

Issued: 6 November 2024

Marks and Spencer Group Plc
Half Year Results for the 26 Weeks Ended 28 September 2024
“RESHAPING FOR GROWTH”

Strong first half results, building on performance of last year

- Profit before tax and adjusting items up 17.2% at £407.8m (2023/24: £348.1m)
- Statutory profit before tax of £391.9m (2023/24: £325.6m)
- Food sales up 8.1%; adjusted operating profit £213.1m (2023/24: £158.4m) and margin of 5.1%
- Clothing & Home sales up 4.7%; adjusted operating profit £242.2m (2023/24: £240.9m) and margin of 12.0%
- Ocado Retail JV share of adjusted loss £16.0m (2023/24: £23.4m adjusted loss)
- International constant currency sales down 10.3%; adjusted operating profit £15.2m (2023/24: £32.4m)
- Adjusted return on capital employed increased to 15.0% (2023/24:13.2%)

Consistent execution

- Food volume and value share growth for four years running. H1 growth driven by produce, meat and dairy and a strong programme of innovation. Strongest value perception in over a decade.
- Consecutive monthly market share growth in Clothing for four years. H1 growth driven by Womenswear. Full price sales mix broadly level with last year. Style perception continuing to improve.
- New UK stores and renewals trading ahead of forecast. Increasing site acquisition to accelerate store rotation.
- Digital investment to improve product planning and the online experience in Clothing & Home and forecasting, ordering and allocation in Food.
- Structural cost reductions on track, with c.£60m saved in the period, largely offsetting cost inflation.
- Building on benefits of Gist integration, focus now turns to investing in the network and increasing capacity.
- International reset underway under new leadership team.
- Strong financial position, with investment grade credit metrics reinforced. £190.3m bonds repurchase complete.

Group Results (26 weeks ended)	28 September 24	30 September 23	Change (%)
Statutory revenue	6,481.0	6,134.0	5.7
Sales ²	6,524.3	6,164.4	5.8
Operating profit before adjusting items	462.7	410.4	12.7
Profit before tax and adjusting items ¹	407.8	348.1	17.2
Adjusting items ¹	(15.9)	(22.5)	29.3
Profit before tax	391.9	325.6	20.4
Profit after tax	278.6	206.9	34.7
Basic earnings per share	14.0p	10.6p	32.1
Adjusted basic earnings per share ¹	14.7p	12.2p	20.5
Dividend per share	1.0p	1.0p	-
Adjusted return on capital employed ¹	15.0	13.2	13.6
Free cash flow from operations	16.3	27.7	n/a
Net (debt)	(2,164.1)	(2,564.0)	n/a
Net funds/(debt) excl. lease liabilities	22.4	(319.9)	n/a

1. Adjusted measures for 30th September 2023 have been restated due to net pension finance income being reclassified as an adjusting item (H1 2023/24 £12.1m).

2. References to 'sales' throughout this announcement are statutory revenue plus the gross value of consignment sales ex. VAT.

Non-GAAP measures and alternative profit measures (APMs) are discussed within this release. A glossary and reconciliation to statutory measures is provided at the end of this document. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability. Refer to Notes 1 and 3 of the financial information for further details. Results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Clothing & Home.

Stuart Machin, Chief Executive said:

“Executing our strategy to ‘Reshape M&S for Growth’ has again delivered an increase in customers, sales value and volume, market share, profit and returns. Both Food and Clothing have now delivered market share growth for four consecutive years.

Central to our strategy is our vision to be the most trusted retailer, with quality products at the heart of everything we do. This is not something we take lightly, and our relentlessness in delivering customers the best quality, innovation, service and value only available at M&S underpins our trading momentum.

In Food, we have been resolute in our commitment to trusted value. Over 1,000 products are being upgraded and 1,400 new lines are being launched across the year, putting us even further ahead of the pack on quality credentials, and value perception is the highest it’s been in a decade. Progress on being a ‘shopping list retailer’ has driven growth in larger baskets.

In Clothing, deeper buying into campaign lines and on-trend collaborations have driven yet another move on in style perception, with Womenswear and Menswear attracting new customers. Our authoritative lead on quality and value has supported strong full price sales in a promotional market.

The easy thing to do today would simply be to say that these are good results, but that wouldn't be the right thing to do. In the spirit of being positively dissatisfied, we have so much to do over this year and beyond. Despite our strong trading momentum, there is much more opportunity for future growth and that energises us.

With Clothing in growth and strong online performance, we are clear that now is the time to seize the opportunity in other categories including Home and Beauty. Across Clothing & Home online, we need to accelerate our transformation and reimagine our proposition. Under new leadership, we've now got a grip on our digital and technology infrastructure, as progress to date has been slower than we would have liked, so we must accelerate delivery. We are resetting priorities in International to drive future growth, as well as acting now to improve short-term performance. We have fresh impetus in our store rotation plan with the acquisition of ten major new sites in high quality, high growth locations, but we want to go faster so every store is a store we're proud of.

The business remains in robust financial health. We have improved our return on capital employed to 15% and further strengthened our balance sheet, giving us the capacity and flexibility to invest for growth and deliver structural cost reduction, demonstrating our ability to deliver value for shareholders.

The recent Budget's long-term impact on M&S, our suppliers, and our customers is for now uncertain. Meanwhile, we are confident and we remain on track and focused on what is in our control. We have the best Christmas food range I've seen in my time at M&S and the most stylish seasonal clothing offer yet, and we know customers are looking forward to celebrating Christmas with M&S.

I want to thank my colleagues for everything they have done and are about to do, and of course, all of our customers for shopping with us."

RESHAPING FOR GROWTH

As M&S continues to invest in the early stages of 'Reshaping for Growth', the business has delivered improved sales and volume, profit and market share in both Food and Clothing & Home.

Our vision is to be the UK's most trusted retailer, with quality products at the heart of everything we do. We are making progress, with a strong programme of product innovation and improvements to perceptions of quality, value and style. There remains a long way to go in our reshaping programme and clear opportunities exist for profitable growth to achieve the objective of a one percent increase in Food and Clothing & Home market share by FY28.

Our store rotation programme is picking up pace. New and renewed stores are trading well, with relocations of Full Line stores more productive and renewal stores able to offer a full M&S Food range. We are accelerating store acquisition, securing 10 new locations in recent weeks. However, there is more to do to develop the store pipeline to achieve the objective of a focused productive group of 180 Full Line stores and 420 Food stores by FY28. Separately we are also progressing with the disposal of two warehouse properties.

Our online business made progress in the period, with double digit growth in Clothing & Home, and the exit of the bulky furniture category. It remains a critical objective to grow online participation from the current 1/3 mix of Clothing & Home sales and we are addressing issues in fulfilment and website performance which provides opportunities for growth.

The programme of cost reduction is on track, and we remain confident of achieving £500m of savings by FY28, across stores, the support centre and supply chain. In the period, we delivered our target operating margins of over 4% in Food and over 10% in Clothing & Home, but cost pressures remain strong with labour cost inflation running at 10% in the current year. Early-stage modernisation of the supply chains includes the roll out of a new forecasting and ordering system in Food, warehouse capacity investments and the multi-year development of a new planning platform in Clothing & Home. While structural cost savings have largely offset the impact of operating cost inflation in the current year, further investment in efficiency initiatives and automation will be needed.

Our plans depend on three critical enablers: Building a high-performance culture, transforming the digital experience and technology infrastructure, plus disciplined capital investment and allocation.

Creating a high-performance culture is critical to delivering the service customers expect of M&S. At the heart of this is a culture of positive dissatisfaction and 'always aiming higher' with a support centre that is closer to customers and front-line colleagues. Support centre colleagues now spend at least seven days each year working in store as part of performance objectives. M&S' People Director ran all aspects of a store for three months during the period, taking accountability to improve and resolve the issues found. We aim to promote at least 50% of leadership internally with the expectation that promoted colleagues spend at least one month working in customer-facing roles.

M&S plans to upgrade legacy systems and invest to support omni-channel sales. With the arrival of our new Chief Technology Officer we have completed a comprehensive review of systems and are now embarking on a multi-year programme of investment. The business is currently operating complex, costly, legacy applications which need upgrading. Investment will also be made in the data engine and the Sparks loyalty programme to deliver a more personalised customer experience.

Our focus on operational cash flow generation combined with a disciplined approach to capital investment and allocation is key to the M&S transformation. This is delivering an improvement in return on capital employed and a strong balance sheet. We have declared an interim dividend of 1p per share being one third of last year's total dividend. The final dividend will be determined at year end, based on performance for the year.

OUTLOOK

During the first half of the year, cost inflation has continued to be elevated, running well ahead of price inflation and the consumer environment has been uncertain. Despite this, the business has traded well growing volume and value market share.

As we enter the second half, we expect this backdrop to persist. Nevertheless, in the first five weeks of the second half overall trading remains on track and we are confident of making further progress in the remainder of the year.

FOOD SUSTAINING VOLUME GROWTH AND COMPETITIVENESS

Food sales increased 8.1%, with like-for-like growth of 7.5% driven by UK volume growth of 6.5%. Volume growth has now outperformed the market for four years running. Market share was up 30bps to 3.7% for the 12 weeks to 29 September 2024. Adjusted operating profit margin increased to 5.1% from 4.1% last year, with structural cost reduction initiatives largely offsetting cost inflation. This enabled the benefits of volume growth to flow to improved profitability.

Investing in trusted value, innovation and improved choice

- Prices were 'dropped and locked' on key shopping list items such as fish, dairy and poultry, and seasonal fresh market specials were relaunched, driving sales of core lines.
- Quality upgrades included sandwiches, collection pizzas and desserts as part of a programme of over 1,000 lines this year, with partners investing in improved capabilities. Category transformations in confectionery, 'gastropub x Tom Kerridge' and Indian food delivered accelerated growth.
- The personal care range was upgraded and relaunched as part of the strategy to enable customers to do more of their shopping with M&S.
- Value perception reached its strongest position in over 10 years.

New Food stores and renewals trading well

- Two Foodhalls in new Full Line stores and three new standalone stores opened in the period.
- New Food stores averaged c.14,000 square feet, compared with the current average of c.8,000, enabling customers to shop the full M&S range. Food sales have outperformed target by c.8%.
- Four renewals included Chancery Lane and Blackheath with a further eight planned for the second half. Renewal stores opened last year grew sales by a further 9%.
- New format trials included the introduction of the full M&S range to a smaller 7,000 square foot store in Sidcup, with encouraging results.
- We anticipate the eight Food stores opened in FY24 will generate strong annualised returns:

Annualised Sales (£m)	Annualised Cash Contribution (£m)	Net Capex (£m)	Payback (years)
117	13	28	3.4

Fixing the infrastructure of M&S Food to improve availability and reduce cost to serve

Food supply chain programmes are driving a series of changes to create a more modern, cost-effective flow of product from field or factory through to checkout. These include:

- Implementation of the 'One Best Way' retail operations programme which is improving productivity and contributing to structural cost reductions. Following good results in the Leeds region, this is now being implemented more widely.
- Roll out of a new forecasting and ordering system which is nearing completion, helping us to better match supply to market conditions and to improve availability which is critical as we continue to target volume growth.
- Long term agreements with strategic partners enabling investment in product innovation, factory capacity and supply chain resilience.
- The first steps on developing a modern, lower cost to serve logistics network, with additional capacity for growth.

CLOTHING & HOME DELIVERING CONSISTENT GROWTH, AND FURTHER IMPROVEMENT IN STYLE PERCEPTION

Clothing & Home sales increased 4.7%, with LFL sales up 5.3%. Sales growth improved in Q2 (8.1%) compared with Q1 (1.3%), with more seasonable weather. Market share was up 90bps to 10.3% for the 12 weeks to 15 September 2024, with M&S outperforming the market for c.4 years. Despite a more promotional market, full price sales mix was broadly level at 80.5%. Adjusted operating profit margin was above target at 12.0% (£242.2m) compared with 12.4% (£240.9m) last year. The slight reduction in margin reflected investments in technology and digital development, partly offset by cost savings.

Strong performance of core categories

- Women's, Men's and Lingerie saw good growth in categories such as knitwear, casual tops and men's Autograph lines.
- Deeper buying into campaign lines drove a further increase in style perceptions. Collaborations with Sienna Miller and Bella Freud sold rapidly.
- In a softer Kidswear market we slightly grew share, with growth in boys' daywear, also supported by the launch of The Parent Hood, a baby club offering member savings and community events.
- Perceptions of quality and value remain market leading with style improving in the period.

Accelerating online growth

- Online participation increased to 33% (31% LY). Online sales were up 11.3%, with growth increasing to 16.5% in Q2, as we introduced an upgraded fashion-led online experience, as marketing was weighted towards brand and social channels.
- Partner brand sales continued to perform well, up c.40% with growth in dresses and footwear.
- The exit of bulky furniture completed in August, freeing resources and space to focus on growth in core Home.
- There remains further opportunity to improve customer experience and tackle fulfilment challenges as we invest in our online growth strategy.

New Full Line stores trading strongly ahead of plan, generating healthy paybacks

- Overall store sales increased 1.7%. Two new Full Line stores at Dundee and Washington Galleries opened in the period with their Clothing & Home sales outperforming appraised levels by 13%.
- Flagship stores in Bristol and Bath are expected to be opened in the next financial year.
- A clothing only store format trial will open in Battersea in December 2024.
- We anticipate the six Full Line stores opened in FY24 will generate strong annualised returns:

Annualised Sales (£m)	Annualised Cash Contribution (£m)	Net Capex (£m)	Payback (years)
251	47	87	2.1

Embedding change across the supply chain

Despite the improved performance of Clothing & Home, availability and sales remain constrained by a high cost, slow moving supply chain. Changes underway aim to embed growth through effective commercial processes, an efficient logistics network, strategic sourcing partnerships and a new planning platform.

- Investment in boxed storage and hanging capacity automation in the logistics network will increase capacity to serve online orders and reduce costs. Stoke and Ollerton warehouses commenced online shipments in the period, giving us capacity to service omni channel orders from four distribution centres.
- Suppliers in key categories such as denim have been reduced and we are creating long term partnerships, lowering costs and improving capabilities.
- The future adoption of a new planning platform will enable ranging by channel, and ordering and intake in real time. By 2027 this will be linked to capacity, production plans and material requirements with a rationalised group of more strategic suppliers. The first module of the platform will be introduced in the second half of this year.

OCADO RETAIL STRONG SALES GROWTH DRIVEN BY M&S PRODUCT - MORE TO DO TO IMPROVE PROFITABILITY

Results for Ocado Retail are reported by Ocado Group and are not consolidated in this release. M&S accounts for the joint venture as an associate interest.

Our vision for Ocado Retail remains to combine the magic of M&S Food with Ocado's unique and proprietary technology to offer unbeatable choice, unrivalled service and reassuringly good value, underpinned by efficient and effective operations.

- Revenue increased 13.8% to £1.3bn and adjusted EBITDA was £18.1m (2023/24: £5.3m). The M&S group's share of adjusted loss reduced to £16.0m (2023/24 £23.4m adjusted loss) driven by the improved sales performance.
- The M&S volume of product sold on Ocado increased 19.1% and represented 29.8% of Ocado Retail volumes (2023/24: 28.4%), with 95% of the addressable range now available to customers. M&S' participation reached c.48% across fresh categories such as produce and poultry reflecting our growing strength in the 'spine of the basket'.
- As a result of higher service delivery costs and continuing lease and Ocado Smart Platform (OSP) fees for the old Hatfield site, overall profitability has yet to benefit from increasing levels of capacity utilisation.

While the customer proposition is becoming more competitive, there remains more to do to improve overall levels of profitability before investing in new site capacity.

INTERNATIONAL RESET UNDERWAY

The ambition for International is to build a global omni-channel business, which brings the magic of M&S to customers around the world. The recent improvement in performance of the UK business, and the strength of the M&S brand and its partners provides a significant opportunity for growth, although results in the period were disappointing.

Sales declined 10.3% at constant currency, continuing the weak performance reported in H2 last year. Owned sales were down 13.2% driven by India. Franchise sales were down 7.8% with a softer C&H order book, partly offset by growth in Food franchise.

Operating profit before adjusting items declined to £15.2m (margin 4.7%) from £32.4m (2023/24: 8.9%).

Actions have been taken to lower stock levels, improve the range, reduce operating costs and strengthen leadership and we expect the business to stabilise in the next year.

The disappointing partnership sales reflect weak underlying demand and the need to improve value and style perceptions in local markets and we are testing new partnership models to enable this.

In addition, several wholesale and marketplace sales opportunities have been identified which should contribute to the second half result.

With reset actions underway we are confident International remains a growth opportunity in the medium term.

DISCIPLINED CAPITAL ALLOCATION AND INVESTMENT

A focus on operational cash flow generation combined with a disciplined approach to capital allocation and investment is delivering improved return on capital employed and further reduction in debt.

- H1 free cash flow from operations was £16.3m, as operating profit before adjusting items was partly offset by working capital outflows and the planned increase in capex. Group net debt reduced, driven by lease repayments.
- As a result of a stronger balance sheet and a further repurchase of £190.3m of medium-term bonds, credit metrics improved further.
- Investments in growth and efficiency projects continue to generate strong returns and we expect group net capex of c.£500m this year, with scope for increase in FY25 as projects that meet our hurdle rates are identified. Return on capital employed increased to 15.0% from 13.2%.
- The Board has declared an interim dividend of 1p per share being one third of last year's total dividend. The final dividend will be determined at year end, based on performance for the year. As noted above, our capital allocation is focused on investing in the transformation, delivering returns above our hurdle rates. Cashflow which cannot be invested at our targeted returns will be returned to shareholders over time.

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Investor & Analyst presentation and Q&A:

A pre-recorded investor and analyst presentation will be available on the Marks and Spencer Group Plc website [here](#) from 7:30am on 6 November 2024.

Stuart Machin and Jeremy Townsend will host a Q&A session at 9.30am on 6 November 2024:

For the quickest joining experience, **please register prior to attending the call** [here](#). After registering, you will be given unique dial in details to join the call.

Alternatively, you can use the below details to join the call but please join 5-10 minutes before the start time in order to register your details with the operator.

Dial in: +44 (0) 33 0551 0200

Passcode: Quote [M&S Analyst Call](#) when prompted by the operator

Replay: A recording will be available for 48 hours after the call [here](#)

Important Notice: The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Marks & Spencer's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any forward-looking statements are subject to various risks and uncertainties, including, but not limited to, failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions including, but not limited to, a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets. For further information regarding risks to Marks & Spencer's business, please consult the risk management section of the 2024 Annual Report (pages 62-70).

The forward-looking statements contained in this document speak only as of the date of this announcement, and Marks & Spencer does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

HALF YEAR FINANCIAL REVIEW

Financial Summary

26 weeks ended	28 Sep 24 £m	30 Sep 23 Restated £m ¹	Change vs 23/24 %
Group statutory revenue	6,481.0	6,134.0	5.7
Group sales	6,524.3	6,164.4	5.8
Food	4,176.5	3,865.3	8.1
Clothing & Home	2,026.8	1,935.9	4.7
International	321.0	363.2	(11.6)
Group operating profit before adjusting items	462.7	410.4	12.7
Food	213.1	158.4	34.5
Clothing & Home	242.2	240.9	0.5
International	15.2	32.4	(53.1)
Share of result in Ocado Retail Limited	(16.0)	(23.4)	31.6
M&S Financial Services / Other	8.2	2.1	n/a
Net interest payable on lease liabilities	(54.4)	(54.7)	n/a
Net financial interest	(0.5)	(7.6)	n/a
Profit before tax and adjusting items	407.8	348.1	17.2
Adjusting items	(15.9)	(22.5)	29.3
Profit before tax	391.9	325.6	20.4
Profit after tax	278.6	206.9	34.7
Adjusted basic earnings per share	14.7p	12.2p	20.5
Basic earnings per share	14.0p	10.6p	32.1
Dividend per share	1.0p	1.0p	-
Net debt	(2,164.1)	(2,564.0)	n/a
Net funds/(debt) excluding lease liabilities	22.4	(319.9)	n/a
Group capex and disposals	(215.4)	(190.0)	n/a
Free cash flow from operations	16.3	27.7	n/a
Adjusted return on capital employed (12 month rolling)	15.0%	13.2%	13.6

Notes:

¹Due to a change in the Group's classification of net pension finance income as an adjusting item (see note 3 to the financial information), the comparative amounts have been restated. The impact on the 26 weeks ended 28 September 2023 income statement is a decrease to the adjusting items charge of £12.1m and a decrease to adjusted earnings per share of 0.5p. There is no impact on profit before tax, earnings per share or net assets.

There are a number of non-GAAP measures and alternative profit measures ("APMs") discussed within this announcement, and a glossary and reconciliation to statutory measures is provided at the end of this report. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. Refer to the adjusting items table below for further details.

Group results

Group sales were £6,524.3m. This was an increase of 5.8% versus 2023/24, driven by Food sales up 8.1% and Clothing & Home sales up 4.7%. Statutory revenue in the period was £6,481.0m, an increase of 5.7% versus 2023/24.

The Group generated profit before tax and adjusting items of £407.8m compared with £348.1m in the prior year. The results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Clothing & Home.

Adjusting items were a net charge of £15.9m, compared with £22.5m in the prior year. The net charge in the period primarily consists of costs relating to the UK store rotation plans and M&S Financial Services transformation, partially offset by a credit relating to a legal settlement. Prior year adjusted results have been restated to reflect net finance income on the IAS19 pension surplus which has been reclassified as an adjusting item.

As a result, the Group generated a statutory profit before tax of £391.9m, compared with £325.6m in the prior year.

Adjusted basic EPS was 14.7p, up 20.5% on 2023/24 reflecting higher adjusted profit in the period. Basic EPS was 14.0p, up 32.1% on 2023/24, reflecting the increased profit in the period.

An interim dividend of 1.0p per share has been declared, payable on 10 January 2025.

For full details the Group's related policy and adjusting items, read more in notes 1 and 3 to the financial information.

Food – UK and ROI

Food sales increased 8.1%, with like for like sales up 7.5%, driven by volume in core categories and a strong programme of innovation. Sales in Q1 were adversely impacted by the absence of Easter in the current financial year.

Change vs 23/24 %	Q1	Q2	HY
Food	5.6	10.6	8.1
Food like-for-like sales	4.7	10.3	7.5

M&S Food has an online grocery presence with Ocado Retail. These sales are reported by Ocado Group and are not included within these numbers.

26 weeks ended	28 Sep 24	30 Sep 23	Change vs 2023/24 %
UK Transactions, m (average/week)	10.0	9.4	6.4
UK Basket value inc VAT (£)	15.6	15.2	2.6

Sales growth was driven by volume growth as customer numbers and transactions increased. UK basket value was up, with larger basket transactions continuing to grow, with the number of baskets over £30 up 10.1%.

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 %
Sales	4,176.5	3,865.3	8.1
Operating profit before adjusting items	213.1	158.4	34.5
<i>Adjusted operating margin</i>	5.1%	4.1%	1.0% pts

Operating profit before adjusting items was £213.1m compared with £158.4m in 2023/24, with an adjusted operating margin of 5.1% compared with 4.1% last year.

Gross margin improved with the benefits of the sourcing programme, which were reinvested largely in quality and trusted value.

Operating costs as a percentage of sales decreased across all areas, as sales growth of 8.1% exceeded cost growth of 4.3%. The growth in operating costs was driven by:

- Store staffing pay and volume related headwinds were partly offset by cost savings.
- Other store costs were primarily driven by store openings.
- Distribution and warehousing volume and inflation related headwinds were partly offset by cost savings.
- Central costs included investment in digital and technology initiatives.

Operating profit margin before adjusting items	%
2023/24	4.1
Gross margin	0.1
Store staffing	0.3
Other store costs	0.3
Distribution and warehousing	0.1
Central costs	0.2
2024/25	5.1

Clothing & Home – UK and ROI

UK and ROI Clothing & Home sales increased 4.7%, with a stronger performance in Q2 supported by more seasonal weather. Online sales growth was particularly strong in Q2 as we started to improve the online customer experience.

Change vs 23/24 %	Q1	Q2	HY
Clothing & Home sales ¹	1.3	8.1	4.7
Clothing & Home like-for-like sales	1.4	9.3	5.3
Clothing & Home online sales	5.8	16.5	11.3
Clothing & Home store sales	(0.7)	4.2	1.7
<i>Clothing & Home statutory revenue</i>	<i>953.7</i>	<i>1,029.8</i>	<i>1,983.5</i>

¹ 'Sales' are statutory revenue plus the gross value of consignment sales ex. VAT

To enable greater insight into these movements, further detail is provided on the performance of each channel in the UK.

Online

26 weeks ended	28 Sep 24	30 Sep 23	Change vs 2023/24 %
Active customers (m) ¹	7.0	6.6	6.1
Frequency ²	2.7	2.6	3.8
Transactions (m)	18.8	16.7	12.6
Average Basket value (£) ³	65.6	66.3	(1.1)
Returns Rate (%) ⁴	33.8	32.4	1.4% pts

¹ Active customers is the count of unique customers who transacted online in the last 26 weeks.

² Frequency is the count of purchasing transactions divided by customers.

³ Prior year average basket value has been restated to reflect alternative source data as a result of cookie compliance tracking

⁴ Returns rate represents returns on dispatch sales.

Online sales were driven by active customer growth and increased frequency. This was partly offset by increased returns reflecting growth in trend-led product and partner brands.

Stores

26 weeks ended	28 Sep 24	30 Sep 23	Change vs 2023/24 %
Transactions, m (average/week)	1.71	1.67	2.4
Average basket value inc VAT pre returns (£)	40.2	40.1	0.2

Clothing & Home store sales increased, with good growth in retail parks and shopping centres, supported by six new Full Line stores opened in 2023/24 and two new Full Line stores opening in the half.

Total Clothing & Home

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 %
Sales	2,026.8	1,935.9	4.7
Operating profit before adjusting items	242.2	240.9	0.5
Adjusted operating margin	12.0%	12.4%	(0.4% pts)

Operating profit before adjusting items was £242.2m compared with £240.9m in 2023/24, with an adjusted operating margin of 12.0% compared with 12.4% last year.

Gross margin increased 0.4% pts, driven by better buying offsetting currency and labour cost headwinds.

Operating costs as a percentage of sales increased, as sales growth of 4.7% was less than cost growth of 6.8%. The growth in operating costs was driven by:

- Store staffing pay and volume costs, partly offset by cost savings.
- Other store costs were broadly level due to energy and property efficiencies.
- Distribution and warehousing volume, inflation and channel mix cost growth, only partly offset by cost savings.
- Central costs included increased investment in infrastructure, website improvements, planning platform and brands trading capability as well as increased digital marketing costs.

Operating profit margin before adjusting items	%
2023/24	12.4
Gross margin	0.4
Store staffing	(0.2)
Other store costs	0.6
Distribution and warehousing	(0.4)
Central costs	(0.8)
2024/25	12.0

Within these results, store margin increased 0.5% pts to 14.4% while online margin declined 2.2% pts to 7.0%, reflecting the investment in the online and customer experience.

International

International sales decreased by 11.6% (10.3% at constant currency) continuing the trend of performance reported in H2 last year.

This was driven by challenging trading conditions, particularly in owned stores in India due slower retail sales, and with softer C&H shipments following actions taken to reduce stock levels by franchise partners.

Adjusted operating margin declined 4.2% pts due to lower sales, and a lower full price mix, which was partly offset by a reduction in costs.

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 %	Change vs 2023/24 CC %
International				
Sales	321.0	363.2	(11.6)	(10.3)
Operating profit before adjusting items	15.2	32.4	(53.1)	(52.0)
<i>Adjusted operating margin</i>	4.7%	8.9%	(4.2% pts)	(4.1% pts)

Ocado Retail Limited

The Group holds a 50% interest in Ocado Retail Limited ("Ocado Retail"). The remaining 50% interest is held by Ocado Group Plc ("Ocado Group"). Results for Ocado Retail are currently reported by Ocado Group and are not consolidated in this release. Half Year Results are consistent with the quarterly results reported by Ocado Group on behalf of Ocado Retail for the quarterly periods ended 2 June 2024 and 1 September 2024.

M&S accounts for the joint venture as an associate interest as certain rights are conferred on Ocado Group Plc for an initial period of at least five years from acquisition in August 2019. Ocado Group plc is expected to give up those rights to the Group in April 2025. After Ocado Group plc give up the rights, Ocado Retail Limited will then be consolidated as a subsidiary of the Group, as set out in the initial agreement in August 2019. There will be no change in the economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of this proposed change.

Revenue increased by £160.4m in the 26 weeks to 1 September 2024. This was driven by active customer growth and higher items per basket, whilst average selling price remained broadly flat.

M&S penetration of basket increased by 1.4% pts to 29.8% due to an increased number of M&S products on the Ocado website and improved availability.

26 weeks ended	1 Sep 24 £m	27 Aug 23 £m	Change £m
Revenue	1,324.8	1,164.4	160.4
Adjusted EBITDA	18.1	5.3	12.8
Adjusting items ¹	(3.8)	(33.4)	29.6
Depreciation and amortisation	(29.9)	(31.2)	1.3
Operating loss	(15.6)	(59.3)	43.7
Net interest charge	(16.3)	(13.5)	(2.8)
Taxation	-	(7.8)	7.8
Loss after tax	(31.9)	(80.6)	48.7
M&S 50% share of loss after tax	(16.0)	(40.3)	24.3
Reported in M&S Group adjusted profit before tax	(16.0)	(23.4)	7.4
Reported in M&S Group adjusting items	-	(16.9)	16.9

¹Adjusting items are defined within the Ocado Group Plc Annual Report and Accounts 2023.

Adjusted EBITDA improved versus last year driven by revenue growth ahead of operational costs, although partly offset by increased delivery costs and fees.

Net interest charge increased, reflecting a higher interest expense on loans from shareholders, of which the M&S share is reported in the Group's finance income (£4.4m in 2024/25, £2.0m in 2023/24).

Last year there was a tax charge of £7.8m, driven by the write-off of a deferred tax asset in the year.

Overall Ocado Retail reported a loss after tax of £31.9m. M&S group share was a loss of £16.0m, which is reported in M&S Group adjusted profit before tax.

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £8.2m, compared with £2.4m in 2023/24. This reflects a change in the arrangement between M&S and HSBC UK. On 9 April 2024, the Group and HSBC UK agreed a new seven-year deal focused on enhancing M&S' credit offering and payment solutions through M&S Financial Services and bringing together digital payments and loyalty for M&S customers.

Details of the M&S Bank transformation and insurance mis-selling provisions can be found in adjusting items.

Net finance cost

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 £m
Interest payable	(22.3)	(24.7)	2.4
Interest income	24.9	22.7	2.2
Net interest receivable/(payable)	2.6	(2.0)	4.6
Unwind of discount on Scottish Limited Partnership liability	(0.4)	(2.3)	1.9
Unwind of discount on provisions	(2.7)	(3.3)	0.6
Net financial interest	(0.5)	(7.6)	7.1
Net interest payable on lease liabilities	(54.4)	(54.7)	0.3
Net finance cost before adjusting items	(54.9)	(62.3)	7.4
Adjusting items included in net finance cost	(1.9)	72.9	(74.8)
Net finance cost/(income)	(56.8)	10.6	(67.4)

Net finance cost before adjusting items decreased £7.4m to £54.9m. This was driven by higher average interest rates on cash balances, an increase in interest receivable on shareholder loans to Ocado Retail, and reduced interest expense with the 2023 bonds and part of the 2025 and 2026 bonds repurchased.

Adjusting items within net finance costs decreased primarily due to last year's remeasurement of Ocado Retail Limited contingent consideration and a reduced net pension finance income (see note 3 for more information).

Group profit before tax and adjusting items

Group profit before tax and adjusting items was £407.8m, up 17.2% on 2023/24. The profit increase was primarily due to growth in the Food business and reduced share of group losses in Ocado Retail, offset by decreased profit of the International business.

Group profit before tax

Group profit before tax was £391.9m, up 20.4% on 2023/24. This includes a net charge for adjusting items of £15.9m (2023/24: charge of £22.5m).

Adjusting items

The Group makes certain adjustments to statutory profit measures in order to derive alternative performance measures (APMs) that provide stakeholders with additional helpful information and aid comparability of the performance of the business. For further detail on these (charges)/gains and the Group's policy for adjusting items, please see notes 1 and 3 to the financial information. These (charges)/gains are reported as adjusting items on the basis that they are significant in quantum in current or future years and aid comparability from one period to the next.

26 weeks ended	28 Sep 24 £m	30 Sep 23 Restated £m	Change vs 2023/24 £m
Included in share of result of associate – Ocado Retail Limited	(6.5)	(23.4)	16.9
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	(6.5)	(6.5)	-
Ocado Retail Limited – UK network capacity review	-	(16.9)	16.9
Included in operating profit	(7.5)	(72.0)	64.5
Strategic programmes – Store estate	(26.8)	(67.1)	40.3
Strategic programmes – Furniture simplification	5.9	-	5.9
Strategic programmes – Organisation	-	(3.5)	3.5
M&S Bank transformation and insurance mis-selling provisions	(7.5)	(1.0)	(6.5)
Acquisition of Gist Limited	-	(0.4)	0.4
Legal Settlement	20.9	-	20.9
Included in net finance income/(costs)	(1.9)	72.9	(74.8)
Remeasurement of Ocado Retail Limited contingent consideration	-	64.7	(64.7)
Net pension finance income	2.1	12.1	(10.0)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(4.0)	(3.9)	(0.1)
Adjustments to profit before tax	(15.9)	(22.5)	6.6

Adjusting items recognised were a net charge of £15.9m. These include:

A charge of £26.8m in relation to store estate rotation plans. This reflects the revised view of store exit routes, assumptions, estimated closure costs, charges relating to the impairment of buildings, fixtures and fittings, and accelerated depreciation.

A credit of £5.9m in relation to furniture simplification, mainly reflecting the settlement of contractual obligations with suppliers.

A charge of £7.5m in relation to M&S Bank transformation and insurance mis-selling provisions, predominately relating to the settlement of the deficit which had been recognised by M&S Bank. Total programme costs to date are £12.5m and under the terms of the new agreement, material charges are expected over the next seven years.

The Group received a net credit of £20.9m as part of a legal settlement in relation to damages received from an independent third party following its involvement in anti-competitive behaviour that adversely impacted the Group.

For further details on adjusting items see note 3 to the financial information.

Taxation

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings, adjusted for actual tax on adjusting items.

The taxation charge in the income statement for the half year is based on the forecast full year tax rate on profit before adjusting items of 27.9% (last half year 31.4% restated; last full year 33.2%). This is higher than the UK statutory rate primarily due to the impact of non-deductible Ocado JV losses.

Overall, the effective tax rate on profit before taxation was 28.9% (last half year 36.5%; last full year 36.8%).

Earnings per share

Basic earnings per share was 14.0p (2023/24: 10.6p). Adjusted basic earnings per share was 14.7p (2023/24 12.2p) due to higher adjusted profit year on year.

The weighted average number of ordinary shares in issue during the period was 2,021.7m (2023/24: 1,967.0m), with the weighted average number of diluted ordinary shares 2,103.3m (2023/24: 2,080.6m).

Cash flow

	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 £m
Operating profit	448.7	315.0	133.7
Adjusting items within operating profit	14.0	95.4	(81.4)
Operating profit before adjusting items	462.7	410.4	52.3
Depreciation and amortisation before adjusting items	256.6	258.5	(1.9)
Cash lease and surrender payments	(143.8)	(164.4)	20.6
Working capital	(263.1)	(135.2)	(127.9)
Defined benefit scheme pension funding	2.8	2.1	0.7
Capex and disposals	(215.4)	(190.0)	(25.4)
Financial interest	(11.6)	(37.5)	25.9
Taxation	(83.4)	(73.8)	(9.6)
Employee-related share transactions	17.6	9.5	8.1
Share of loss from Associate	16.0	23.4	(7.4)
Loans to Associates	-	(47.0)	47.0
Share of results in other joint ventures	(0.3)	(0.2)	(0.1)
Adjusting items in cash flow	(21.8)	(28.1)	6.3
Free cash flow from operations	16.3	27.7	(11.4)
Acquisitions, investments, and divestments	(0.9)	(2.1)	1.2
Free cash flow	15.4	25.6	(10.2)
Dividends paid	(40.2)	-	(40.2)
Free cash flow after shareholder returns	(24.8)	25.6	(50.4)
Opening net funds/ (debt) excluding lease liabilities	45.7	(355.6)	401.3
Free cash flow after shareholder returns	(24.8)	25.6	(50.4)
Exchange and other non-cash movements excluding leases	1.5	10.1	(8.6)
Closing net funds/ (debt) excluding lease liabilities	22.4	(319.9)	342.3
Opening net debt	(2,165.8)	(2,637.2)	471.4
Free cash flow after shareholder returns	(24.8)	25.6	(50.4)
Decrease in lease obligations	102.3	115.3	(13.0)
New lease commitments and remeasurements	(69.1)	(67.3)	(1.8)
Exchange and other non-cash movements	(6.7)	(0.4)	(6.3)
Closing net debt	(2,164.1)	(2,564.0)	399.9

The business generated free cash flow from operations of £16.3m, a year-on-year decrease of £11.4m. Growth in operating profit before adjusting items was offset by an increase in working capital outflow the drivers of which included reduced payables terms in Clothing & Home from 90 to 75 days and a reduction in accrued costs. At the start of the year we anticipated a working capital outflow of c.£50m for FY25 and despite the first half movements our expectations are broadly unchanged.

Cash outflow from adjusting items was £21.8m. This included £13.3m relating to the store estate strategy, a £25.0m fee relating to a change in arrangements between M&S and HSBC UK for financial services, offset by £22.0m relating to a legal settlement. Dividend payments of £40.2m reflect the final dividend in July 2024.

The Group had closing net funds excluding lease liabilities of £22.4m at the end of the period. As a result of a decrease in lease obligations, Group net debt was £2,164.1m

Capital expenditure

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 £m
Store renewal	48.2	13.7	34.5
New stores	49.5	54.0	(4.5)
International	3.6	6.1	(2.5)
Supply chain	37.2	24.1	13.1
Digital and Technology	49.0	33.1	15.9
Property maintenance	44.3	48.8	(4.5)
Capital expenditure before property disposals	231.8	179.8	52.0
Property disposals	(0.1)	(0.3)	0.2
Capital expenditure	231.7	179.5	52.2
Movement in capital accruals and other items	(16.3)	10.5	(26.8)
Capex and disposals as per cash flow	215.4	190.0	25.4

Group capital expenditure before property disposals increased £52.0m to £231.8m due to increased investment in store renewal, supply chain and technology partially offset by reduced spend on new stores and International.

Store renewal costs were driven by four food store renewals which opened in the period and two of our larger Full Line stores which will be completed in H2. Spend on new stores was driven by the opening of two Full Line and three Food stores in the period plus the extension of Fosse Park which launched in October.

Supply chain expenditure reflects investment in expanding C&H fulfilment capabilities, as well as replacement of vehicles and handling equipment. Digital and technology includes technology replacement, network upgrades, and continued investment in website and app development.

Net debt

Group net debt decreased £399.9m since last half year driven by the repayment of medium term notes and a decrease in lease liabilities.

The composition of Group net debt is as follows:

26 weeks ended	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 £m
Cash and cash equivalents ¹	618.7	828.7	(210.0)
Current financial assets and other ¹	143.8	21.2	122.6
Medium Term Notes	(698.1)	(1,047.9)	349.8
Partnership liability	(42.0)	(121.9)	79.9
Net funds / (debt) excluding lease liabilities	22.4	(319.9)	342.3
Lease liabilities	(2,186.5)	(2,244.1)	57.6
Group net debt	(2,164.1)	(2,564.0)	399.9

¹ Cash and cash equivalents represents cash held on deposit for under 90 days. Current financial assets includes funds on deposit for longer than 90 days.

The Medium Term Notes include four bonds, with maturities out to 2037, and the associated accrued interest. During the period part of 2025 and 2026 bonds were repurchased totalling £190.3m. The USD 300m 2037 bond is valued by reference to the embedded exchange rate in the associated cross currency swaps. The full breakdown of maturities is as follows:

Bond and maturity date	Value £m
Jun 2025, GBP	105.9
May 2026, GBP	109.2
Jul 2027, GBP	249.1
Dec 2037, USD	251.9
Total principal value	716.1
Interest and FX revaluation	(18.0)
Total carrying value	698.1

Lease Liabilities	28 Sep 24 £m	30 Sep 23 £m	Change vs 2023/24 £m	Average lease length to break ¹
Full Line stores	(851.2)	(877.2)	26.0	c.19yrs
Food stores	(689.7)	(685.3)	(4.4)	c.9yrs
Offices, warehouses and other	(497.1)	(534.8)	37.7	
International	(148.5)	(146.8)	(1.7)	
Total lease liability	(2,186.5)	(2,244.1)	57.6	

¹ Liability-weighted average lease length to break

Full Line store lease liabilities include £121.7m relating to stores identified as part of the UK store estate strategic programme. The average lease length on the stores are skewed by eight particularly long leases which are trading well in locations we wish to remain in. Excluding these eight leases, the average term to break of leases outside the programme is c.14 years.

Food store lease liabilities include £25.9m relating to stores identified as part of the UK store estate strategic programme. Of the remaining lease liability, the average lease length to break is c.9 years.

Within offices, warehouses and other lease liabilities, £141.7m relates to the sublet lease on our Merchant Square offices.

Pension

At 28 September 2024, the IAS 19 net retirement benefit surplus was £51.6m (FY 2023/24: £77.2m). There has been a decrease of £25.6m since the start of the year largely driven by the increase in gilt yields during the period. The pension scheme is fully hedged for movements in gilt yields. However, on an IAS 19 basis, there is an inherent basis risk to the scheme valuation, with the pension assets moving with underlying movements in rates and scheme liabilities exposed to the movement in corporate bond yields. In a normal period, this always results in some dislocation between movements in the scheme assets and liabilities. However, the increase in gilt yields in the year led to a larger dislocation. Nevertheless, there has been no material worsening of the scheme's overall funding position and the scheme remains fully funded on a technical provisions basis.

The 2021 triennial valuation showed a funding surplus of £687m. The Company is reviewing the results of the 2024 actuarial valuation which indicate that the scheme continues to be well funded on a technical provisions basis.

Given the strength of the valuation the Company is in discussions with the Trustees regarding the phasing of the current contributions.

Marks and Spencer Scottish Limited Partnership

Marks and Spencer Plc is a general partner of the Marks and Spencer Scottish Limited Partnership, with the UK defined benefit pension scheme, which is a limited partner.

The Partnership holds £1.3bn (FY 2023/24: £1.3bn) of properties at book value which have been leased back to Marks and Spencer Plc. The first limited Partnership interest held by the scheme is included as a financial liability in the financial statements as it is a transferable financial instrument. The second Partnership interest held by the scheme is not a transferable financial instrument, the associated liability is not included on the Group's statement of financial position, rather the annual distribution is recognised as a contribution to the scheme each year.

As noted in the last annual report, the Company committed to contributing c£200m to the pension scheme in 2023/24 and 2024/25. Of this amount, £40.0m was paid in 2023/24 and a further £40.0m in the first half of 2024/25. The Company is currently in discussions with the Trustees to reschedule the remaining £120m as part of a plan to ensure that the scheme is fully funded over time.

Liquidity

At 28 September 2024, the Group held cash and cash equivalents of £618.7m (2023/24: £828.7m). In the period, the Group bought back £190.3m of medium-term notes.

The Group currently has an unused £850m revolving credit facility. With the facility undrawn, the Group had total liquidity headroom of over £1.4bn at 28 September 2024.

Dividend

With the Group generating a further improvement in operating performance, balance sheet and credit metrics, an interim dividend of 1p per share has been declared. This will be payable on 10 January 2025 to shareholders on the register of members as at close of business on 29 November 2024.

Statement of financial position

Net assets were £3,031.0m at the period end. The profit made in the period and the reduction in borrowings resulted in an overall increase in net assets of 7.1% since the start of the year.

Outcome of audit tender process

Following the completion of a competitive tender process, the Board has approved the proposed appointment of Deloitte LLP as the Company's external auditor. Deloitte will continue to audit the Group and the Company's financial statements for the year ending in March 2025 and the appointment will be subject to shareholder approval of a resolution at the Annual General Meeting to be held in 2025.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance and additional information on the overarching impact from the external environment across the Group's risk profile are set out on pages 64 – 70 of the Group's 2024 Annual Report and Financial Statements, along with mitigating activities relevant to each risk. Additionally, information on financial risk management is set out on pages 170 – 179. A copy of the Annual Report and Financial Statements is available on the Group's website: corporate.marksandspencer.com.

The Board of Directors have considered the principal risks and uncertainties disclosed in the 2024 Annual Report and Financial Statements and confirm that they remain relevant for the remainder of the financial year. The principal risks covered are:

- An uncertain environment;
- Business transformation;
- Joint Ventures, including Ocado Retail and franchise;
- Business continuity and resilience;
- Information security;
- Culture, talent and capability;
- Product safety and integrity;
- Corporate compliance and responsibility;
- Climate change and environmental responsibility; and
- Liquidity and funding.

Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with UK-adopted IAS 34 and that the interim management report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R, namely:

- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the issuer, or undertakings included in the consolidation;
- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Marks and Spencer Group plc are listed in the Group's 2024 Annual Report and Financial Statements, with the exception of the following changes in the period: Mr A Fisher resigned on 2 July 2024, and Ms K Bickerstaffe resigned on 2 July 2024. A list of current directors is maintained on the Group's website: corporate.marksandspencer.com.

By order of the Board

Stuart Machin
Chief Executive

Condensed consolidated income statement

	Notes	26 weeks ended		52 weeks ended
		28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited) (restated)	30 Mar 2024 (Audited)
		Total £m	Total £m	Total £m
Revenue	2	6,481.0	6,134.0	13,040.1
Share of result of associate - Ocado Retail Limited	2, 3, 8	(22.5)	(46.8)	(79.9)
Operating profit	2, 3	448.7	315.0	714.2
Finance income	4	29.8	102.3	146.7
Finance costs	4	(86.6)	(91.7)	(188.4)
Profit before tax	2, 3	391.9	325.6	672.5
Income tax expense	5	(113.3)	(118.7)	(247.3)
Profit for the period		278.6	206.9	425.2
Attributable to:				
Owners of the parent		282.1	208.0	431.2
Non-controlling interests		(3.5)	(1.1)	(6.0)
		278.6	206.9	425.2
Earnings per share				
Basic	6	14.0p	10.6p	21.9p
Diluted	6	13.4p	10.0p	20.8p
Reconciliation of adjusted profit before tax:				
Profit before tax		391.9	325.6	672.5
Adjusting items ¹	3	15.9	22.5	43.9
Profit before tax & adjusting items ¹ – non-GAAP measure		407.8	348.1	716.4
Adjusted earnings per share – non-GAAP measure				
Basic ¹	6	14.7p	12.2p	24.6p
Diluted ¹	6	14.1p	11.5p	23.3p

¹ Comparative information has been restated due to a change in adjusting items classification. See note 1 for details.

Condensed consolidated statement of comprehensive income

	Notes	26 weeks ended		52 weeks ended
		28 Sep 2024 (Unaudited) £m	30 Sep 2023 (Unaudited) £m	30 Mar 2024 (Audited) £m
Profit for the period		278.6	206.9	425.2
Other comprehensive income/(expense):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit schemes	9	(24.8)	(307.5)	(419.2)
Tax credit on retirement benefit schemes		6.3	76.9	104.8
		(18.5)	(230.6)	(314.4)
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences				
- movement recognised in other comprehensive income		(8.7)	(4.4)	(11.5)
Cash flow hedges				
- fair value movements in other comprehensive income		(74.1)	26.3	(27.5)
- reclassified and reported in profit or loss		13.6	(3.1)	5.3
Tax credit/(charge) on cash flow hedges		15.4	(5.4)	6.1
		(53.8)	13.4	(27.6)
Other comprehensive expense for the period, net of tax		(72.3)	(217.2)	(342.0)
Total comprehensive income/(expense) for the period		206.3	(10.3)	83.2
Attributable to:				
Owners of the parent		209.8	(9.2)	89.2
Non-controlling interests		(3.5)	(1.1)	(6.0)
		206.3	(10.3)	83.2

Condensed consolidated statement of financial position

		As at 28 Sep 2024 (Unaudited)	As at 30 Sep 2023 (Unaudited) (restated)	As at 30 Mar 2024 (Audited)
	Notes	£m	£m	£m
Assets				
Non-current assets				
Intangible assets		170.2	179.5	179.5
Property, plant and equipment		5,211.8	5,119.4	5,190.1
Investment property		11.4	11.8	11.6
Investment in joint ventures and associates	8	662.1	721.3	684.2
Other financial assets	11	8.7	12.5	12.6
Retirement benefit asset	9	56.2	184.2	81.8
Trade and other receivables		390.7	348.7	356.7
Derivative financial instruments	11	1.4	6.1	0.7
Deferred tax assets		11.7	7.6	11.7
		6,524.2	6,591.1	6,528.9
Current assets				
Inventories		979.9	999.7	776.9
Other financial assets	11	161.7	9.0	12.3
Trade and other receivables		367.1	313.0	302.0
Derivative financial instruments	11	7.5	25.3	6.8
Current tax assets		21.8	6.5	32.9
Cash and cash equivalents		618.7	828.7	1,022.4
		2,156.7	2,182.2	2,153.3
Total assets		8,680.9	8,773.3	8,682.2
Liabilities				
Current liabilities				
Trade and other payables		2,132.7	2,141.9	2,107.9
Borrowings and other financial liabilities		330.7	335.4	250.4
Partnership liability to the Marks & Spencer UK Pension Scheme	10	49.2	127.1	88.8
Derivative financial instruments	11	83.1	20.8	20.0
Provisions		30.6	38.1	47.6
Current tax liabilities		1.5	57.3	1.5
		2,627.8	2,720.6	2,516.2
Non-current liabilities				
Retirement benefit deficit	9	4.6	4.5	4.6
Trade and other payables		120.1	116.5	116.7
Borrowings and other financial liabilities		2,553.2	2,956.5	2,882.8
Derivative financial instruments	11	26.1	5.6	21.9
Provisions		109.3	83.9	104.1
Deferred tax liabilities		208.8	172.3	205.8
		3,022.1	3,339.3	3,335.9
Total liabilities		5,649.9	6,059.9	5,852.1
Net assets		3,031.0	2,713.4	2,830.1
Equity				
Issued share capital		20.6	20.0	20.5
Share premium account		975.7	911.6	967.0
Capital redemption reserve		2,680.4	2,680.4	2,680.4
Hedging reserve		(44.8)	19.4	(8.4)
Cost of hedging reserve		13.9	4.1	5.4
Other reserve		(6,542.2)	(6,542.2)	(6,542.2)
Foreign exchange reserve		(89.8)	(74.0)	(81.1)
Retained earnings		6,021.8	5,690.8	5,789.6
Equity attributable to owners of the parent		3,035.6	2,710.1	2,831.2
Non-controlling interests		(4.6)	3.3	(1.1)
Total equity		3,031.0	2,713.4	2,830.1

Deferred tax and retained earnings have been restated in the comparative information. See note 1 for further details. The notes on pages 29 to 48 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity

26 weeks ended 28 September 2024 (Unaudited)	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging reserve £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total equity £m
As at 31 March 2024	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,789.6	2,831.2	(1.1)	2,830.1
Profit for the period	-	-	-	-	-	-	-	282.1	282.1	(3.5)	278.6
Other comprehensive income/(expense):											
Foreign currency translation	-	-	-	-	-	-	(8.7)	-	(8.7)	-	(8.7)
- movement recognised in other comprehensive income	-	-	-	-	-	-	-	(24.8)	(24.8)	-	(24.8)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	6.3	6.3	-	6.3
Tax credit on retirement benefit schemes	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	(85.4)	11.3	-	-	-	(74.1)	-	(74.1)
- fair value movements in other comprehensive income	-	-	-	13.6	-	-	-	-	13.6	-	13.6
- reclassified and reported in profit or loss	-	-	-	18.2	(2.8)	-	-	-	15.4	-	15.4
Tax on cash flow hedges	-	-	-	(53.6)	8.5	-	(8.7)	(18.5)	(72.3)	-	(72.3)
Other comprehensive income/(expense)	-	-	-	(53.6)	8.5	-	(8.7)	(18.5)	(72.3)	-	(72.3)
Total comprehensive income/(expense)	-	-	-	(53.6)	8.5	-	(8.7)	263.6	209.8	(3.5)	206.3
Cash flow hedges recognised in inventories	-	-	-	23.0	-	-	-	-	23.0	-	23.0
Tax on cash flow hedges recognised in inventories	-	-	-	(5.8)	-	-	-	-	(5.8)	-	(5.8)
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(40.2)	(40.2)	-	(40.2)
Shares issued in respect of employee share options	0.1	8.7	-	-	-	-	-	-	8.8	-	8.8
Purchase of shares held by employee trusts	-	-	-	-	-	-	-	(17.6)	(17.6)	-	(17.6)
Credit for share-based payments	-	-	-	-	-	-	-	26.4	26.4	-	26.4
As at 28 September 2024	20.6	975.7	2,680.4	(44.8)	13.9	(6,542.2)	(89.8)	6,021.8	3,035.6	(4.6)	3,031.0
26 weeks ended 30 September 2023 (Unaudited)											
As at 2 April 2023	19.8	910.7	2,680.4	(31.9)	4.2	(6,542.2)	(69.6)	5,839.1	2,810.5	4.4	2,814.9
Prior period restatement ²	-	-	-	-	-	-	-	(134.1)	(134.1)	-	(134.1)
As at 2 April 2023 (restated)	19.8	910.7	2,680.4	(31.9)	4.2	(6,542.2)	(69.6)	5,705.0	2,676.4	4.4	2,680.8
Profit for the period	-	-	-	-	-	-	-	208.0	208.0	(1.1)	206.9
Other comprehensive (expense)/income:											
Foreign currency translation	-	-	-	-	-	-	(4.4)	-	(4.4)	-	(4.4)
- movement recognised in other comprehensive income	-	-	-	-	-	-	-	(307.5)	(307.5)	-	(307.5)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	76.9	76.9	-	76.9
Tax credit on retirement benefit schemes	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	26.5	(0.2)	-	-	-	26.3	-	26.3
- fair value movements in other comprehensive income	-	-	-	(3.1)	-	-	-	-	(3.1)	-	(3.1)
- reclassified and reported in profit or loss	-	-	-	(5.5)	0.1	-	-	-	(5.4)	-	(5.4)
Tax on cash flow hedges	-	-	-	17.9	(0.1)	-	(4.4)	(230.6)	(217.2)	-	(217.2)
Other comprehensive income/(expense)	-	-	-	17.9	(0.1)	-	(4.4)	(230.6)	(217.2)	-	(217.2)
Total comprehensive income/(expense)	-	-	-	17.9	(0.1)	-	(4.4)	(22.6)	(9.2)	(1.1)	(10.3)
Cash flow hedges recognised in inventories	-	-	-	44.6	-	-	-	-	44.6	-	44.6
Tax on cash flow hedges recognised in inventories	-	-	-	(11.2)	-	-	-	-	(11.2)	-	(11.2)
Transactions with owners:											
Shares issued in respect of employee share options	0.2	0.9	-	-	-	-	-	-	1.1	-	1.1
Purchase of shares held by employee trusts	-	-	-	-	-	-	-	(16.7)	(16.7)	-	(16.7)
Credit for share-based payments	-	-	-	-	-	-	-	25.1	25.1	-	25.1
As at 30 September 2023	20.0	911.6	2,680.4	19.4	4.1	(6,542.2)	(74.0)	5,690.8	2,710.1	3.3	2,713.4

52 weeks ended 30 March 2024 (Audited)	Ordinary share capital	Share premium account	Capital redemption reserve	Hedging reserve	Cost of hedging reserve	Other reserve ¹	Foreign exchange reserve	Retained earnings	Total	Non- controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 2 April 2023	19.8	910.7	2,680.4	(31.9)	4.2	(6,542.2)	(69.6)	5,705.0	2,676.4	4.4	2,680.8
Profit for the year	-	-	-	-	-	-	-	431.2	431.2	(6.0)	425.2
Other comprehensive income/(expense):											
Foreign currency translation	-	-	-	-	-	-	(11.5)	-	(11.5)	-	(11.5)
- movement recognised in other comprehensive income	-	-	-	-	-	-	-	(419.2)	(419.2)	-	(419.2)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	104.8	104.8	-	104.8
Tax credit on retirement benefit schemes	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	(29.1)	1.6	-	-	-	(27.5)	-	(27.5)
- fair value movements in other comprehensive income	-	-	-	5.3	-	-	-	-	5.3	-	5.3
- reclassified and reported in profit or loss	-	-	-	6.5	(0.4)	-	-	-	6.1	-	6.1
Tax on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense)	-	-	-	(17.3)	1.2	-	(11.5)	(314.4)	(342.0)	-	(342.0)
Total comprehensive income/(expense)	-	-	-	(17.3)	1.2	-	(11.5)	116.8	89.2	(6.0)	83.2
Cash flow hedges recognised in inventories	-	-	-	54.4	-	-	-	-	54.4	-	54.4
Tax on cash flow hedges recognised in inventories	-	-	-	(13.6)	-	-	-	-	(13.6)	-	(13.6)
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(19.6)	(19.6)	-	(19.6)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	0.5	0.5
Shares issued in respect of employee share options	0.7	56.3	-	-	-	-	-	-	57.0	-	57.0
Purchase of shares held by employee trusts	-	-	-	-	-	-	-	(83.1)	(83.1)	-	(83.1)
Credit for share-based payments	-	-	-	-	-	-	-	48.3	48.3	-	48.3
Tax on share schemes	-	-	-	-	-	-	-	22.2	22.2	-	22.2
As at 30 March 2024	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,789.6	2,831.2	(1.1)	2,830.1

¹ The 'Other reserve' was originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.

² See Note 1 for details of restatement.

Condensed consolidated statement of cash flows

	Notes	26 weeks ended		52 weeks ended
		28 Sep 2024 (Unaudited) £m	30 Sep 2023 (Unaudited) £m	30 Mar 2024 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	13	479.2	556.0	1,492.9
Income tax paid		(83.4)	(73.8)	(191.2)
Net cash inflow from operating activities		395.8	482.2	1,301.7
Cash flows from investing activities				
Proceeds on property disposals		0.1	0.3	6.1
Purchase of property, plant and equipment		(165.1)	(161.4)	(359.5)
Purchase of intangible assets		(50.4)	(28.9)	(69.8)
(Purchase)/sale of current financial assets		(149.4)	3.2	0.7
Purchase of non-current financial assets		(0.9)	(2.1)	(2.6)
Loans to related parties		-	(47.0)	(62.0)
Interest received		24.8	21.8	51.8
Net cash used in investing activities		(340.9)	(214.1)	(435.3)
Cash flows from financing activities				
Interest paid ¹		(78.3)	(108.3)	(185.0)
Redemption of Medium Term Notes		(187.8)	(267.5)	(395.6)
Repayment of lease liabilities		(102.3)	(115.3)	(243.5)
Payment of liability to the Marks & Spencer UK Pension Scheme		(40.0)	-	(40.0)
Equity dividends paid	7	(40.2)	-	(19.6)
Shares issued on exercise of employee share options		8.8	1.1	57.0
Purchase of own shares by employee trust		(17.6)	(16.7)	(83.1)
Net cash used in financing activities		(457.4)	(506.7)	(909.8)
Net cash outflow from activities		(402.5)	(238.6)	(43.4)
Effects of exchange rate changes		(1.2)	(0.6)	(2.1)
Opening net cash		1,022.4	1,067.9	1,067.9
Closing net cash		618.7	828.7	1,022.4

¹ Includes interest paid on lease liabilities of £41.5m (last half year: £49.1m; last full year: £102.0m).

Notes to the financial statements (Unaudited)

1 General information and basis of preparation

General information

This condensed consolidated interim information for the period does not constitute statutory financial statements within the meaning of s434 of the Companies Act 2006.

The summary of results for the year ended 30 March 2024 is an extract from the published Annual Report and Financial Statements which were approved by the Board of Directors on 21 May 2024, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report on the Annual Report and Financial Statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under s498 (2) or (3) of the Companies Act 2006.

Basis of preparation

The financial information has been prepared in accordance with the UK-adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Prior year restatement

In the 2024 Annual Report, an error was identified within the Group's deferred tax calculations which was triggered by a series of historical changes in the residual value applied to Buildings impacting the portion of the asset to be recovered through use and the portion through sale. In line with IAS 8, the Group has restated balances as at 1 April 2023 and 30 September 2023.

Specifically, the impact on the financial results as at 1 April 2023 and 30 September 2023 was a £134.1m increase in deferred tax liabilities recognised in relation to Buildings following management's downwards revision of its estimate of the residual value of Buildings. There is no impact on the cash flow statement in any years.

The financial impact of the errors identified are as follows:

	As at 30 Sep 2023			As at 1 Apr 2023		
	Reported £m	Adjustment £m	Restated £m	Reported £m	Adjustment £m	Restated £m
Deferred tax liability	38.2	134.1	172.3	72.3	134.1	206.4
Retained earnings	5,824.9	(134.1)	5,690.8	5,839.1	(134.1)	5,705.0

Going concern basis

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out on pages 1 to 6 and the principal risks and uncertainties as set out on page 22.

At 28 September 2024, the Group's access to available liquidity remained strong at over £1.4bn, comprising cash and cash equivalents of £618.7m, an undrawn committed syndicated bank revolving credit facility of £850.0m (set to mature in June 2027), and undrawn uncommitted facilities amounting to £25.0m.

The forecast cashflows for the 12-month period to November 2025, used to support the assessment of going concern, incorporate a latest estimate of the ongoing impact of current market conditions on the Group and include a number of assumptions, including sales growth and customer behaviour. In forming their outlook on the future financial performance, the directors considered a variety of downsides that the Group might experience, such as cost pressures, including inflationary headwinds, and any potential impact of a recession. The downside scenario also assumes that a delay in transformation benefits results in a decline in the incremental sales expected from these activities.

Based on the forecast cashflows, throughout the next 12-month period to November 2025, the Group has adequate headroom to meet the covenant requirements.

As a result, the directors believe that the Group is well placed to manage its financing and other principal risks satisfactorily and that the Group will be able to operate within the level of its facilities for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. For this reason, the directors consider it appropriate for the Group to adopt the going concern basis in preparing its interim financial statements.

Accounting policies

The results for the first half of the financial year have been reviewed, not audited and are prepared on the basis of the accounting policies set out in the Group's 2024 Annual Report and Financial Statements.

Several amendments apply for the first time during the period but have not led to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (“APMs”) which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: sales; like-for-like sales growth; adjusted operating profit; adjusted operating margin; profit before tax and adjusting items; adjusted basic earnings per share; net debt; net debt excluding lease liabilities; free cash flow; free cash flow from operations; and capital expenditure. Each of these APMs, and others used by the Group, are set out in the Glossary, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports some financial measures, primarily International sales, on both a reported and constant currency basis. The constant currency basis, which is an APM, retranslates the previous year revenues at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory profit measures in order to derive many of these APMs. The Group’s policy is to exclude items that are considered significant in nature and/or quantum over the total expected life of the programme or are consistent with items that were treated as adjusting in prior periods. The Group’s definition of adjusting items is consistent with prior periods. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. On this basis, the following items were included within adjusting items for the 26-week period ended 28 September 2024 or comparative periods:

- Net charges associated with the strategic programme in relation to the review of the store estate.
- Significant restructuring costs and other associated costs arising from strategy or operational changes that are not considered by the Group to be part of the normal operating costs of the business.
- Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business.
- Charges and reversals of previous impairments arising from the write-off of assets and other property charges that are significant in nature and/or value. Impairment charges are recognised in adjusted operating profit where they relate to stores not previously impaired or do not otherwise meet the Group’s adjusting items policy.
- Adjustments to income from M&S Bank due to a provision recognised by M&S Bank for the cost of providing redress to customers in respect of possible mis-selling of M&S Bank financial products.
- Amortisation of the identified intangible assets arising as part of the investment in Ocado Retail Limited.
- Remeasurement of Ocado Retail Limited contingent consideration.
- Significant costs relating to the acquisition of Gist Limited.
- Net finance costs incurred in relation to Gist Limited deferred and contingent consideration.
- Share of net charges associated with Ocado Retail Limited’s UK network capacity review.
- Net pension finance income in relation to the closed scheme not considered part of ongoing operating activities of the Group
- Significant charges relating to the renegotiation of the Group’s Relationship Agreement with M&S Bank
- Significant charges in relation to the furniture simplification programme that are not considered to be day-to-day operational costs of the business, mainly relating to contractual obligations with suppliers.
- Net income associated with a significant legal settlement that is not considered to be a normal income stream of the business.

Refer to note 3 for a summary of the adjusting items.

In the 2024 Annual Report, a change was made in the Group’s classification of pension net finance income as an adjusting item (see note 3), therefore, the comparative amounts have been restated. The impact on the 26 weeks ended 30 September 2023 income statement is a decrease to the adjusting items charge of £12.1m, a decrease to profit before tax & adjusting items of £12.1m, a decrease to adjusted basic earnings per share of 0.5p and a decrease to adjusted diluted earnings per share of 0.5p. There is no impact on profit before tax, earnings per share or net assets.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. The critical accounting judgements and key sources of estimation uncertainty remain consistent with those presented in note 1 of the Group’s 2024 Annual Report and Financial Statements.

2 Segmental Information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker has been identified as the Executive Committee. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources across each operating segment.

During the period a review of the Group's operating segments was performed to ensure the operating segments best reflect the current day-to-day operations and way the business is managed. As a result of the review, the Republic of Ireland has been removed from the International segment and split between the Clothing & Home and Food segments. Reportable segment results below have been updated to reflect this change.

The Group's reportable operating segments have therefore been identified as follows:

- UK and ROI Clothing & Home – comprises the retailing of womenswear, menswear, lingerie, kidswear and home products through UK and ROI retail stores and online.
- UK and ROI Food – includes the results of the UK and ROI retail food business, UK Food franchise operations and UK supply chain services, with the following main categories: Meat, Fish, Protein Deli and Dairy; Produce & Horticulture; Meals, Frozen and 'food on the move'; Core Basket; Impulse & Events; Beers, wines & spirits; Hospitality.
- International – consists of Marks and Spencer owned businesses in Europe (excluding Ireland) and Asia and the international franchise operations.
- Ocado – includes the Group's share of profits or losses from the investment in Ocado Retail Limited.

Other business activities and operating segments, including M&S Bank, are combined and presented in "All other segments". Finance income and costs are not allocated to segments as each is managed on a centralised basis.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit before adjusting items. This measurement basis excludes the effects of adjusting items from the operating segments.

The following is an analysis of the Group's revenue and results by reportable segment:

	26 weeks ended 28 Sep 2024 (Unaudited)					
	UK and ROI Clothing & Home ³	UK and ROI Food ³	International ³	Ocado	All other segments	Group
	£m	£m	£m	£m	£m	£m
Sales¹	2,026.8	4,176.5	321.0	-	-	6,524.3
Revenue	1,983.5	4,176.5	321.0	-	-	6,481.0
Operating profit/(loss) before adjusting items²	242.2	213.1	15.2	(16.0)	8.2	462.7
Finance income before adjusting items						27.7
Finance costs before adjusting items						(82.6)
Profit/(loss) before tax and adjusting items	242.2	213.1	15.2	(16.0)	8.2	407.8
Adjusting items						(15.9)
Profit/(loss) before tax	242.2	213.1	15.2	(16.0)	8.2	391.9

	26 weeks ended 30 Sep 2023 (Unaudited) (restated)					
	UK and ROI Clothing & Home ³	UK and ROI Food ³	International ³	Ocado	All other segments	Group
	£m	£m	£m	£m	£m	£m
Sales¹	1,935.9	3,865.3	363.2	-	-	6,164.4
Revenue	1,905.5	3,865.3	363.2	-	-	6,134.0
Operating profit/(loss) before adjusting items²	240.9	158.4	32.4	(23.4)	2.1	410.4
Finance income before adjusting items						25.5
Finance costs before adjusting items						(87.8)
Profit/(loss) before tax and adjusting items	240.9	158.4	32.4	(23.4)	2.1	348.1
Adjusting items						(22.5)
Profit/(loss) before tax	240.9	158.4	32.4	(23.4)	2.1	325.6

52 weeks ended 30 Mar 2024 (Audited) (restated)

	UK and ROI Clothing & Home ³	UK and ROI Food ³	International ³	Ocado	All other segments	Group
	£m	£m	£m	£m	£m	£m
Sales¹	4,091.4	8,298.8	719.1	-	-	13,109.3
Revenue	4,022.2	8,298.8	719.1	-	-	13,040.1
Operating profit/(loss) before adjusting items²	437.5	388.4	47.8	(37.3)	2.2	838.6
Finance income before adjusting items						58.0
Finance costs before adjusting items						(180.2)
Profit/(loss) before tax and adjusting items	437.5	388.4	47.8	(37.3)	2.2	716.4
Adjusting items						(43.9)
Profit/(loss) before tax	437.5	388.4	47.8	(37.3)	2.2	672.5

¹ Sales is revenue stated prior to adjustments for UK Clothing & Home brand consignment sales of £43.3m (last half year: £30.4m; last full year £69.2m).

² Operating profit/(loss) before adjusting items is stated as gross profit less operating costs prior to adjusting items. At reportable segment level costs are allocated where directly attributable or based on an appropriate cost driver for the cost.

³ The segments have been restated as the Group no longer includes the Republic of Ireland within the International segment and instead includes the Republic of Ireland within the Clothing & Home and Food segments.

Segment assets and liabilities, including investments in associates and joint ventures, are not disclosed because they are not reported to or reviewed by the Executive Committee.

Other disclosures

	26 weeks ended 28 Sep 2024 (Unaudited)	26 weeks ended 30 Sep 2023 (Unaudited)	52 weeks ended 30 Mar 2024 (Audited)
	£m	£m	£m
Write-down of inventories to net realisable value	156.2	134.7	300.6

3 Adjusting items

The total adjusting items reported for the 26-week period ended 28 September 2024 is a net charge of £15.9m. The adjustments made to reported profit before tax to arrive at adjusted profit are:

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited) £m	30 Sep 2023 (Unaudited) £m	30 Mar 2024 (Audited) £m
Included in share of result of associate – Ocado Retail Limited			
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	(6.5)	(6.5)	(12.9)
Ocado Retail Limited – UK network capacity review	-	(16.9)	(29.7)
	(6.5)	(23.4)	(42.6)
Included in operating profit			
Strategic programmes - Store estate	(26.8)	(67.1)	(93.0)
Strategic programmes - Organisation	-	(3.5)	(3.5)
Strategic programmes - UK logistics	-	-	5.3
Strategic programmes - Furniture simplification	5.9	-	(18.3)
Store impairments, impairment reversals and other property charges	-	-	35.1
M&S Bank transformation and insurance mis-selling provisions	(7.5)	(1.0)	(7.0)
Acquisition of Gist Limited	-	(0.4)	(0.4)
Legal settlement	20.9	-	-
	(7.5)	(72.0)	(81.8)
Included in net finance income/(costs)			
Net pension finance income ¹	2.1	12.1	24.0
Remeasurement of Ocado Retail Limited contingent consideration	-	64.7	64.7
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(4.0)	(3.9)	(8.2)
	(1.9)	72.9	80.5
Adjustment to profit before tax	(15.9)	(22.5)	(43.9)

¹ See note 1 for details on restatement.

Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited (£6.5m)

Intangible assets of £366.0m were acquired as part of the investment in Ocado Retail Limited in 2019/20 relating to the Ocado brand and acquired customer relationships. These intangibles are being amortised over their useful economic lives of 10 – 40 years with an amortisation charge of £8.6m recognised in the period and a related deferred tax credit of £2.1m.

The amortisation charge and changes in the related deferred tax liability are included within the Group's share result of associate and are considered to be adjusting items as they are based on judgements about their value and economic life and are not related to the Group's underlying trading performance. These charges are reported as adjusting items on the basis that they are significant in quantum and to aid comparability from one period to the next.

Strategic programmes - Store estate (£26.8m)

In November 2016, the Group announced a strategic programme to transform and rotate the store estate with the overall objective to improve our store estate to better meet our customers' needs. The Group incurred charges of £963m in the eight years up to March 2024 under this programme primarily relating to closure costs associated with stores identified as part of the strategic transformation plans.

The Group has recognised a charge of £26.8m in the period in relation to those stores identified as part of the rotation plans. The charge primarily reflects the latest view of store closure plans as disclosed in the 2023/24 financial statements and latest assumptions for estimated store closure costs, as well as charges relating to the impairment of buildings and fixtures and fittings, and depreciation as a result of shortening the useful economic life of stores based on the most recently approved exit routes.

Further charges relating to the closure and rotation of the store estate are anticipated over the next six and a half years as the programme progresses, the quantum of which is subject to change throughout the programme period as we get greater certainty of circumstances that need to be in place to make closure financially viable. Future charges will not include Foodhall closures at lease event where there is opportunity for a better location, as this is not in the scope of the programme.

The cash flows used within the impairment models for the store estate programme are based on assumptions which are sources of estimation uncertainty, and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions across the store estate programme.

A delay of 12 months in the probable date of each store exit would result in an increase in the impairment reversal of £8.2m and would create an impairment reversal of £9.0m. Neither an increase or decrease of 5% from the three-year plan in years 2 and 3, a 25 basis point increase in the discount rate, a 25 basis point reduction in gross profit margin during the period of trading nor a 2% increase in the costs associated with exiting a store would result in a significant increase to the impairment charge, individually or in combination with the other reasonable possible scenarios considered.

As at 28 September 2024, the total closure programme now consists of 215 stores, 135 of which have already closed. Further charges of c.£184m are estimated within the next six and a half financial years, bringing anticipated total programme costs since 2016 to c.£1.2bn. In addition, where store exit routes in the next six and a half years lead to the recognition of gains on exit, particularly those relating to asset management, these credits will also be recognised within adjusting items as part of the programme. The anticipated total programme costs to date does not include any costs that may arise in relation to a further c.25 stores currently under consideration for closure within the next six and a half years. At this stage these c.25 stores remain commercially supportable and in the event of a decision to close the store the exit routes are not yet certain.

These costs are reported as adjusting items on the basis that they are significant in quantum, relate to a strategic initiative focused on reviewing our store estate and to aid comparability from one period to the next. The programme includes all stores within the programme to be closed by 2030/31, but charges in the year, and future charges, do not include Foodhall closures at a lease event where there is opportunity to secure a better location.

Strategic programmes - Furniture simplification (£5.9m credit)

In March 2024 the Group withdrew from its two-person furniture delivery operation. Following this the Group will no longer sell bulky products through its existing '2-person delivery network'.

A net credit of £5.9m has been recognised in the period, mainly reflecting the settlement of the contractual obligations with suppliers. As part of this closure the Group has incurred £12.4m of one-off charges to date that are not considered to be day-to-day operational costs of the business.

These costs are adjusting items as they relate to a significant withdrawal of an operation within the UK and ROI Clothing & Home segment and the business would not have incurred these costs but for the closure. Further costs of £4.8m are expected in 2024/25 in relation to the operation closure, expected to be offset by a profit on the disposal of a distribution centre in the range of £5.0m to £15.0m.

M&S Bank transformation and insurance mis-selling provisions (£7.5m)

The Group has an economic interest in Marks and Spencer Financial Services plc (trading as M&S Bank), a wholly owned subsidiary of HSBC UK Bank plc ("HSBC UK"), by way of a Relationship Agreement that entitles the Group to a share of the profits of M&S Bank after appropriate deductions.

On 9 April 2024, the Group and HSBC UK agreed a new seven-year deal focused on enhancing M&S' credit offering and payment solutions through M&S Bank and bringing together digital payments and loyalty for M&S customers.

As previously disclosed, a deficit had accumulated since September 2012, primarily relating to liabilities recognised by M&S Bank for redress to customers in respect of possible mis-selling of financial products. Under the terms of the renegotiated Relationship Agreement, the Group have agreed to settle the deficit by the end of the new contract. Other one-off fees are also payable to M&S Bank under the renegotiated Relationship Agreement which will be recognised as a reduction to income over the term of contract.

Costs of £7.5m have been recognised in the period, predominantly relating to the settlement of the deficit. Total programme costs to date are £12.5m with further net charges of c.£94.9m expected over the next seven financial years.

All of these costs are considered to be adjusting items as they are significant in quantum and have crystallised as a result of major business change linked to M&S Bank. Recognition of these costs within adjusting items is consistent with the disclosure of costs relating to the deficit previously recognised within adjusting items. Furthermore these costs are significant in value to the results of both the Group and to the "all other segments" segment.

Legal settlement (£20.9m credit)

During the period an agreement was reached in relation to damages from an independent third party following its involvement in anti-competitive behaviour that adversely impacted the Group. The income from this was offset by legal and professional fees incurred in relation to this claim and net income of £20.9m was recognised.

This net income is an adjusting item as it is significant in value, related to a litigation settlement and is not considered to be a normal income stream of the business. No future charges/credits are expected in relation to this settlement.

Net pension finance income (£2.1m credit)

During the second half of last year, the Group reviewed the classification of net pension finance income or costs and concluded these should be treated as adjusting items, in line with the Group's adjusting items policy. Therefore to aid comparability, the comparative half year amount of £12.1m has been restated.

The net pension finance income or expense can fluctuate significantly each year due to changes in external market factors that are outside management's control. Furthermore, as the scheme is now closed, it is not considered to be part of the ongoing operating activities of the Group.

Therefore, consistent with how management assess the performance of the business, the net pension finance income is considered to be an adjusting item.

Net finance costs incurred in relation to Gist Limited deferred and contingent consideration (£4.0m)

Deferred consideration, resulting from the acquisition of Gist Limited, is held at amortised cost, whilst the contingent consideration is remeasured at fair value at each reporting date with the changes in fair value recognised in profit or loss. A charge of £4.0m has been recognised in the period, representing the discount unwind of the deferred consideration and revaluation of the contingent consideration payable. The discount unwind and change in fair value is considered to be an adjusting item as it relates to a major transaction and consequently is not considered representative of the normal operating performance of the Group. The discount unwind and remeasurement will be recognised in adjusting items until the final payments are made.

4 Finance income/(costs)

	Notes	26 weeks ended		52 weeks ended
		28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited) (restated)	30 Mar 2024 (Audited)
		£m	£m	£m
Bank and other interest receivable		24.9	22.7	52.3
Interest income on subleases		2.8	2.8	5.7
Finance income before adjusting items¹		27.7	25.5	58.0
Finance income in adjusting items ¹	3	2.1	76.8	88.7
Finance income		29.8	102.3	146.7
Other finance costs		(2.2)	(4.4)	(6.3)
Interest payable on syndicated bank facility		(2.4)	(2.4)	(4.8)
Interest payable on Medium Term Notes		(17.7)	(17.9)	(42.2)
Interest payable on lease liabilities		(57.2)	(57.5)	(116.2)
Unwinding of discount on partnership liability to the Marks and Spencer UK Pension Scheme	10	(0.4)	(2.3)	(4.1)
Unwind of discount on provisions		(2.7)	(3.3)	(6.6)
Finance costs before adjusting items		(82.6)	(87.8)	(180.2)
Finance costs in adjusting items	3	(4.0)	(3.9)	(8.2)
Finance costs		(86.6)	(91.7)	(188.4)
Net finance (costs)/income		(56.8)	10.6	(41.7)

¹ Due to a change in classification of pension net finance income as an adjusting item disclosed in the FY24 annual report, the comparative amounts have been restated.

5 Taxation

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings, adjusted for actual tax on adjusting items.

The taxation charge in the income statement for the half year is based on the forecast full year tax rate on profit before adjusting items of 27.9% (last half year: 31.4% restated; last full year: 33.2%). This is higher than the UK statutory rate primarily due to the impact of non-deductible Ocado losses.

The effective tax rate on profit before taxation is 28.9% (last half year: 36.5%; last full year: 36.8%).

6 Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period.

The adjusted earnings per share figures have also been calculated based on earnings before adjusting items that are significant in nature and/or quantum and are considered to be distortive to underlying results (see note 3). These have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has four types of dilutive potential ordinary shares being: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period; unvested shares granted under the Deferred Share Bonus Plan; unvested shares granted under the Restricted Share Plan; and unvested shares within the Performance Share Plan that have met the relevant performance conditions at the end of the reporting period.

Details of the adjusted earnings per share are set out below:

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited) (restated)	30 Mar 2024 (Audited)
	£m	£m	£m
Profit attributable to equity shareholders of the Company	282.1	208.0	431.2
Add/(less):			
Adjusting items ¹ (see note 3)	15.9	22.5	43.9
Tax on adjusting items ¹	(0.6)	9.4	9.5
Profit before adjusting items attributable to equity shareholders of the Company	297.4	239.9	484.6
	Million	Million	Million
Weighted average number of ordinary shares in issue	2,021.7	1,967.0	1,973.2
Potentially dilutive share options under the Group's share option schemes	81.6	113.6	102.7
Weighted average number of diluted ordinary shares	2,103.3	2,080.6	2,075.9
	Pence	Pence	Pence
Basic earnings per share	14.0	10.6	21.9
Diluted earnings per share	13.4	10.0	20.8
Adjusted basic earnings per share ¹	14.7	12.2	24.6
Adjusted diluted earnings per share ¹	14.1	11.5	23.3

¹See note 1 for details on a change in adjusting items and the resulting restatement

7 Dividends

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Final dividend of 2.0p per share (last year 0.0p per share)	40.2	-	-
Prior period interim dividend of 1.0p per share	-	-	19.6
	40.2	-	19.6

The directors have approved an interim dividend of 1.0p per share (last half year 1.0p per share) which, in line with the requirements of IAS10 – Events after the Reporting Period, has not been recognised within these results. The interim dividend of £20.5m (last half year £19.6m) will be paid on 10 January 2025 to shareholders whose names are on the Register of Members at the close of business on 29 November 2024. The ordinary shares will be quoted ex dividend on 28 November 2024.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 17 December 2024.

8 Investments in Joint Ventures and Associates

The Group holds a 50% interest in Ocado Retail Limited, a company incorporated in the UK. The remaining 50% interest is held by Ocado Group Plc. Ocado Retail Limited is an online grocery retailer, operating through the ocado.com and ocadozoom.com websites.

Ocado Retail Limited is considered an associate of the Group as certain rights are conferred on Ocado Group plc for an initial period of at least five years from acquisition in August 2019, giving Ocado Group plc control of the company. Through Board representation and shareholder voting rights, the Group is currently considered to have significant influence and therefore the investment in Ocado Retail Limited is treated as an associate and the Group applies the equity method of accounting.

It is expected that Ocado Group plc will give up those rights to the Group in early April 2025. There will be no change in economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of this proposed change. After Ocado Group plc give up the rights, Ocado Retail Limited will then be consolidated as a subsidiary of the Group.

Ocado Retail Limited has a financial year end date of 1 December 2024, aligning with its parent company, Ocado Group Plc. For the Group's purpose of applying the equity method of accounting, Ocado Retail Limited has prepared financial information to the nearest quarter-end date of its financial year end, as to do otherwise would be impracticable. The results of Ocado Retail Limited are incorporated in these financial statements from 4 March 2024 to 1 September 2024. There were no significant events or transactions in the period from 2 September 2024 to 28 September 2024.

The carrying amount of the Group's interest in Ocado Retail Limited is £654.7m (last half year: £710.1m; last full year: £677.1m). The Group's share of Ocado Retail Limited losses of £22.5m (last half year: loss of £46.8m; last full year: loss of £79.9m) includes the Group's share of underlying losses of £16.0m (last half year: £23.4m; last full year: £37.3m), the Group's share of adjusting items of £nil (last half year: £16.9m; last full year: £29.7m) and adjusting item charges of £6.5m (last half year: £6.5m; last full year: £12.9m) (see note 3).

Summarised financial information in respect of Ocado Retail Limited (the Group's only material associate) is set out below and represents amounts in the Ocado Retail Limited financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	As at 1 Sep 2024 (Unaudited) £m	As at 27 Aug 2023 (Unaudited) £m	As at 3 Mar 2024 (Audited) £m
Ocado Retail Limited			
Current Assets	244.0	266.7	261.7
Non-current assets	500.2	565.8	517.4
Current liabilities	(275.6)	(287.1)	(272.3)
Non-current liabilities	(484.9)	(476.7)	(491.2)
Net (liabilities)/ assets	(16.3)	68.7	15.6

	As at 1 Sep 2024 (Unaudited) £m	As at 27 Aug 2023 (Unaudited) £m	As at 3 Mar 2024 (Audited) £m
Revenue	1,324.8	1,164.4	2,470.3
Loss for the period and total comprehensive loss	(31.9)	(80.6)	(133.7)

In addition, the Group holds immaterial investments in joint ventures and associates totalling £7.4m (last half year: £11.2m; last full year: £7.1m). The Group's share of profits totalled £0.3m (last half year: £0.2m profit; last full year: £0.5m loss), and an impairment of £nil (last half year: £nil; last full year: £3.5m).

9 Retirement benefits

	26 weeks ended		52 weeks ended
	28 Sep 2024	30 Sep 2023	30 Mar 2024
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Opening net retirement benefit surplus	77.2	477.4	477.4
Current service cost	(0.1)	(0.1)	(0.1)
Administration cost	(2.8)	(2.7)	(5.2)
Net interest income	2.1	12.1	24.0
Employer contributions	0.2	0.5	0.5
Remeasurements	(24.8)	(307.5)	(419.2)
Exchange movement	(0.2)	-	(0.2)
Closing net retirement benefit surplus	51.6	179.7	77.2

Total market value of assets	5,897.9	5,861.5	6,108.9
Present value of scheme liabilities	(5,841.7)	(5,677.3)	(6,027.1)
Net funded pension plan asset	56.2	184.2	81.8
Unfunded retirement benefits	(2.2)	(2.2)	(2.2)
Post-retirement healthcare	(2.4)	(2.3)	(2.4)
Net retirement benefit surplus	51.6	179.7	77.2

Analysed in the Statement of Financial Position as:

Retirement benefit asset	56.2	184.2	81.8
Retirement benefit deficit	(4.6)	(4.5)	(4.6)
Net retirement benefit surplus	51.6	179.7	77.2

The main financial assumptions for the UK scheme and the most recent actuarial valuations of the other post-retirement schemes have been updated by independent qualified actuaries to take account of the requirements of IAS 19 Employee Benefits in order to assess the liabilities of the schemes.

The most significant of these are the discount rate and the inflation rate which are 5.00% (last half year: 5.50%; last full year: 4.80%) and 3.10% (last half year: 3.25%; last full year: 3.20%) respectively. The inflation rate of 3.10% reflects the Retail Price Index (RPI) rate. Certain benefits have been calculated with reference to the Consumer Price Index (CPI) as the inflationary measure and in these instances a rate of 2.50% (last half year: 2.60%; last full year: 2.55%) has been used.

The amount of the surplus varies if the main financial assumptions change. If the discount rate decreased by 0.25%, the surplus would decrease by £25m (last half year: decrease by £25m; last full year: decrease by £30m). If the discount rate increased by 0.25%, the surplus would increase by £25m (last half year: increase by £20m; last full year: increase by £25m). If the discount rate decreased by 1.0%, the surplus would decrease by £110m (last half year: decrease by £95m; last full year: decrease by £120m). If the discount rate increased by 1.0%, the surplus would increase by £95m (last half year: increase by £80m; last full year: increase by £100m). The pension scheme is hedged against movements in gilt yields.

If the inflation rate decreased by 0.25%, the surplus would decrease by £20m (last half year: decrease by £20m; last full year: decrease by £20m). If the inflation rate decreased by 0.50%, the surplus would decrease by £40m (last half year: decrease by £40m; last full year: decrease by £40m). A one year decrease in life expectancy would increase the scheme's surplus by £120m (last half year: increase by £120m; last full year: increase by £130m).

The sensitivity analysis above is based on a change in one assumption while holding all others constant. Therefore interdependencies between the assumptions have not been taken into account within the analysis.

The most recent actuarial valuation of the Marks & Spencer UK Pension Scheme was carried out as at 31 March 2021 and showed a funding surplus of £687m. This is an improvement on the previous position at 31 March 2018 (funding surplus of £652m), primarily due to lower assumed life expectancy. The Company and Trustees have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service as a result of this valuation (other than those already contractually committed under the existing Marks and Spencer Scottish Limited Partnership arrangements – see note 10). The 31 March 2024 review is in progress but is not yet available.

With the pensioner buy-in policies purchased in September 2020, April 2019 and March 2018, the Scheme has now, in total, insured around 70% of the pensioner cash flow liabilities for pensions in payment. The buy-in policies cover specific pensioner liabilities and pass all risks to an insurer in exchange for a fixed premium payment, thus reducing the Group's exposure to changes in longevity, interest rates, inflation and other factors.

The Group is aware of a UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, which decided that certain historic rule amendments were invalid if they were not accompanied by the actuarial certifications. The ruling was subject to appeal and in July 2024 the Court of Appeal confirmed the UK High Court legal ruling from June 2023. The Group is in the process of assessing the impact of this ruling. As the outcome of the impact is still unknown, no adjustments have been made to the Group financial statements at 28 September 2024.

10 Marks and Spencer Scottish Limited Partnership

Marks and Spencer plc is a general partner and the Marks & Spencer UK Pension Scheme is a limited partner of the Marks and Spencer Scottish Limited Partnership (the "Partnership"). Under the Partnership agreement, the limited partners have no involvement in the management of the business and shall not take any part in the control of the Partnership. The general partner is responsible for the management and control of the Partnership and as such, the Partnership is consolidated into the results of the Group.

The Partnership holds £1.3bn (last half year: £1.3bn and last full year £1.3bn) of properties at book value which have been leased back to Marks and Spencer plc. The Group retains control over these properties, including the flexibility to substitute alternative properties into the Partnership. The first limited Partnership interest (held by the Marks & Spencer UK Pension Scheme), previously entitled the Pension Scheme to receive £89.7m in June 2024 as at 30 March 2024. The Group and the Pension Trustees agreed to amend the distribution dates so that the Pension Scheme received £40.0m in June 2024 and will receive the remainder of the balance in November 2024.

The second Partnership interest (also held by the Marks & Spencer UK Pension Scheme), previously entitled the Pension Scheme to receive a further annual distribution of £36.4m from June 2017 until June 2031. The Group and the Pension Scheme Trustees agreed to amend the distribution dates for June 2023 and June 2024 so that the Pension Scheme is entitled to £77.3m in November 2024 and then an annual distribution of £36.4m from June 2025 to June 2031. All profits generated by the Partnership in excess of these amounts are distributable to Marks and Spencer plc.

The Partnership liability in relation to the first interest of £49.2m (last half year: £127.1m and last full year £88.8m) is included as a financial liability in the Group's financial statements as at 28 September 2024 as it is a transferable financial instrument and measured at amortised cost, being the net present value of the future expected distributions from the Partnership. During the period an interest charge of £0.4m (last half year: £2.3m and last full year £4.1m) was recognised in the income statement representing the unwinding of the discount included in this obligation. The first limited Partnership interest of the Pension Scheme is included within the UK DB Pension Scheme assets, valued at £49.7m (last half year: £125.9m and last full year £88.5m).

The second Partnership interest is not a transferable financial instrument as the Scheme Trustee does not have the right to transfer it to any party other than a successor Trustee. It is therefore not included as a plan asset within the UK DB pension scheme surplus reported in accordance with IAS 19. Similarly, the associated liability is not included on the Group's statement of financial position, rather the annual distribution is recognised as a contribution to the scheme each year.

The Group and Pension scheme are in ongoing discussions to ensure that the distributions to the scheme are appropriate. If the ongoing discussions are successfully concluded, the profile of contributions to the scheme would be revised so that distributions in the year would substantially reduce and the Group would commit to extending the distribution profile, if required, to ensure that the scheme was fully funded.

11 Financial Instruments

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. The Group's level 2 financial instruments include interest rate and foreign exchange derivatives. Fair value is calculated using discounted cash flow methodology, future cash flows are estimated based on forward exchange rates and interest rates (from observable market curves) and contract rates, discounted at a rate that reflects the credit risk of the various counterparties for those with a long maturity.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the end of the reporting period, the Group held the following financial instruments at fair value:

	(Unaudited) As at 28 Sep 2024				(Audited) As at 30 Mar 2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value								
Financial assets at fair value through profit or loss ("FVTPL")								
- derivatives held at FVTPL	-	0.2	-	0.2	-	0.2	-	0.2
- other investments ¹	-	159.0	11.4	170.4	-	12.3	12.6	24.9
Derivatives used for hedging	-	8.7	-	8.7	-	7.5	-	7.5
Liabilities measured at fair value								
Financial liabilities at fair value through profit and loss ("FVTPL")								
- derivatives held at FVTPL	-	(2.6)	-	(2.6)	-	(1.8)	-	(1.8)
- Ocado contingent consideration ²	-	-	-	-	-	-	-	-
- Gist contingent consideration ³	-	-	(25.0)	(25.0)	-	-	(25.6)	(25.6)
Derivatives used for hedging	-	(106.6)	-	(106.6)	-	(40.2)	-	(40.2)

There were no transfers between the levels of the fair value hierarchy during the period. There were also no changes made to any of the valuation techniques during the period.

¹ Includes £144.3m (last half year: £nil; last full year: £nil) of money market deposits held by Marks and Spencer plc and Marks and Spencer Scottish Limited Partnership with an initial maturity of more than three months.

Within Level 3 other investments, the Group holds £8.2m of venture capital investments, managed by True Capital Limited, measured at FVTPL (last half year: £9.3m; last full year: £9.4m) which are Level 3 instruments. The fair value of these investments has been determined in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines. Where investments are either recently acquired or there have been recent funding rounds with third parties, the primary input when determining the valuation is the latest transaction price.

² At 30 March 2024, the fair value of the liability was recorded as £nil. The Group has reviewed this in light of the current circumstances and has determined that the recorded value of £nil remains appropriate at 28 September 2024.

³ As part of the investment in Gist Limited, the Group has agreed to pay the former owners of Gist Limited additional consideration of up to £25.0m plus interest when freehold properties are disposed of under certain conditions. There is no minimum amount payable. The Group has the ability to retain the properties should it wish to do so, in which case the full amount of £25.0m plus interest will be payable on the third anniversary of completion.

The fair value of the contingent consideration arrangement of £25.0m was estimated by calculating the present value of the future expected cashflows. The estimates are based on a discount rate of 4.9%. A 2.5% change in the discount rate would result in a change in fair value of £0.6m

Fair value of financial instruments

With the exception of the Group's fixed rate bond debt and the Partnership liability to the Marks & Spencer UK Pension Scheme (see note 10), there were no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of the Group's fixed rate bond debt (level 1 equivalent) was £698.1m (last half year: £1,047.9m; last full year: £921.7m); the fair value of this debt was £718.8m (last half year: £1,001.5m; last full year: £919.8m) which has been calculated using quoted market prices and includes accrued interest.

The carrying value of the Partnership liability to the Marks & Spencer UK Pension Scheme (level 2 equivalent) is £49.2m (last half year: £127.1m; last full year: £88.8m) and the fair value of this liability is £42.0m (last half year: £121.9m; last full year: £81.9m).

Lease liabilities

Future cash outflows related to the post break clause period included in the lease liability

The Group holds certain leases that contain break clause options to provide operational flexibility. In accordance with IFRS 16, the Group has calculated the full lease term, beyond break, to represent the reasonably certain lease term (except for those stores identified as part of the UK store estate programme) within the total £2,186.5m of lease liabilities held on the balance sheet

Total undiscounted lease payments of £688.2m (last half year: £720.8m; last year end: £746.6m) relating to the period post-break clause, and the earliest contractual lease exit point, are included in lease liabilities. These undiscounted lease payments should be excluded when determining the Group's contractual indebtedness under these leases, where there is a contractual right to break.

Cash flow hedge accounting

The Group hedges its exposure to foreign currency risk using forward foreign exchange contracts and hedge accounting is applied when the requirements of IFRS 9 are met, which include that a forecast transaction must be "highly probable". The Group has continued to apply judgment in assessing whether forecast purchases are "highly probable". In making this assessment, the Group has considered the most recent budgets and plans. As a result of the Group's "layered" hedging strategy, a reduction in the supply pipeline of inventory does not immediately lead to over-hedging and the disqualification of "highly probable". If the forecast transactions were no longer expected to occur, any accumulated gain or loss on the hedging instruments would be immediately reclassified to profit or loss.

Trade receivables

Included within trade and other receivables is £3.0m (last half year: £7.2m; last year end: £1.3m) which, due to non-recourse factoring arrangements in place, are held within a "hold to collect and sell" business model and are measured at fair value through other comprehensive income ("FVOCI").

12 Contingencies and commitments

Capital expenditure

Additions to the cost of property, plant and equipment and intangible assets (excluding goodwill and right of use assets) are £238.3m (last half year: £180.6m) and for the year ended 30 March 2024 were £413.4m. Disposals in net book value of property, plant and equipment, investment property and intangible assets, excluding right of use assets are £24.6m (last half year: £nil) and for the year ended 30 March 2024 were £54.8m.

Capital commitments

	As at 28 Sep 2024 (Unaudited) £m	As at 30 Sep 2023 (Unaudited) £m	As at 30 Mar 2024 (Audited) £m
Commitments in respect of properties in the course of construction	192.0	81.1	175.2
IT capital commitments	11.4	9.0	6.5
	203.4	90.1	181.7

During 2021/22, the Group committed to invest up to £25.0m, over a three-year period to 2024/25, in an innovation and consumer growth fund managed by True Capital Limited and this period was extended to 2026/2027 last year. The fund can drawdown amounts at any time over the three-year period to make specific investments. As at 28 September 2024, the Group had invested £11.1m (last half year: £9.6m; last full year: £10.1m) of this commitment, which is held as a non-current other investment and measured at fair value through profit or loss (see note 11).

13 Analysis of cash flows given in the statement of cash flows

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Profit on ordinary activities after taxation	278.6	206.9	425.2
Income tax expense	113.3	118.7	247.3
Finance costs	86.6	91.7	188.4
Finance income	(29.8)	(102.3)	(146.7)
Operating profit	448.7	315.0	714.2
Share of results of Ocado Retail Limited	16.0	23.4	37.3
Share of results in other joint ventures	(0.3)	(0.2)	0.3
Increase in inventories	(214.4)	(249.2)	(31.3)
Increase in receivables	(85.4)	(25.1)	(17.5)
Increase in payables	36.6	139.1	126.0
Depreciation, amortisation and disposals	256.6	258.5	526.3
Non-cash share-based payment expense	26.4	25.1	48.3
Non-cash pension expense	2.8	2.6	5.3
Defined benefit pension funding	-	(0.5)	(0.4)
Adjusting items net cash inflows/(outflows) ^{1,2}	4.2	(27.1)	(38.0)
Adjusting items M&S Bank ³	(26.0)	(1.0)	(2.0)
Adjusting operating profit items	14.0	95.4	124.4
Cash generated from operations	479.2	556.0	1,492.9

Excludes £4.8m (last half year: £8.9m; last year end: £24.1m) of surrender payments included within repayment of lease liabilities in the consolidated statement of cashflows relating to leases within the Store estate programme.

¹ Adjusting items net cash outflows relate to strategic programme costs associated with the Store estate, UK logistics, Furniture simplification and income associated with a legal settlement.

³ Adjusting items M&S Bank relates to one-off fees paid to M&S Bank under the new Relationship Agreement which will be recognised as a reduction in income over the term of the contract. Last half year and last year end, this related to M&S Bank income recognised in operating profit offset by charges incurred in relation to the insurance mis-selling provision, which is a non-cash item.

14 Analysis of net debt

Reconciliation of net cash flow to movement in net debt

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Opening net debt	(2,165.8)	(2,637.2)	(2,637.2)
Net cash outflow from activities	(402.4)	(238.6)	(43.4)
Increase/(decrease) in current financial assets	149.4	(3.2)	(0.7)
Decrease in debt financing	330.1	382.8	661.1
New lease commitments	(69.1)	(67.3)	(176.0)
Exchange and other non-cash movements	(6.3)	(0.5)	30.4
Movement in net debt	1.7	73.2	471.4
Closing net debt	(2,164.1)	(2,564.0)	(2,165.8)

Reconciliation of net debt to statement of financial position

	As at	As at	As at
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Statement of financial position and related notes			
Cash and cash equivalents	618.7	828.7	1,022.4
Current other financial assets	161.7	9.0	12.3
Medium Term Notes - net of foreign exchange revaluation	(727.2)	(1,055.0)	(937.2)
Lease liabilities	(2,186.5)	(2,244.1)	(2,211.5)
Partnership liability to the Marks & Spencer UK Pension Scheme (note 10)	(49.2)	(127.1)	(88.8)
	(2,182.5)	(2,588.5)	(2,202.8)
Interest payable included within related borrowing and the partnership liability to the Marks & Spencer UK Pension Scheme	18.4	24.5	37.0
Total net debt	(2,164.1)	(2,564.0)	(2,165.8)

15 Related party transactions

The Group's related party transactions are disclosed in the Group's 2024 Annual Report. There have been no material changes in the related party transactions described in the last annual report.

Joint Ventures and Associates

Ocado Retail Limited

The following transactions were carried out with Ocado Retail Limited, an associate of the Group:

Loan to Ocado Retail Limited

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Opening balance	92.2	30.9	30.9
Loans advanced	-	45.0	60.0
Interest charged	4.4	2.0	6.0
Interest received	-	(1.2)	(4.7)
Closing balance	96.6	76.7	92.2

The loan matures during 2039/40 and accrues interest at Sterling Overnight Index Average ("SONIA") plus an applicable margin.

Sales and purchases of goods and services:

	26 weeks ended		52 weeks ended
	28 Sep 2024 (Unaudited)	30 Sep 2023 (Unaudited)	30 Mar 2024 (Audited)
	£m	£m	£m
Sales of goods and services	29.1	17.8	44.9
Purchases of goods and services	-	0.1	0.1

Included within trade and other receivables is a balance of £5.6m (last half year: £3.3m; last full year: £4.1m) owed by Ocado Retail Limited.

Nobody's Child Limited

The following transactions were carried out with Nobody's Child Limited, an associate of the Group:

In the half year ended 28 September 2024, the Group made purchases of goods amounting to £4.6m (last half year: £3.5m; last full year: £7.0m).

At 28 September 2024, included within trade and other payables is a balance of £0.2m owed to Nobody's Child Limited (last half year: £0.2m; last full year: £0.1m) and included within other financial assets is a balance of £2.7m owed from Nobody's Child Limited (last half year: £2.7m; last full year: £2.7m).

Key management compensation

Transactions between the Group and key management personnel in the period relate only to remuneration consistent with the policy set out in the Directors' Remuneration Report within the Group's 2024 Annual Report.

There have been no other material changes to the arrangements between the Group and key management personnel in the period.

16 Contingent assets

Previously, the Group was seeking damages from an independent third party following their involvement in anti-competitive behaviour that adversely impacted the Group. The Group expected to receive an amount from the claim (either in settlement or from the legal proceedings), a position that was reinforced by recent court judgments in similar claims. During the period, net income of £20.9m was recognised in settlement of the damages action (see note 3).

17 Subsequent events

Subsequent to the balance sheet date, the Group has monitored trade performance, internal actions, as well as other relevant external factors. No material changes in key estimates and judgements have been identified as adjusting post balance sheet events. There have been no material non-adjusting events since 28 September 2024.

Glossary

Alternative performance measure	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																												
Income Statement Measures																																															
Sales	Revenue	Consignment sales	Sales includes the gross value of consignment sales (excluding VAT). Where third-party branded goods are sold on a consignment basis, only the commission receivable is included in statutory revenue. This measure has been introduced given the Group's focus on launching and growing third-party brands and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																																												
Clothing & Home store / Clothing & Home online sales	None	Not applicable	<p>The growth in revenues on a year-on-year basis is a good indicator of the performance of the stores and online channels.</p> <table border="1"> <thead> <tr> <th></th> <th>HY 24/25 £m</th> <th>HY 23/24 (restated)² £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="4">UK & ROI Clothing & Home</td> </tr> <tr> <td>Store sales¹</td> <td>1,357.4</td> <td>1,334.6</td> <td>1.7</td> </tr> <tr> <td>Consignment sales</td> <td>(8.1)</td> <td>(9.1)</td> <td></td> </tr> <tr> <td><i>Store revenue</i></td> <td><i>1,349.3</i></td> <td><i>1,325.5</i></td> <td><i>1.8</i></td> </tr> <tr> <td>Online sales¹</td> <td>669.4</td> <td>601.3</td> <td>11.3</td> </tr> <tr> <td>Consignment sales</td> <td>(35.2)</td> <td>(21.3)</td> <td></td> </tr> <tr> <td><i>Online revenue</i></td> <td><i>634.2</i></td> <td><i>580.0</i></td> <td><i>9.3</i></td> </tr> <tr> <td>UK & ROI Clothing & Home sales¹</td> <td>2,026.8</td> <td>1,935.9</td> <td>4.7</td> </tr> <tr> <td>Consignment sales</td> <td>(43.3)</td> <td>(30.4)</td> <td></td> </tr> <tr> <td>Total UK & ROI Clothing & Home revenue</td> <td>1,983.5</td> <td>1,905.5</td> <td>4.1</td> </tr> </tbody> </table> <p>¹ UK and ROI Clothing & Home store sales excludes revenue from 'shop your way' and Click & Collect, which are included in UK and ROI Clothing & Home online sales.</p> <p>² The segments have been restated as the Group no longer includes the Republic of Ireland within the International segment and instead includes the Republic of Ireland within the Clothing & Home and Food segments.</p> <p>There is no material difference between sales and revenue for UK and ROI Food and International.</p>		HY 24/25 £m	HY 23/24 (restated) ² £m	%	UK & ROI Clothing & Home				Store sales ¹	1,357.4	1,334.6	1.7	Consignment sales	(8.1)	(9.1)		<i>Store revenue</i>	<i>1,349.3</i>	<i>1,325.5</i>	<i>1.8</i>	Online sales ¹	669.4	601.3	11.3	Consignment sales	(35.2)	(21.3)		<i>Online revenue</i>	<i>634.2</i>	<i>580.0</i>	<i>9.3</i>	UK & ROI Clothing & Home sales ¹	2,026.8	1,935.9	4.7	Consignment sales	(43.3)	(30.4)		Total UK & ROI Clothing & Home revenue	1,983.5	1,905.5	4.1
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Alternative performance measure	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																				
Like-for-like sales growth	Movement in revenue per the income statement Revenue from non-retail businesses	Revenue from non like-for-like stores Consignment sales	<p>The period-on-period change in sales (excluding VAT) from stores which have been trading and where there has been no significant change (greater than 10%) in footage for at least 52 weeks and online sales. The measure is used widely in the retail industry as an indicator of sales performance. It excludes the impact of new stores, closed stores, stores with significant footage change, and non-retail businesses such as supply chain services.</p> <table border="1"> <thead> <tr> <th></th> <th>HY 24/25 £m</th> <th>HY 23/24 £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>UK & ROI Food</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Like-for-like</td> <td>3,960.5</td> <td>3,685.1</td> <td>7.5</td> </tr> <tr> <td>Net new space¹</td> <td>216.0</td> <td>180.2</td> <td></td> </tr> <tr> <td>Total UK & ROI Food sales</td> <td>4,176.5</td> <td>3,865.3</td> <td>8.1</td> </tr> <tr> <td>UK & ROI Clothing & Home</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Like-for-like</td> <td>1,969.0</td> <td>1,869.5</td> <td>5.3</td> </tr> <tr> <td>Net new space</td> <td>57.8</td> <td>66.4</td> <td></td> </tr> <tr> <td>Total UK& ROI Clothing & Home sales</td> <td>2,026.8</td> <td>1,935.9</td> <td>4.7</td> </tr> </tbody> </table> <p>¹ UK and ROI Food net new space includes Gist third party revenue.</p>		HY 24/25 £m	HY 23/24 £m	%	UK & ROI Food				Like-for-like	3,960.5	3,685.1	7.5	Net new space ¹	216.0	180.2		Total UK & ROI Food sales	4,176.5	3,865.3	8.1	UK & ROI Clothing & Home				Like-for-like	1,969.0	1,869.5	5.3	Net new space	57.8	66.4		Total UK& ROI Clothing & Home sales	2,026.8	1,935.9	4.7
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M&S.com sales / Online sales	None	Not applicable	Total sales through the Group's online platforms. These sales are reported within the relevant UK and ROI Clothing & Home, UK and ROI Food and International segment results. The growth in sales on a year-on-year basis is a good indicator of the performance of the online channel and is a measure used within the Group's incentive plans. Refer to the Remuneration Report in the FY23/24 annual report for explanation of why this measure is used within incentive plans.																																				
International online	None	Not applicable	<p>International sales through International online platforms. These sales are reported within the International segment results. The growth in sales on a year-on-year basis is a good indicator of the performance of the online channel. This measure has been introduced given the Group's focus on online sales.</p> <table border="1"> <thead> <tr> <th></th> <th>HY 24/25 £m</th> <th>HY 23/24 £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>International Sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Stores</td> <td>274.5</td> <td>301.5</td> <td>(9.0)</td> </tr> <tr> <td>Online</td> <td>46.5</td> <td>61.7</td> <td>(24.6)</td> </tr> <tr> <td>At reported currency</td> <td>321.0</td> <td>363.2</td> <td>(11.6)</td> </tr> </tbody> </table>		HY 24/25 £m	HY 23/24 £m	%	International Sales				Stores	274.5	301.5	(9.0)	Online	46.5	61.7	(24.6)	At reported currency	321.0	363.2	(11.6)																
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Sales growth at constant currency	None	Not applicable	<p>The period-on-period change in sales retranslating the previous year sales at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.</p> <table border="1"> <thead> <tr> <th></th> <th>HY 24/25 £m</th> <th>HY 23/24 £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>International Sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>At constant currency</td> <td>321.0</td> <td>357.9</td> <td>(10.3)</td> </tr> <tr> <td>Impact of FX retranslation</td> <td>-</td> <td>5.3</td> <td></td> </tr> <tr> <td>At reported currency</td> <td>321.0</td> <td>363.2</td> <td>(11.6)</td> </tr> </tbody> </table>		HY 24/25 £m	HY 23/24 £m	%	International Sales				At constant currency	321.0	357.9	(10.3)	Impact of FX retranslation	-	5.3		At reported currency	321.0	363.2	(11.6)																
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Alternative performance measure	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusting items	None	Not applicable	Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance. Each of these items, costs or incomes, is considered to be significant in nature and/or quantum or are consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Committee.
Adjusted operating profit Operating profit before adjusting items	Operating profit	Adjusting items (See note 3)	Operating profit before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Adjusted operating margin Operating margin before adjusting items	None	Not applicable	Adjusted operating profit as a percentage of sales.
Finance income before adjusting items	Finance income	Adjusting items (See note 3)	Finance income before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Finance costs before adjusting items	Finance costs	Adjusting items (See note 3)	Finance costs before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Net interest payable on leases	Finance income/costs	Finance income/costs (See note 4)	The net of interest income on subleases and interest payable on lease liabilities. This measure has been introduced as it allows the Board and Executive Committee to assess the impact of IFRS 16 Leases.
Net financial interest	Finance income/costs	Finance income/costs (See note 4)	Calculated as net finance costs, excluding interest on leases and adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
EBIT before adjusting items	EBIT ¹	Adjusting items (See note 3)	Calculated as profit before the impact of adjusting items, net finance costs and tax as disclosed on the face of the consolidated income statement. This measure is used in calculating the return on capital employed for the Group.
Ocado Retail Limited EBITDA	EBIT ¹	Not applicable	Calculated as Ocado Retail Limited earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items.
Profit before tax and adjusting items	Profit before tax	Adjusting items (See note 3)	Profit before the impact of adjusting items and tax. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report in the FY23/24 annual report for explanation of why this measure is used within incentive plans.

Alternative performance measure	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted basic earnings per share	Earnings per share	Adjusting items (See note 3)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report in the FY23/24 annual report for explanation of why this measure is used.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusting items (See note 3)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options.
Effective tax rate before adjusting items	Effective tax rate	Adjusting items and their tax impact (See note 3)	Total income tax charge for the Group excluding the tax impact of adjusting items divided by the profit before tax and adjusting items. This measure is an indicator of the ongoing tax rate for the Group.
Balance Sheet Measures			
Net debt	None	Reconciliation of net debt (see note 14)	Net debt comprises total borrowings (bank and bonds net of accrued interest and lease liabilities), net derivative financial instruments that hedge the debt and the Scottish Limited Partnership liability to the Marks and Spencer UK Pension Scheme less cash, cash equivalents and unlisted and short-term investments. Net debt does not include contingent consideration as it is conditional upon future events which are not yet certain at the balance sheet date. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.
Net funds/(debt) excluding lease liabilities	None	Reconciliation of net debt (see note 14)	Calculated as net debt less lease liabilities. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.
Cash Flow Measures			
Free cash flow from operations	Operating profit	See Financial Review	Calculated as operating profit less adjusting items within operating profit, depreciation and amortisation before adjusting items, cash lease payments, working capital, defined benefit scheme pension funding, capex and disposals, financial interest, taxation, employee-related share transactions, share of (profit)/loss from associate, adjusting items in cashflow and loans to associates.
Free cash flow	Operating profit	See Financial Review	Calculated as free cash flow from operations less acquisitions, investments and divestments. This measure shows the cash generated by the Group during the year that is available for returning to shareholders and is used within the Group's incentive plans.
Free cash flow after shareholder returns	Operating profit	See Financial Review	Calculated as free cash flow less dividends paid. This measure shows the cash retained by the Group in the year.
Other Measures			
Capital expenditure	None	Not applicable	Calculated as the purchase of property, plant and equipment, investment property and intangible assets during the year less proceeds from asset disposals excluding any assets acquired as part of a business combination or through an investment in an associate.

¹ EBIT is not defined within IFRS but is a widely accepted profit measure being earnings before interest and tax.

INDEPENDENT REVIEW REPORT TO MARKS AND SPENCER GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 28 September 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 28 September 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

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

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

Responsibilities of the directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

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

Deloitte LLP
Statutory Auditor
London, United Kingdom
5 November 2024