loss)	6	–	6	3	62	71
Other reconciling items[a]	1	(84)	(83)	9	–	(74)
Cash generated from/(used in) operations excluding working capital	**4,415**	**(54)**	**4,361**	**92**	**170**	**4,623**
(Increase)/decrease in working capital	418	(44)	374	(104)	(7)	263
Cash generated from/(used in) operations	**4,833**	**(98)**	**4,735**	**(12)**	**163**	**4,886**
Interest paid	(809)	–	(809)	(14)	(1)	(824)
Corporation tax paid	(214)	–	(214)	(9)	–	(223)
Net cash generated from/(used in) operating activities	**3,810**	**(98)**	**3,712**	**(35)**	**162**	**3,839**
Include the following cash flows generated from/(used in) investing activities:						
Purchase of property, plant and equipment and investment property[b]	(1,039)	–	(1,039)	(10)	–	(1,049)
Purchase of intangible assets	(250)	–	(250)	(6)	(22)	(278)
Dividends received from joint ventures and associates	9	–	9	–	–	9
Interest received	249	–	249	–	–	249
Include the following cash flows generated from/(used in) financing activities:						
Own shares purchased for share schemes, net of cash received from employees	(93)	–	(93)	–	–	(93)
Repayment of capital element of obligations under leases	(623)	–	(623)	(2)	(2)	(627)
Free cash flow	**2,063**					

Refer to previous table for footnotes.

Glossary – Other

BPS
Basis points, or bps, is a unit of measurement equal to 1/100th of 1%.

CPI
Consumer price index.

Dividend per share
This is calculated as interim dividend per share paid plus final dividend per share declared in respect of that financial year.

Enterprise value
This is calculated as market capitalisation plus net debt.

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

ESG
Environmental, social and governance.

FTE
Full-time equivalents.

LPI
Limited price index.

Market capitalisation
The total value of all Tesco shares calculated as total number of shares multiplied by the closing share price at the year end.

MTN
Medium term note.

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

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.

RPI
Retail price index.

SONIA
Sterling Overnight Index Average.

Total shareholder return
The notional annualised return from a share, measured as the percentage change in the share price, plus the dividends paid, with the gross dividends reinvested in Tesco shares. This is measured over both a one and five-year period.

Appendices

Appendix 1

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

	Like-for-like sales						
	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	H1 2024/25	H2 2024/25	FY 2024/25
UK & ROI	**3.6%**	**2.5%**	**2.8%**	**3.6%**	**3.1%**	**3.2%**	**3.1%**
UK	4.6%	3.5%	3.8%	4.3%	4.0%	4.1%	4.0%
ROI	4.4%	5.1%	4.2%	4.5%	4.7%	4.4%	4.6%
Booker	(1.3)%	(2.5)%	(2.6)%	(0.6)%	(1.9)%	(1.6)%	(1.8)%
Central Europe	**0.6%**	**0.6%**	**2.8%**	**4.8%**	**0.6%**	**3.8%**	**2.2%**
Like-for-like sales growth	**3.4%**	**2.4%**	**2.8%**	**3.7%**	**2.9%**	**3.2%**	**3.1%**

Appendix 2

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

	Actual rates			Constant rates		
	H1 2024/25	H2 2024/25	FY 2024/25	H1 2024/25	H2 2024/25	FY 2024/25
UK & ROI*	**4.1%**	**3.9%**	**4.0%**	**4.2%**	**4.1%**	**4.2%**
UK*	5.4%	4.8%	5.1%	5.4%	4.8%	5.1%
ROI	3.6%	2.2%	2.9%	5.6%	5.6%	5.6%
Booker	(1.7)%	(0.3)%	(1.0)%	(1.7)%	(0.3)%	(1.0)%
Central Europe	**(4.2)%**	**(1.9)%**	**(3.0)%**	**0.9%**	**4.0%**	**2.5%**
Growth in sales*	**3.5%**	**3.5%**	**3.5%**	**4.0%**	**4.1%**	**4.0%**

* H1 restated to include the Insurance and Money Services business.

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

Appendix 3

UK sales area by size of store

	22 February 2025			24 February 2024		
Store size (sq. ft.)	**No. of stores**	**Million sq. ft.**	**% of total sq. ft.**	No. of stores[a]	Million sq. ft.[a]	% of total sq. ft.
0-3,000	2,716	5.9	15.4%	2,675	5.8	15.0%
3,001-20,000	281	3.0	7.7%	279	2.9	7.5%
20,001-40,000	302	9.0	23.3%	279	7.6	19.6%
40,001-60,000	192	9.7	25.2%	174	8.5	22.0%
60,001-80,000	111	7.6	19.6%	139	9.4	24.3%
80,001-100,000	31	2.7	7.0%	40	3.5	9.0%
Over 100,000	6	0.7	1.8%	10	1.0	2.6%
Total[b]	**3,639**	**38.6**	**100.0%**	3,596	38.7	100.0%

(a) The prior year has been re-presented for sales areas remeasurements.
(b) Excludes Booker and franchise stores.

Appendix 4

Actual Group space – store numbers[a]

	2023/24 year end	Openings	Closures/ disposals	Net gain/ (reduction)[b]	2024/25 year end	Repurposing/ extensions[c]
Large	809	2	(2)	-	809	30
Convenience	2,048	55	(9)	46	2,094	-
Dotcom only	6	-	-	-	6	-
Total Tesco	**2,863**	**57**	**(11)**	**46**	**2,909**	**30**
One Stop[d]	733	7	(10)	(3)	730	-
Booker	190	-	-	-	190	-
UK[d]	3,786	64	(21)	43	3,829	30
ROI	170	12	-	12	182	-
UK & ROI[d]	**3,956**	**76**	**(21)**	**55**	**4,011**	**30**
Czech Republic[d]	184	3	(3)	-	184	14
Hungary	197	1	-	1	198	49
Slovakia[d]	169	10	-	10	179	16
Central Europe[d]	**550**	**14**	**(3)**	**11**	**561**	**79**
Group[d]	**4,506**	**90**	**(24)**	**66**	**4,572**	**109**
UK (One Stop)	317	54	(17)	37	354	-
Czech Republic	119	1	(6)	(5)	114	-
Franchise stores	**436**	**55**	**(23)**	**32**	**468**	**-**
Total Group	**4,942**	**145**	**(47)**	**98**	**5,040**	**109**

Actual Group space – ’000 sq. ft.[a]

	2023/24 year end[e]	Openings	Closures/ disposals	Repurposing/ extensions[c]	Net gain/ (reduction)[b]	2024/25 year end
Large	31,344	38	(55)	(235)	(252)	31,092
Convenience	5,455	188	(28)	-	160	5,615
Dotcom only	716	-	-	-	-	716
Total Tesco	**37,515**	**226**	**(83)**	**(235)**	**(92)**	**37,423**
One Stop[d]	1,208	12	(15)	-	(3)	1,205
Booker	7,951	-	-	-	-	7,951
UK[d]	46,674	238	(98)	(235)	(95)	46,579
ROI	3,499	73	-	-	73	3,572
UK & ROI[d]	**50,173**	**311**	**(98)**	**(235)**	**(22)**	**50,151**
Czech Republic[d]	4,101	61	(45)	(32)	(16)	4,085
Hungary	5,372	4	-	(60)	(56)	5,316
Slovakia[d]	3,213	19	-	(53)	(34)	3,179
Central Europe[d]	**12,686**	**84**	**(45)**	**(145)**	**(106)**	**12,580**
Group[d]	**62,859**	**395**	**(143)**	**(380)**	**(128)**	**62,731**
UK (One Stop)	459	73	(23)	-	50	509
Czech Republic	108	1	(6)	-	(5)	103
Franchise stores	**567**	**74**	**(29)**	**-**	**45**	**612**
Total Group	**63,426**	**469**	**(172)**	**(380)**	**(83)**	**63,343**

(a) Continuing operations.
(b) The net gain/(reduction) reflects the number of store openings less the number of store closures/disposals and, for sq. ft. tables, adjustments for repurposing/extensions.
(c) Repurposing of retail selling space.
(d) Excludes franchise stores.
(e) The prior year has been re-presented for sales areas remeasurements.

Appendices continued

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

	2024/25 year end	Openings	Closures/ disposals	Repurposing/ extensions[c]	Net gain/ (reduction)[b]	2025/26 year end
Large	31,092	73	–	8	81	31,173
Convenience	5,615	150	(22)	3	131	5,746
Dotcom only	716	–	–	–	–	716
Total Tesco	**37,423**	**223**	**(22)**	**11**	**212**	**37,635**
One Stop[d]	1,205	17	(2)	–	15	1,220
Booker	7,951	–	(12)	–	(12)	7,939
UK[d]	46,579	240	(36)	11	215	46,794
ROI	3,572	82	–	–	82	3,654
UK & ROI[d]	**50,151**	**322**	**(36)**	**11**	**297**	**50,448**
Czech Republic[d]	4,085	33	(3)	(17)	13	4,098
Hungary	5,316	16	(3)	(49)	(36)	5,280
Slovakia[d]	3,179	116	–	(33)	83	3,262
Central Europe[d]	**12,580**	**165**	**(6)**	**(99)**	**60**	**12,640**
Group[d]	**62,731**	**487**	**(42)**	**(88)**	**357**	**63,088**
UK (One Stop)	509	11	–	–	11	520
Czech Republic	103	–	(1)	–	(1)	102
Franchise stores	**612**	**11**	**(1)**	**–**	**10**	**622**
Total Group	**63,343**	**498**	**(43)**	**(88)**	**367**	**63,710**

Refer to previous table for footnotes.