

MARKS AND SPENCER GROUP PLC**INTERIM RESULTS FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2025**

ISSUED: 5 NOVEMBER 2025

REGAINING MOMENTUM**STUART MACHIN, CHIEF EXECUTIVE**

“The first half of this year was an extraordinary moment in time for M&S. However, the underlying strength of our business and robust financial foundations gave us the resilience to face into the challenge and deal with it. We are now getting back on track.

Change, on the other hand, is not a moment. Change is constant and that is why we are resolute in our ambition to reshape M&S for growth. During the half we accelerated our transformation with investment in our priority areas; opening 15 new or renewed stores in H1 and planning more than 20 for H2, strengthening our technology foundations, and confirming our new automated Food distribution centre - critical to modernising our supply chain and getting ahead of growth.

Today, we are regaining momentum. In Food we continue to outperform the market, with three years of consecutive monthly volume growth. Our obsession with quality and innovation is paying off, underpinned by a relentless focus on trusted value, with value ranges growing year-on-year. In Fashion, Home & Beauty, the recovery curve has been slower than Food, but we are making progress every day. Our stronger style credentials mean our fashion is resonating and we continue to lead the market on quality and value. We are determined to help our customers have a fantastic Christmas with exceptional service and what I truly believe is the best Christmas food and fashion in the market.

Thank you to our colleagues for their hard work, our suppliers for their support and our customers for their loyalty. We are grateful to everyone who shops with us, and if you haven't yet, please do.

In the second half, we expect profit to be at least in line with last year. This should give us a springboard into the new financial year and set M&S up for further growth. The retail sector is facing significant headwinds – in the first half, cost increases from new taxes were over £50m - but there is much within our control and accelerating our cost reduction programme will help to mitigate this.

Our plan to reshape M&S for long-term sustainable growth is unchanged, our ambitions are undimmed, and our determination to knuckle down and deliver is stronger than ever.

To date we have achieved meaningful progress, but what's exciting is that there is so much more to do and so much opportunity ahead of us.

It's all to play for”

First half result reflects cyber incident impact and cost of recovery

- **M&S Group adjusted PBT¹ £184.1m (2024/25 £413.1m), reflecting one-off impact of the cyber incident**
- Insurance income proceeds of £100.0m, in respect of the incident, recorded centrally in adjusted profit
- Food sales² up 7.8%; adjusted operating profit of £89.1m (margin of 2.0%)
- Fashion, Home & Beauty sales down 16.4%; adjusted operating profit of £46.1m (margin of 2.7%)
- International sales down 11.6%; adjusted operating profit of £13.3m (margin of 5.2%)³
- Ocado Retail operating loss before adjusting items of £3.1m⁴
- Adjusting items of £167.8m includes £101.6m of incident related costs
- Interim dividend increased in line with policy to 1.2p from 1.0p
- Strong balance sheet; net funds excl. lease liabilities of £176.1m and cash and liquidity of over £1.6bn

Further progress and investment in Reshaping for Growth

- Food value and volume outperformance for 37 months, driven by improved perceptions of value and quality
- Fashion, Home & Beauty style perceptions further improved
- International reset to deliver growth in franchise. New wholesale and marketplace agreements launched
- Ocado Retail driving value and volume share. M&S Food outperforms total sales growth on Ocado.com
- £340m investment announced in Food supply chain, securing capacity for future growth
- 18 new stores planned to open by the end of the financial year. Six of these opened in H1
- Cost reduction ambition increased to £600m, helping mitigate inflation, national insurance and other regulatory cost increases
- Increased investment in growth, despite incident costs, through disciplined capital allocation

Group Results (26 weeks ended)	27 Sep 2025	28 Sep 2024	Change (%)
Sales	£7,965.2m	£6,524.3m	22.1%
Operating profit before adjusting items	£251.4m	£462.7m	(45.7%)
M&S Group adjusted profit before tax¹	£184.1m	£413.1m	(55.4%)
Adjusting items	(£167.8m)	(£15.9m)	n/a
Adjusted basic earnings per share	6.6p	14.7p	(55.1%)
Dividend per share	1.2p	1.0p	20.0%
Adjusted return on capital employed	12.4%	15.0%	(2.6%) pts
Free cash flow from operations ⁵	(£193.0m)	£21.1m	n/a
Net debt ⁶	(£2.53bn)	(£2.16bn)	(16.7%)
Net funds excluding lease liabilities ⁶	£176.1m	£22.4m	n/a

Statutory Results (26 weeks ended)	27 Sep 2025	28 Sep 2024	Change (%)
Revenue	£7,942.3m	£6,481.0m	22.5%
Statutory profit before tax ⁷	£3.4m	£391.9m	(99.1%)
Attributable profit after tax	£6.2m	£282.1m	(97.8%)
Basic earnings per share	0.3p	14.0p	(97.9%)

¹ M&S Group adjusted profit before tax excludes the profit attributable to shares we do not own in subsidiary companies and adjusting items. See page 12 for a bridge between this measure and statutory profit.

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

³ Results of the Channel Islands have been reclassified from International to be reported within either Food or Fashion, Home & Beauty.

⁴ Results reflect the first-time consolidation of Ocado Retail Limited, with the prior year including M&S' group share of result in Ocado Retail Limited.

⁵ Lease surrender payments have been split out from cash lease payments and are now within free cash flow but no longer within free cash flow from operations.

⁶ Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange.

⁷ Statutory profit before tax includes losses attributable to non-controlling interests of £18.0m (2024/25 £3.5m), driven by consolidation of Ocado Retail Limited.

Non-GAAP measures and alternative performance 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 comparison. Refer to Notes 1 and 3 of the financial information for further details.

M&S REGAINING MOMENTUM

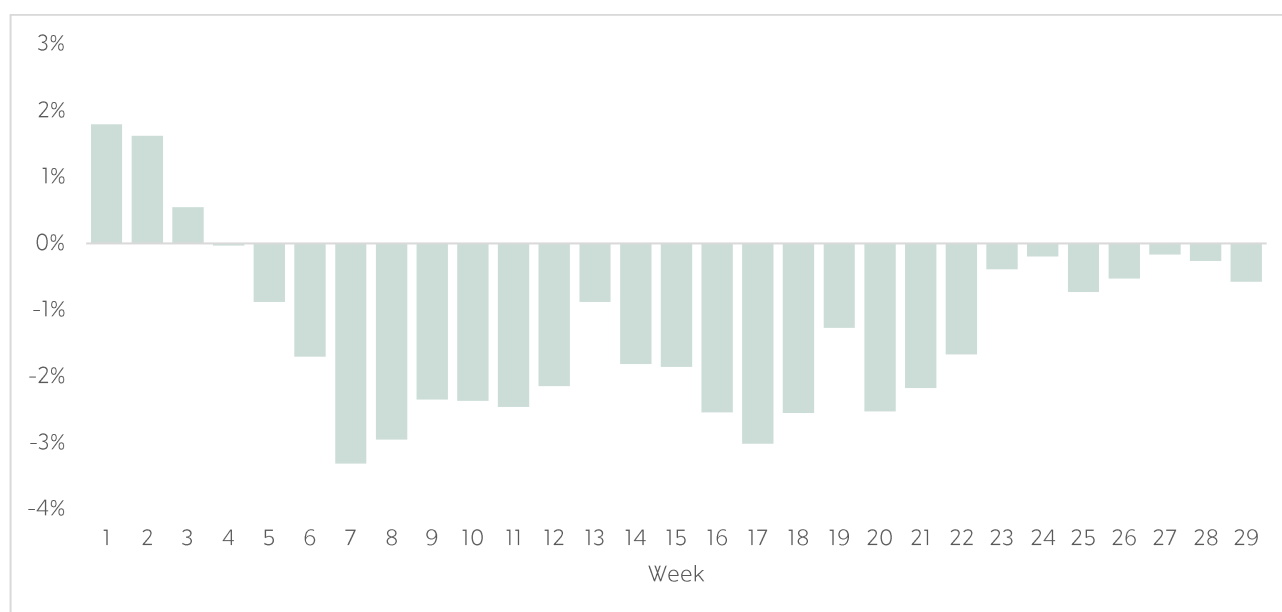
The past six months have been an extraordinary period for M&S and the one-off effects of the incident are reflected in our first half results. Despite the substantial disruption, we made further progress and increased investment in our transformation, investing in new stores, launching the long-term modernisation of our Food and Fashion supply chains, and strengthening our technology infrastructure. These actions are reshaping M&S for restored momentum in the second half of the year and beyond.

Profit performance for the half year was heavily distorted by the one-off impact of the incident and related recovery costs. M&S Group adjusted profit before tax of £184.1m declined by £229.0m versus the prior year, driven by lower online sales and increased stock management costs in Fashion, Home & Beauty and higher markdown and waste in Food. This was partially offset by insurance proceeds relating to the incident which are recorded in insurance income rather than divisional profits. The result was also impacted by significant new cost increases of over £50m for the new Extended Producer Responsibility packaging levy and higher national insurance contributions.

The Food business is now largely recovered and is showing strong sales performance and margins are closer to normal. As we have rebuilt online customer traffic in Fashion, Home & Beauty, recovery has been slower, as systems complexity means it has taken time to smooth the flow of stock. As indicated in May, the statutory profit before tax of £3.4m in the period includes costs in adjusting items related to the incident, reflecting the necessary and temporary use of onshore resources to restore systems and infrastructure, which are being stood down.

Food sales rose by 7.8%. Customer numbers and market share continued to grow as we delivered a consistent rhythm of innovation and quality upgrades. Operating profit of £89.1m reflects a margin decline to 2.0% from 5.1%, largely due to the higher level of markdown and waste caused by manual stock allocation, as we protected customer availability and suppliers. With systems now restored, markdown and waste have reduced, and operational metrics and gross margins are closer to normal.

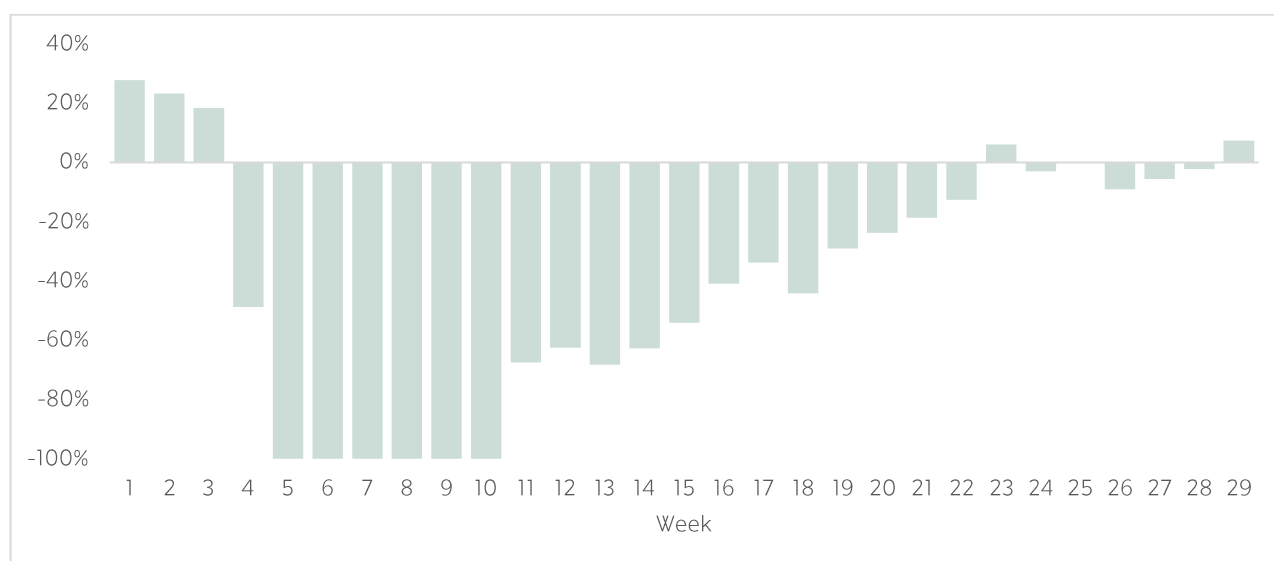
FOOD: CHANGE IN RECORDED GROSS WASTE¹ VS. LAST YEAR AS A PERCENT OF SALES



¹UK Gross waste excluding stock loss and closing balance sheet adjustments

Fashion, Home & Beauty sales declined by 16.4%, due to the temporary pause in online operations from late April to early June and a gradual recovery over the summer. Home delivery resumed first, followed by click and collect in early August. Store sales were impacted by reduced availability and fewer visits linked to the absence of click and collect. Lower sales and higher stock management costs led to an operating profit of £46.1m and a margin decline to 2.7% from 12.0%. With warehouse systems now restored, both our website and stores are improving availability, and trading is recovering.

FASHION, HOME & BEAUTY: ONLINE SALES GROWTH¹



¹Sales inclusive of VAT pre-returns

Our other businesses have also shown resilience. International has made progress restructuring franchise agreements and launching new wholesale partnerships, developing the M&S brand in new channels. The Ocado Retail JV has continued to deliver double-digit sales growth, led by strong demand for M&S Food, where it is offering a broader range than ever before. Improving the throughput of existing customer fulfilment centre (CFC) capacity will support further growth and the path towards generating operating profits.

The first half closed with a net funds position (excluding leases), despite the combined impact of reduced profit, incident-related costs and working capital outflows. We anticipate working capital balances will partially reverse in the second half. M&S continues to maintain a strong investment-grade balance sheet.

OUTLOOK

As we enter the second half, the consumer environment remains as uncertain as ever. Our priority remains to offer the best value, quality, innovation and style to customers, to drive the transformation and to structurally reduce costs as external headwinds continue to increase.

We are confident we will be recovered and back on track by the financial year-end. In the second half we therefore anticipate profit at least in line with last year, as the residual effects of the incident continue to reduce in the coming months.

Our medium and long-term ambitions are unchanged. We will achieve these through disciplined capital allocation, focused execution and sustained investment to Reshape M&S for Growth.

RESHAPING M&S FOR GROWTH

We entered 2025/26 with strong trading momentum and a clear plan to invest in transformation and growth. However, in the first few weeks of the financial year, we experienced a cyber incident. We responded quickly and took immediate action to protect our customers, our suppliers and the business which included proactively taking some of our systems offline. Since the incident, we have prioritised recovery across our technology estate and restoring operations. Our customer-facing systems were restored in the summer, and practically all operational systems have now been recovered. We continue to strengthen their resilience and will seek to increase the pace of transformation in the coming year. These actions will help create simpler technology architecture and support the store, online and logistics investments which underpin future growth in Food and in Fashion, Home & Beauty.

Incident recovery at advanced stages

Our response to the attack required the disconnection of warehouse management systems leading to the pausing of online orders, click and collect and in-store ordering. Manual processes were swiftly introduced to maintain trading and ensure continuity in forecasting, ordering and replenishment. Customers were able to shop in our stores throughout.

We formed a strong business recovery team led by Sacha Berendji, our Operations Director, and operational restoration has been the primary focus of the technology team during the period. We are now at the advanced stages of this process. The restoration of critical trading and customer-facing systems was prioritised and our online offer was restored in August. Following the temporary removal of system access to third-party providers, specialist onshore teams supported remediation.

The objective of the technology transformation is to modernise and simplify the estate and evolve the organisation to serve the business better. While the necessary recovery activity in the first half has delayed implementation of some of these changes, we expect transformation to pick up pace next year.

For the remainder of the year, our focus will be ensuring operational resilience, cost control and building new applications that support growth. Delivery timelines for the new Fashion, Home & Beauty planning platform have been fast tracked, and we are investing in capabilities including personalisation and loyalty. This includes the relaunch of Sparks next year to support customer engagement and drive broader and more frequent shopping visits.

Investing for growth: Stores and formats

Our goal is to grow to 420 Food stores and to create a more focused, productive full line estate of around 180 stores, as online grows towards 50% of Fashion, Home & Beauty sales.

In Food, momentum is building. During the period, we announced investment in a number of former Homebase sites which average over 18,000 sq. ft. We currently anticipate 14 new Food store openings this financial year. More than 50 Food stores are currently approved for opening, alongside a number of extensions.

In Full line stores, two new flagship locations and one extension will open in H2. 15 new full line stores and four extensions are also approved for opening in future years. Relocations and extensions have generated strong returns and remain a priority, while closures of legacy locations will increase in the coming months.

Investing for efficiency: Logistics and cost to serve

Our objective is to create a streamlined, automated logistics network that increases capacity, reduces complexity and structurally lowers cost to serve.

We announced a £340m investment in a new 1.3m sq. ft national distribution centre for our Food business at Daventry, incorporating proven automation. Opening in 2029, the site will create additional capacity with a structural reduction in cost per case. A new regional depot opens in Bristol in 2026, increasing the proportion of stores served from their nearest depot.

There is a similar opportunity to improve customer experience and reduce cost in the Fashion, Home & Beauty network. We are increasing capacity in our most efficient automated distribution centres, reducing inter-network moves and split shipments that currently elevate fulfilment costs and impact customer experience.

During the first half of next year, click and collect sortation at Castle Donington will go live, improving next-day delivery cut-offs. This will be accompanied by additional automated boxed storage at Castle Donington and Bradford, increasing capacity by over 30%. These are phase one investments in a multi-year plan to transform the customer proposition and drive our cost to serve to more competitive levels.

FOOD: GROWING SHOPPERS, DRIVING VOLUME AND DELIVERING MARKET SHARE

Our overall ambition for Food is to grow market share by 1% between 2022/23 and 2027/28 and deliver an on-going operating margin over 4%. Given our low overall market share and the opportunity to drive frequency of shop and larger baskets, we believe there is potential to double sales over the long-term by becoming a 'shopping list retailer', with new and renewal stores driving growth, supported by a modern, cost competitive supply chain.

Sales increased by 7.8% with UK volume growth of 2.8%, reflecting a consistent programme of new product launches, investment in trusted value and focus on protecting customer availability and suppliers. Market share increased by 10 bps in the 12 weeks to 5 October 2025, with growth accelerating towards the end of the period as volume benefited from an improving proposition and the restoration of click and collect. Customer numbers, frequency, and perceptions of quality and value relative to the market continued to increase.

Operating profit of £89.1m reflects a margin decline to 2.0% from 5.1%, largely due to higher markdown, waste and stock loss caused by temporary manual stock allocation. With systems now restored, these have reduced, and operational metrics have improved.

Consistent range development and innovation

- Over 700 new products were launched in the first half, including in Food on the Move and Deli. Quality upgrades were made in Italian meals, salads and sushi, as part of our 1,000-line annual programme. Sales from new product development grew 19%.
- Investment in trusted value drove overall sales growth of 29% in Remarkable Value, 'Dropped & Locked' and 'Bigger Pack, Better Value' lines. Top performers included 12 packs of eggs, chestnut mushrooms and in-store bakery baguettes.
- Viral product successes included the Red Diamond Strawberry & Creme Sandwich, Chunked N' Loaded Cookies and air fried chicken tenders.

New and renewal stores driving growth

- New and extended stores opened in Swindon, Orpington, Cheltenham, Leytonstone and Heathrow T5, our first airside store. The pipeline of new openings is gaining momentum.
- Foodhall renewals opened in Pantheon (Oxford Street), Brent Cross, Merry Hill, Brooklands and Pudsey. The twelve renewals opened over the past year have delivered sales uplifts to date of c.16%.

Progress in building a modern, cost-efficient flow of product

- Long-term agreements are being signed with strategic partners, securing supply and investment in upgrading capabilities in categories such as Italian meals.
- The forecasting, ordering and allocation system rollout completed in 2024/25, with potential to optimise freshness and shelf life further, to above pre-incident levels.
- Construction is on track for the opening of new depots in Bristol and Daventry, which will increase capacity and lower cost to serve.
- Operational processes and routines have been reset, building on the 'M&S Way' programme to deliver improved availability and streamlined stock.

FASHION, HOME & BEAUTY: INCREASING STYLE, INVESTING IN GROWTH, MOVING WITH THE TIMES

Fashion, Home & Beauty aims to grow market share by at least 1% between 2022/23 and 2027/28 and deliver an on-going operating margin over 10%. Given our large online customer base, we believe there is long-term potential to double sales online, through modernising fulfilment, sourcing, buying and stock flow, and increasing operational efficiency.

Sales declined by 16.4%, primarily due to the pause in online from late April to early June. The restoration of the online offer was phased, with home delivery resuming in June and click and collect restored in August.

- Store sales declined 3.4% due to reduced availability and fewer visits linked to the lack of click and collect.
- Online sales declined 42.9%, although following recovery, sales run-rates have been improving.

Operating profit of £46.1m reflects a margin decline to 2.7% from 12.0%, driven by lower sales and stock management costs. With warehouse and replenishment systems now restored, both the website and stores are improving availability and operations are recovering.

Further improvements to style demonstrated by product highlights

- Womenswear sales were led by knitwear, trousers and accessories. A strong response in stores to the Autumn campaign drove good growth in jeans and outperformance in jackets.
- Lingerie outperformed with an expanded range of £10 bras driving sales growth from younger customers.
- Menswear saw success in casual categories, and recent momentum in smart outfits including the Autograph performance range.
- Kids lagged the market. As we invest in value, daywear prices have been reduced by more than 20%.
- Home & Beauty grew in store sales in bedding and own label fragrance. Launches included Kelly Hoppen in Home and Estée Lauder in Beauty, demonstrating the potential.

New store performance providing foundations to accelerate change

- Last year's store openings delivered sales growth above plan. Two new full line stores will open in Bath and Bristol Cabot Circus in the second half.
- The Fashion, Home & Beauty renewal at Pantheon (Oxford Street) is underway ahead of the expected redevelopment of Marble Arch. Renewals will also open at Brent Cross, Merry Hill and Douglas later this financial year.

Focus on driving online growth and end to end supply chain transformation

There is a substantial opportunity to grow online, through category focus and improved efficiency, stock flow and customer proposition in the end-to-end supply chain. Change is accelerating under the leadership of John Lyttle. This includes:

- Cutting slow-moving lines, enabling M&S to standardise and leverage volume with strategic suppliers to invest in quality and value.
- Upgrading the website experience and implementing new merchandising capability, including accelerating delivery of the new planning platform.
- Improving customer proposition. Click and collect sortation will open next year at Castle Donington, enabling later delivery cut-offs for online orders.
- Expanding lower cost capacity, with more boxed automation reducing the need for more expensive customer fulfilment routes.
- Reducing retail costs, through better operational routines, ensuring product preparation in the lowest cost part of the supply chain.

INTERNATIONAL: EARLY PROGRESS ON COMMERCIAL RESET

Although International sales declined in the first half, we are increasingly confident of our long-term vision of focused growth of the M&S brand globally. We aim to achieve this by using the expertise and infrastructure of strategic franchise partners in established markets, working with leading marketplaces to drive online growth, and securing new opportunities in wholesale.

Sales declined 11.6%, 10.0% at constant currency, with an improving trend in Q2. Operating profit before adjusting items was £13.3m (2024/25: £10.7m), with the decline in sales offset by reduced costs and new wholesale business.

- Franchise sales were down 9%, reflecting shipment disruption due to the incident and prior year comparatives. Sales in Q2 grew by 17%.
- Owned business sales declined 17%, reflecting similar effects to the UK business as replenishment was impacted by the incident, stock flow from suppliers and the temporary suspension of M&S directly operated websites. This decline moderated to 12% in Q2.

Despite disruption there was strategic progress on asset light development in the first half.

- Commercial terms were reset with several franchise partners, enabling investment in trusted value in the coming year.
- Marketplace agreements were expanded with Amazon and Zalando in Europe, leveraging their capabilities to improve customer reach and reduce fulfilment costs.
- New wholesale arrangements were agreed in markets without an M&S store presence. This included launching Fashion in David Jones, Australia, with additional agreements planned for launch in H2.

OCADO RETAIL: REDUCED LOSSES, OPTIMISING GROWTH

Ocado Retail combines M&S Food with Ocado Group's automated fulfilment to offer differentiated online choice, service and customer experience. It aims to be the most trusted online grocer, improving online experience and increasing efficiency to deliver improved operating margins.

From 2025/26, Ocado Retail Limited's results are consolidated by M&S and aligned with M&S's year-end accounting period. Results for the current period therefore relate to the 25-weeks ended 28 September 2025, and reflect revenue of £1,479.9m and an adjusted operating loss of £3.1m. The joint venture was accounted for via the equity method in the prior period.

To aid future comparison, all commentary below relates to the 26-weeks ended 28 September 2025.

Revenue increased by 14.9% to £1.5bn, with orders up 12.0% driven by growth in active customers due to more effective marketing, improved retention and increased frequency. Average selling price grew by less than UK grocery inflation, as Ocado Retail continued to invest in value. M&S sales on Ocado.com increased by 19.6% and accounted for 29.3% of total Ocado Retail sales. Within the half the business migrated its e-commerce operations across web and app to the Ocado Smart Platform.

CFC efficiency improved, although gains were partly offset by higher service delivery and fleet maintenance costs. As a result of sales growth, increased gross margin and operational improvements, operating loss before adjusting items decreased from £12.5m to £3.6m.

Ocado Retail sees substantial opportunity to drive sales by improving availability and choice and increasing convenience. The path to profitability critically depends on improving CFC throughput, creating additional capacity for growth, with low capital spend.

Key opportunities include:

- Improving delivery efficiency, including more same day slots available on Ocado.com, enabled by the move to Ocado Smart Platform.
- Extending picking hours and rolling out further automation to maximise use of existing CFCs.

STRONG BALANCE SHEET AND CASH FLOW POSITION

We closed FY25 with an investment grade balance sheet, strong credit metrics and net funds excluding lease liabilities of £447.6m. This position has enabled us to absorb temporary costs of the incident while increasing investment in transformation and future growth. Looking ahead, we anticipate annual capital expenditure of between £650-750m, net of disposals, in the coming financial year.

During the first half of the year, free cash flow from operations saw an outflow of £193.0m driven by reduced profit, incident related costs and a working capital outflow. Despite this, we had net funds excluding lease liabilities of £176.1m at the half year.

We are declaring an interim dividend of 1.2 pence per share in line with our policy of the interim dividend being one third of the prior year total, an increase of 20%. A strong balance sheet, cash flow performance and dividend cover allow for further growth in the medium-term.

For further information, please contact:

Investor Relations

Fraser Ramzan: +44 (0) 7554 227 758

Helen Lee: +44 (0) 7880 294 990

Media Enquiries:

Corporate Press Office: +44 (0) 20 8718 1919

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 5 November 2025

Stuart Machin and Alison Dolan will host a Q&A session at 9:30am on 5 November 2025.

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 2025 Annual Report (pages 52-58).

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.

2025/26 HALF YEAR FINANCIAL REVIEW

Financial Summary

	27 Sep 25	28 Sep 24 Restated	Change vs 2024/25
	£m	£m ¹	%
Group statutory revenue	7,942.3	6,481.0	22.5
Group sales	7,965.2	6,524.3	22.1
Food	4,531.9	4,204.5	7.8
Fashion, Home & Beauty	1,697.6	2,030.5	(16.4)
International	255.8	289.3	(11.6)
Ocado Retail ²	1,479.9	-	n/a
Operating profit before adjusting items	251.4	462.7	(45.7)
Food	89.1	216.4	(58.8)
Fashion, Home & Beauty	46.1	243.4	(81.1)
International	13.3	10.7	24.3
Insurance income	100.0	-	n/a
Ocado Retail ²	(3.1)	-	n/a
Share of result in associate ²	-	(16.0)	n/a
M&S Financial Services / Other	6.0	8.2	(26.8)
Net interest payable on lease liabilities	(71.4)	(54.4)	(31.3)
Net financial interest	(3.4)	1.7	n/a
Other finance costs	(5.4)	(2.2)	n/a
Profit before tax and adjusting items	171.2	407.8	(58.0)
Adjusted non-controlling interests before tax	12.9	5.3	n/a
M&S Group adjusted profit before tax³	184.1	413.1	(55.4)
Profit before tax and adjusting items	171.2	407.8	(58.0)
Adjusting items	(167.8)	(15.9)	n/a
Statutory profit before tax	3.4	391.9	(99.1)
Taxation	(15.2)	(113.3)	86.6
Non-controlling interests after tax	(18.0)	(3.5)	n/a
Attributable profit after tax	6.2	282.1	(97.8)
Adjusted basic EPS	6.6p	14.7p	(55.1)
Basic EPS	0.3p	14.0p	(97.9)
Dividend per share	1.2p	1.0p	20.0
Net debt ⁵	(2,528.3)	(2,164.1)	16.8
Net funds excluding lease liabilities	176.1	22.4	n/a
Capital expenditure in cashflow	(172.2)	(215.4)	(20.1)
Free cash flow from operations ⁴	(193.0)	21.1	n/a
Adjusted return on capital employed (12-month rolling)	12.4%	15.0%	(2.6 pts)

¹ Results of the Channel Islands have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty. Please see page 16 for further detail.

² Results for the period include the first-time consolidation of Ocado Retail Limited, with the prior year including M&S' group share of result in Ocado Retail Limited associate.

³ M&S Group adjusted profit before tax excludes the profit attributable to shares we do not own in subsidiary companies and adjusting items

⁴ Surrender payments have been split out from cash lease payments and are now within free cash flow but no longer within free cash flow from operations.

⁵ Opening net debt has been restated from the prior year-end to include the new M&S Travel Money Revolving Credit Facility agreement with Eurochange (£9.8m).

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 £7,965.2m, an increase of 22.1% versus 2024/25, driven by the consolidation of Ocado Retail Limited which generated revenue of £1,479.9m in the period. Food sales were up 7.8%, this was offset by a decline in Fashion, Home & Beauty sales of 16.4% and International sales of 11.6%. Statutory revenue in the period was £7,942.3m, an increase of 22.5% versus 2024/25. Results of the Channel Islands have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.

M&S Group adjusted profit before tax was £184.1m compared with £413.1m in the prior year. This is reported following the deduction of non-controlling interests before adjusting items and tax for Ocado Retail Limited and the group's business in India in the current year and Greece and India in the prior year.

Adjusting items were a net charge of £167.8m, compared with £15.9m in the prior year. The net charge in the period includes £101.6m of costs directly related to the cyber incident, which are further broken down in notes 1 and 3 in the financial information.

As a result, the Group generated a statutory profit before tax of £3.4m, compared with a profit of £391.9m in the prior year.

Adjusted basic EPS was 6.6p, down 55.1% on 2024/25 reflecting lower adjusted profit in the period. Basic EPS was 0.3p, reflecting reduced profit in the period.

An interim dividend of 1.2p per share has been declared, payable on 9 January 2026.

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

Food

Food sales increased 7.8% with UK volume growth of 2.8%, supported by continued quality upgrades and innovation. Sales growth in Q1 benefited from Easter timing, although overall growth was impacted by the incident. In September, transactions were up 6.4% on last year, driven by increased shopper numbers and frequency. Larger baskets (over £30) were up 12.0%.

26 weeks ended	27 Sep 25 £m	28 Sep 24 Restated £m	Change vs 2024/25 %
Sales	4,531.9	4,204.5	7.8%
Operating profit before adjusting items	89.1	216.4	(58.8%)
<i>Adjusted operating margin</i>	<i>2.0%</i>	<i>5.1%</i>	<i>(310 bps)</i>

Operating profit before adjusting items was £89.1m compared with £216.4m in 2024/25, with an adjusted operating margin of 2.0% versus 5.1% last year. Profitability was heavily impacted by the incident.

Gross margin decreased 350 bps, driven by increased markdown and waste due to the operation of manual allocation and placement of product into stores to protect availability. During September waste levels recovered to closer to normal levels.

Operating costs increased 6.4%, which was less than sales growth of 7.8%. Operating costs in the period were driven by:

- Retail cost growth, reflecting investment in colleague pay, increased costs of national insurance (NI), and volume growth, partly offset by structural cost saving initiatives.
- Logistics investment in colleague pay and NI, volume growth and costs associated with temporary manual processes because of the incident.
- Central costs reduced owing to lower incentive accruals.

Operating profit margin before adjusting items	%
H1 2024/25	5.1
Gross margin	(3.5)
Retail costs	(0.4)
Logistics	(0.1)
Digital & Technology	0.1
Central costs	0.8
H1 2025/26	2.0

Fashion, Home & Beauty

Fashion, Home & Beauty sales decreased 16.4% with an improving trend between quarter one and quarter two following the restoration and ramp up of online ordering.

UK online sales declined 42.9% to £382.3m reflecting the pause in online orders, as the site was only available for browsing from late April to early June, followed by a gradual recovery over the summer. As a result, estimated website traffic decreased 11% and transactions were down 38% in the period. In September, following the launch of Autumn ranges and promotional activity, traffic and conversion improved, and transactions were up 5% on the year.

Store sales decreased 3.4% to £1,315.4m. This was partly due to reduced availability owing to the impact on warehouse management systems and due to manual stock allocation resulting from the incident.

Total Fashion, Home & Beauty

26 weeks ended	27 Sep 25 £m	28 Sep 24 Restated £m	Change vs 2024/25 %
Sales	1,697.6	2,030.5	(16.4%)
Operating profit before adjusting items	46.1	243.4	(81.1%)
Adjusted operating margin	2.7%	12.0%	(930 bps)

Operating profit before adjusting items was £46.1m compared with £243.4m in 2024/25, with an adjusted operating margin of 2.7% compared with 12.0% last year.

Gross margin decreased by 160 bps driven by increased stock management costs. These were partly offset by favourable currency rates year over year.

Operating costs decreased 2.3% compared with a sales decline of 16.4%. This resulted in higher operating costs as a percent of sales across all reported lines. Operating costs were driven by:

- Retail cost growth reflected investment in colleague pay and increased costs of national insurance (NI), partially offset by structural cost savings initiatives.
- Logistics costs were lower than last year. This reflected lower volumes and the exit of bulky furniture in the prior year, which more than offset the cost of a temporary manual warehouse.
- Digital and Technology costs reflected systems development including the planning platform, brands trading and the re-launch of Sparks.
- Central costs reduced, owing to lower incentive accruals.

Operating profit margin before adjusting items	%
H1 2024/25	12.0
Gross margin	(1.6)
Retail costs	(4.8)
Logistics	(1.1)
Digital & Technology	(1.5)
Central costs	(0.3)
H1 2025/26	2.7

Within these results, store margin decreased 360bps to 10.8% and online margin declined to (25.2%).

International

International sales decreased by 11.6% (10.0% at constant currency). This was driven by lower shipments to Franchise partners in Q1 and reduced clearance sales in owned markets as we invested in trusted value. Online and marketplace sales were impacted by the incident although the proposition has now been restored.

Operating profit before adjusting items was up 24.3% on last year, with the impact of lower sales offset by cost savings in owned markets, new wholesale business and central cost savings.

26 weeks ended	27 Sep 25 £m	28 Sep 24 Restated ¹ £m	Change vs 2024/25 %	Change vs 2024/25 CC ² %
Sales	255.8	289.3	(11.6%)	(10.0%)
Operating profit before adjusting items	13.3	10.7	24.3%	23.0%
Adjusted operating margin	5.2%	3.7%	150 bps	141 bps

¹ Sales and profit in prior year restated to reflect change in reporting of Channel Islands to Food (sales £37.1m, profit £4.8m) and Fashion, Home and Beauty (sales £3.8m, profit £1.2m).

² Constant currency.

Ocado Retail

Ocado Retail (ORL) is a joint venture, 50% owned by M&S and 50% by Ocado Group. The change of consolidation of the results of ORL from Ocado Group to M&S, was effective from 6 April 2025. Results for the current period therefore relate to the 25-weeks ended 28 September 2025, whereas the joint venture was accounted for via the equity method in the prior period. To aid understanding, operational metrics and results for the current and prior period are therefore also presented for the 26-weeks and comparable period below.

Revenue for the 26-weeks increased 14.9% to £1,538.8m with 12.0% growth in orders driven by more effective customer acquisition and retention and increased frequency of shop. Average basket value increased 2.0% to £123.30. A small decline in average items in a basket was offset by a 2.5% increase in average selling price, as the business remained focused on value for customers, carefully managing price inflation.

Key performance indicators

Ocado.com ¹ (26 weeks ended)	28 Sep 25	29 Sep 24	Change vs 2024/25 %
Active customer base (000s)	1,204.6	1,077.3	11.8
Average orders per week (000s)	498.0	444.8	12.0
Average basket value (£)	123.30	120.93	2.0
Average selling price (£)	2.81	2.74	2.6
Average basket size (eaches)	43.9	44.2	(0.7)

¹ Ocado.com represents the Ocado.com business unit and excludes Ocado Zoom figures.

£m	26 weeks ended 28 Sep 25	26 weeks ended 29 Sep 24	Change vs 2024/25 £m	25 weeks ended 28 Sep 25
Sales ²	1,538.8	1,339.5	199.3	1,479.9
Operating loss before adjusting items	(3.6)	(12.5)	8.9	(3.1)
Adjusted operating profit margin	(0.2%)	(0.9%)		(0.2%)

¹ Ocado Retail trading week runs Monday to Sunday (versus M&S trading week Sunday to Saturday)

² Sales represents the Ocado Retail reported Revenue.

Operating loss before adjusting items was £3.6m compared with £12.5m in 2024/25, with an adjusted operating margin of (0.2%) versus (0.9%) last year.

Gross margin was broadly flat, despite a historical VAT refund, as Ocado Retail continues to limit the pass through of cost inflation to customers.

Operating costs as a percent of sales reduced 80 bps, as sales growth of 14.9% exceeded cost growth of 12.3%.

Operating costs were driven by:

- Fulfilment and delivery, which grew by slightly less than sales due to increased Customer Fulfilment Centre (CFC) efficiency, although this was partly offset by higher delivery expenses driven by increased colleague and fleet maintenance costs
- Marketing cost growth was limited by a more effective mix of activity and improved customer retention.
- Fees were broadly level, as efficiency at existing sites increased.
- Depreciation increased as the CFC at Erith is now accounted for as a right of use asset following the exit of Morrisons.

Operating profit before adjusting items (26 weeks)	%
H1 2024/25	(0.9)
Gross margin	(0.1)
Fulfilment & delivery	0.1
Marketing	0.2
Support	(0.1)
Fees	0.8
Depreciation	(0.2)
H1 2025/26	(0.2)

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £6.0m, compared with £8.2m in the prior year. Profit was down on last year due to the impact of the incident on the Travel Money business, alongside the effects of the transition of the operation from HSBC to Eurochange.

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

Net finance cost

26 weeks ended	27 Sep 25 £m	28 Sep 24 £m	Change vs 2024/25 £m
Interest payable ¹	(18.7)	(20.1)	1.4
Bank and other interest receivable	19.8	24.9	(5.1)
Net interest receivable/(payable)	1.1	4.8	(3.7)
Unwind of discount on Scottish Limited Partnership liability	-	(0.4)	0.4
Unwind of discount on provisions	(4.5)	(2.7)	(1.8)
Net financial interest¹	(3.4)	1.7	(5.1)
Net interest payable on lease liabilities²	(71.4)	(54.4)	(17.0)
Other finance costs¹	(5.4)	(2.2)	(3.2)
Net finance cost before adjusting items	(80.2)	(54.9)	(25.3)
Net finance costs in adjusting items	(7.4)	(1.9)	(5.5)
Net finance costs	(87.6)	(56.8)	(30.8)

¹ In the prior period Interest payable included £2.2m of Other finance costs which has now been split out in the table above.

² Ocado lease liabilities were included in Group consolidation from April 2025 as M&S's share rights give accounting control from this date. The opening balance on consolidation was £333.0m with the increase to £486.5m at HY primarily being due to a new lease liability of approximately £140m.

Net finance cost before adjusting items increased from £54.9m to £80.2m. This was driven by the consolidation of Ocado Retail which resulted in increased interest payable on lease liabilities and interest payable to Ocado Group on shareholder loans. Interest receivable decreased driven by lower effective interest rates versus last year.

Adjusting items within net finance costs increased primarily due to the decreased IAS19 pension surplus in the prior year.

M&S Group adjusted profit before tax

M&S Group adjusted profit before tax was £184.1m down 55.4% on 2024/25. The profit decrease was primarily due to the decline in Food, and Fashion, Home & Beauty profit due to the trading impact of the incident, partly offset by insurance income.

Profit before tax

Profit before tax was £3.4m This includes an increased net charge for adjusting items of £167.8m (2024/25: charge of £15.9m).

Adjusting items

The Group makes certain adjustments to statutory profit measures 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	27 Sep 25 £m	28 Sep 24 £m	Change vs 2024/25 £m
Included in operating profit, split¹:	(154.8)	(7.5)	(147.3)
<u>Costs associated with the cyber incident</u>	(101.6)	-	(101.6)
<u>Strategic Programmes</u>			
Store estate	(16.5)	(26.8)	10.3
D&T transformation	(0.9)	-	(0.9)
International reset	10.9	-	10.9
Furniture simplification	-	5.9	(5.9)
<u>Other</u>			
M&S Bank transformation and insurance mis-selling provisions	(25.3)	(7.5)	(17.8)
Legal settlement	-	20.9	(20.9)
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	-	(6.5)	6.5
Amortisation and fair value adjustments relating to Ocado Retail Limited	(21.4)	-	(21.4)
Included in net finance costs	(7.4)	(1.9)	(5.5)
Net pension finance (costs)/income	(2.5)	2.1	(4.6)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(3.8)	(4.0)	0.2
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited	(0.9)	-	(0.9)
M&S Bank transformation	(0.2)	-	(0.2)
Adjustments to profit before tax	(162.2)	(15.9)	(146.3)
Non-Controlling Interest adjusting items	(5.6)	-	(5.6)
M&S Group Adjusting items	(167.8)	(15.9)	(151.9)

¹ Adjusting items included in operating profit includes Non-Controlling interest adjusting items.

Adjusting items include direct cyber incident related costs as well as the costs relating to several strategic programmes and other items. There was a net charge of £167.8m, up from £15.9m in the prior year. They include:

A charge of £101.6m in relation to the incident. £83m of these costs are related to immediate incident systems response and recovery. Remaining charges incurred relate to third party costs predominantly for specialist legal and professional services support. Further charges of c.£34m are expected in the second half of the financial year, taking total costs to c.£136m.

A charge of £16.5m 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 £10.9m in relation to the International reset. This largely reflects the release of a provision for an onerous lease for a distribution centre in Europe. The provision is no longer required, as a new contract has been agreed for the site.

A net charge of £25.5m in relation to M&S Bank transformation and insurance mis-selling provisions. The higher charge this period is largely due to the exclusivity buy out of General Insurance from HSBC. Total M&S Bank transformation programme costs to date are £46.0m with future net charges of £85.4m expected over the next six financial years.

A net charge of £22.3m in relation to amortisation and fair value adjustments relating to Ocado Retail Limited. This included a one-off fair value adjustment arising on consolidation of £17.7m. In addition, amortisation of fair value adjustments on acquired intangibles and assets resulted in a charge of £4.6m, with the portion relating to the non-controlling interest recognised separately.

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 28.5% (last half year: 27.9%; last full year: 26.7%). This is slightly higher than the UK statutory rate, primarily due to the derecognition of Ocado Retail-related tax losses for deferred tax purposes and the addback of depreciation on non-qualifying assets.

Total taxation charge for the period was £15.2m.

Earnings per share

Basic earnings per share was 0.3p (2024/25: 14.0p), due to lower profit in the period. Adjusted basic earnings per share was 6.6p (2024/25: 14.7p) due to lower adjusted profit and an increased effective tax rate on profit before adjusting items.

The weighted average number of ordinary shares in issue during the period was 2,032.6m (2024/25: 2,021.7m), with the weighted average number of diluted ordinary shares 2,113.4m (2024/25: 2,103.3m).

Cash flow

	27 Sep 25 £m Restated	28 Sep 24 £m Restated	Change vs 2024/25 £m
Operating profit	91.0	448.7	(357.7)
Adjusting items within operating profit	160.4	14.0	146.4
Operating profit before adjusting items	251.4	462.7	(211.3)
Depreciation, amortisation, impairments and disposals	318.9	256.6	62.3
Cash lease payments ¹	(180.1)	(139.0)	(41.1)
Working capital	(334.2)	(263.1)	(71.1)
Defined benefit scheme pension funding	(42.1)	2.8	(44.9)
Capex and disposals	(172.2)	(215.4)	43.2
Financial interest	(9.7)	(11.6)	1.9
Taxation	(3.5)	(83.4)	79.9
Employee-related share transactions	19.0	17.6	1.4
Share of result from Associate	-	16.0	(16.0)
Share of results in other joint ventures	(1.3)	(0.3)	(1.0)
Adjusting items in cash flow	(39.2)	(21.8)	(17.4)
Free cash flow from operations	(193.0)	21.1	(214.1)
Surrender payments	-	(4.8)	4.8
Acquisitions, investments, and divestments	(2.9)	(0.9)	(2.0)
Free cash flow	(195.9)	15.4	(211.3)
Dividends paid	(52.4)	(40.2)	(12.2)
Free cash flow after shareholder returns	(248.3)	(24.8)	(223.5)
Opening net funds excluding lease liabilities²	447.6	45.7	401.9
Free cash flow after shareholder returns	(248.3)	(24.8)	(223.5)
Net debt relating to consolidation of Ocado Retail	(21.8)	-	(21.8)
Exchange and other non-cash movements excl. leases	(1.4)	1.5	(2.9)
Closing net funds excluding lease liabilities	176.1	22.4	153.7
Opening net debt including lease commitments²	(1,779.8)	(2,165.8)	386.0
Free cash flow after shareholder returns	(248.3)	(24.8)	(223.5)
Decrease in lease obligations	119.4	102.3	17.1
New lease commitments and remeasurements	(253.5)	(69.1)	(184.4)
Lease commitments and net debt relating to consolidation of Ocado Retail	(355.6)	-	(355.6)
Exchange and other non-cash movements	(10.5)	(6.7)	(3.8)
Closing net debt including lease commitments	(2,528.3)	(2,164.1)	(364.2)

¹ Surrender payments have been split out from cash lease payments and are now within free cash flow but no longer within free cash flow from operations.

² Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange.

Free cash from operations was an outflow of £193.0m, which was £214.1m adverse to last year. Half-year cash flow reflects significant movements relating to the timing of both payables and receivables which are anticipated to partially unwind in the second half.

The primary driver of the cash outflow was the incident which, compared with the prior year, resulted in a decline in operating profit, increased working capital outflow and adjusting items in cash flow, partially offset by reduced taxation. The working capital outflow reflects delays in stock flow resulting from the incident.

The consolidation of Ocado Retail, compared with the prior year, resulted in increased depreciation offset by increased cash lease payments and working capital.

Contributions to the defined benefit pension fund re-commenced in the period. The decrease in capital expenditure year-on-year, despite increased investment in the period reflects a higher capital accruals balance at half year.

As a result of the cash outflow the Group had closing net funds excluding lease liabilities of £176.1m at the end of the period. The consolidation of Ocado Retail resulted in increased lease obligations and loans to third parties. Group net debt therefore increased to £2,528.3m.

Capital expenditure

26 weeks ended	27 Sep 25 £m	28 Sep 24 £m	Change vs 2024/25 £m
Store renewal	48.0	45.3	2.7
New stores	99.0	52.5	46.5
Property maintenance	29.0	44.3	(15.3)
Supply chain	42.1	37.2	4.9
Digital & Technology	16.5	49.0	(32.5)
International	1.6	3.6	(2.0)
ROI	1.7	2.8	(1.1)
Ocado Retail	6.2	-	6.2
Financial services	0.5	-	0.5
Property contributions ¹	-	(2.9)	2.9
Capital expenditure before property disposals	244.6	231.8	12.8
Property disposals	(10.1)	(0.1)	(10.0)
Capital expenditure	234.5	231.7	2.8
Movement in capital accruals and other items	(62.3)	(16.3)	(46.0)
Capex and disposals as per cash flow	172.2	215.4	(43.2)

¹ Property contributions are now reported within working capital.

Group capital expenditure before property disposals increased from £231.8m to £244.6m due to increased investment in new stores and supply chain offset by reduced spend on digital and technology and property maintenance.

Store investment was driven by renewals at Pantheon (Oxford Street), Brent Cross, Merry Hill and Douglas and new stores including Bristol Cabot Circus, Orpington and Aberdeen.

Supply chain expenditure reflects investment in new Food capacity in Bristol and the initial costs associated with Daventry National Distribution Centre, as well as expanding Fashion, Home & Beauty fulfilment capabilities.

Digital and Technology reflects the prioritisation of investment in technology recovery following the incident. There was an increased capital accruals balance at the half year, reflecting the timing of payments related to the investments which are expected to be made in the second half.

Net debt

Group net debt increased £364.2m since last year primarily driven by the increase in lease liabilities due to the consolidation of Ocado Retail. Net funds, excluding lease liabilities, largely reflect the increase in net funds offset by the consolidation of Ocado Retail net debt.

26 weeks ended	27 Sep 25 £m	28 Sep 24 £m	Change vs 2024/25 £m
Cash and cash equivalents ¹	768.7	618.7	150.0
Current financial assets and other ¹	97.5	143.8	(46.3)
Medium-term notes	(590.1)	(698.1)	108.0
Partnership liability	-	(42.0)	42.0
Ocado borrowings	(100.0)	-	(100.0)
Net funds excluding lease liabilities	176.1	22.4	153.7
Lease liabilities	(2,704.4)	(2,186.5)	(517.9)
Group net debt²	(2,528.3)	(2,164.1)	(364.2)

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

² Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange.

Medium-term notes include three bonds, with maturities out to 2037, and the associated accrued interest. During the period, the June 2025 bond of £105.5m was repaid. 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
May 2026, GBP	109.4
Jul 2027, GBP	250.0
Dec 2037, USD	252.9
Unamortised bond costs and effects of fair value hedges	(1.6)
Total principal value	610.7
Interest and FX revaluation	(20.6)
Total carrying value	590.1

Lease Liabilities	27 Sep 25 £m	28 Sep 24 £m	Change vs 2024/25 £m	Average lease length to break ¹
Full Line stores	(836.8)	(851.2)	14.4	c. 16 yrs
Food stores	(722.9)	(689.7)	(33.2)	c. 9 yrs
Offices, warehouses, ROI and other	(502.6)	(497.1)	(5.5)	
International	(155.6)	(148.5)	(7.1)	
Ocado Retail ²	(486.5)	-	(486.5)	
Total lease liability	(2,704.4)	(2,186.5)	(517.9)	

¹ Liability-weighted average lease length to break.

² Ocado lease liabilities were included in Group consolidation from April 2025 as M&S's share rights give accounting control from this date. The opening balance on consolidation was £333.0m with the increase to £486.5m at HY primarily being due to a new lease liability of approximately £140m.

Full line store lease liabilities include £116.7m relating to stores identified as part of the store estate strategic programme. The average lease length on the stores is skewed by nine particularly long leases which are trading well in locations we wish to remain in. Excluding these nine leases, the average term to break of leases outside the programme is c. 15 years.

Food store lease liabilities include £41.3m relating to stores identified as part of the store estate strategic programme. Of the remaining lease liability, the average lease length to break is c. 10 years.

Pension

At 27 September 2025, the IAS 19 net retirement benefit deficit was £219.0m (FY 2024/25: £122.7m deficit). There has been an increase in the deficit of £96.3m since the start of the year largely driven by investment experience due to an increase in gilt yields which more than offset a decrease in credit spreads.

The most recent actuarial valuation of the UK DB Pension Scheme was carried out as at 31 March 2024 and showed a funding surplus of £288m.

The IAS 19 net retirement deficit differs from the actuarial valuation primarily due to the difference in discount rate applied.

As noted at the start of the year, the Company and Trustee have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service because of this valuation, other than those contractually committed under the Marks and Spencer Scottish Limited Partnership arrangements.

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 DB Pension Scheme, which is a limited partner. The Partnership holds properties which have been leased back to Marks and Spencer Plc.

In line with the February 2025 agreement whereby the first limited partnership interest and second limited partnership interest were replaced by a third limited partnership interest, the new third partnership interest (also held by the UK DB Pension Scheme), received £45.0m in June 2025. A further £45.0m will be received in June 2026, and £55.0m in June 2027 and June 2028. As noted at the start of the year, from June 2029 to June 2035 the Pension Scheme is entitled to receive either £55.0m or £nil, depending on the funding level of the Pension Scheme as at the latest reporting date. Under certain circumstances these amounts may be retained in the Partnership, with the distribution determined by the future funding position of the pension scheme.

Liquidity

At 27 September 2025, the Group's access to available liquidity remained strong at over £1.6bn, comprising cash and cash equivalents of £768.7m (September 2024: £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.

Dividend

An interim dividend of 1.2p per share has been declared reflecting one third of the prior year total. This will be payable on 9 January 2026 to shareholders on the register of members as at close of business on 28 November 2025.

Statement of financial position

Net assets were £2,970.9m at the period end. The increase in intangibles and property, plant and equipment from the consolidation of Ocado Retail, as well as higher inventories and increased payables resulted in an overall increase in net assets of 0.7% since the start of the year.

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 54-58 of our 2025 Annual Report and Financial Statements, along with mitigating activities relevant to each risk. 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 2025 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
- Business resilience
- Information security
- Joint Ventures, including Ocado Retail, and Franchise
- Culture, talent and capability
- Product safety and integrity
- Corporate compliance and responsibility
- Climate change and the environment.

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 2025 Annual Report and Financial Statements, with the exception of the following change in the period: Mr J King resigned on 10 September 2025. 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

		26 weeks ended		52 weeks ended
		27 Sep 2025 (Unaudited)	28 Sep 2024 (Unaudited)	29 Mar 2025 (Audited)
	Notes	Total £m	Total £m	Total £m
Revenue	2	7,942.3	6,481.0	13,816.8
Share of result of associate - Ocado Retail Limited¹	2, 3, 8	-	(22.5)	(43.6)
Operating profit	2, 3	91.0	448.7	624.3
Finance income	4	22.7	29.8	64.7
Finance costs	4	(110.3)	(86.6)	(177.2)
Profit before tax	2, 3	3.4	391.9	511.8
Income tax expense	5	(15.2)	(113.3)	(219.9)
(Loss) / Profit for the year		(11.8)	278.6	291.9
Profit Attributable to:				
Owners of the parent		6.2	282.1	295.7
Non-controlling interests ²		(18.0)	(3.5)	(3.8)
		(11.8)	278.6	291.9
Earnings per share				
Basic	6	0.3p	14.0p	14.6p
Diluted	6	0.3p	13.4p	14.0p
Reconciliation of M&S Group Adjusted Profit before tax³ – non-GAAP measure				
Profit before tax		3.4	391.9	511.8
Adjusting items	3	167.8	15.9	363.7
Adjusted Non-Controlling Interests		12.9	5.3	5.6
M&S Group Adjusted Profit before tax		184.1	413.1	881.1
Adjusted earnings per share – non-GAAP measure				
Basic	6	6.6p	14.7p	31.9p
Diluted	6	6.4p	14.1p	30.6p

¹ On 6 April 2025, in line with expectations, the Group obtained control of Ocado Retail Limited, therefore it is no longer treated as an associate, with the Group now consolidating the results of Ocado Retail Limited.

² Non-controlling interest includes the minority share of results in Ocado Retail Limited and other joint ventures in Greece, India and the UK.

³ Refer to the glossary for a complete definition of M&S Group Adjusted Profit before tax.

Condensed consolidated statement of comprehensive income

	Notes	26 weeks ended		52 weeks ended
		27 Sep 2025	28 Sep 2024	29 Mar 2025
		(Unaudited)	(Unaudited)	(Audited)
		£m	£m	£m
(Loss)/Profit for the period		(11.8)	278.6	291.9
Other comprehensive expense:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit schemes	9	(135.9)	(24.8)	(149.2)
Tax credit on retirement benefit schemes		34.0	6.3	49.7
		(101.9)	(18.5)	(99.5)
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences				
- movement recognised in other comprehensive income		1.5	(8.7)	(8.3)
Cash flow hedges				
- fair value movements in other comprehensive income		(57.2)	(74.1)	(19.2)
- reclassified and reported in profit or loss		7.8	13.6	5.7
Tax credit on cash flow hedges		11.8	15.4	2.7
		(36.1)	(53.8)	(19.1)
Other comprehensive expense for the period, net of tax		(138.0)	(72.3)	(118.6)
Total comprehensive (expense)/income for the period		(149.8)	206.3	173.3
Attributable to:				
Owners of the parent		(131.8)	209.8	177.1
Non-controlling interests		(18.0)	(3.5)	(3.8)
		(149.8)	206.3	173.3

Condensed consolidated statement of financial position

		As at 27 Sep 2025 (Unaudited)	As at 28 Sep 2024 (Unaudited)	As at 29 Mar 2025 (Audited)
	Notes	£m	£m	£m
Assets				
Non-current assets				
Intangible assets		772.2	170.2	187.4
Property, plant and equipment		6,131.7	5,211.8	5,408.5
Investment property		11.1	11.4	11.2
Investment in joint ventures and associates	8	11.8	662.1	392.5
Other financial assets	11	52.8	8.7	21.3
Retirement benefit asset	9	-	56.2	-
Trade and other receivables		288.5	390.7	382.8
Derivative financial instruments	11	2.2	1.4	0.1
Deferred tax assets		13.9	11.7	13.9
		7,284.2	6,524.2	6,417.7
Current assets				
Inventories		1,192.3	979.9	843.9
Other financial assets	11	79.9	161.7	289.5
Trade and other receivables		664.0	367.1	327.5
Derivative financial instruments	11	7.3	7.5	7.2
Current tax assets		70.7	21.8	71.1
Cash and cash equivalents		768.7	618.7	864.5
		2,782.9	2,156.7	2,403.7
Total assets		10,067.1	8,680.9	8,821.4
Liabilities				
Current liabilities				
Trade and other payables		2,918.7	2,132.7	2,370.3
Borrowings and other financial liabilities		404.0	330.7	355.8
Partnership liability to the Marks & Spencer UK Pension Scheme	10	-	49.2	-
Derivative financial instruments	11	56.5	83.1	25.1
Provisions		56.2	30.6	25.1
Current tax liabilities		1.2	1.5	1.2
		3,436.6	2,627.8	2,777.5
Non-current liabilities				
Retirement benefit deficit	9	219.0	4.6	122.7
Trade and other payables		33.5	120.1	18.9
Borrowings and other financial liabilities		2,990.5	2,553.2	2,588.7
Derivative financial instruments	11	19.5	26.1	16.6
Provisions		166.1	109.3	146.2
Deferred tax liabilities		231.0	208.8	199.4
		3,659.6	3,022.1	3,092.5
Total liabilities		7,096.2	5,649.9	5,870.0
Net assets		2,970.9	3,031.0	2,951.4
Equity				
Issued share capital		20.6	20.6	20.6
Share premium account		986.1	975.7	982.7
Capital redemption reserve		2,680.4	2,680.4	2,680.4
Hedging reserve		(19.0)	(44.8)	(7.5)
Cost of hedging reserve		6.2	13.9	7.0
Other reserve		(6,542.2)	(6,542.2)	(6,542.2)
Foreign exchange reserve		(87.9)	(89.8)	(89.4)
Retained earnings		5,756.1	6,021.8	5,888.5
Equity attributable to owners of the parent		2,800.3	3,035.6	2,940.1
Non-controlling interests		170.6	(4.6)	11.3
Total equity		2,970.9	3,031.0	2,951.4

Condensed consolidated statement of changes in equity

26 weeks ended 27 September 2025 (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 30 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,888.5	2,940.1	11.3	2,951.4
Profit for the period	-	-	-	-	-	-	-	6.2	6.2	(18.0)	(11.8)
Other comprehensive income/(expense):											
Foreign currency translation	-	-	-	-	-	-	1.5	-	1.5	-	1.5
- movement recognised in other comprehensive income	-	-	-	-	-	-	-	(135.9)	(135.9)	-	(135.9)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	34.0	34.0	-	34.0
Tax credit on retirement benefit schemes	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	(56.1)	(1.1)	-	-	-	(57.2)	-	(57.2)
- fair value movements in other comprehensive income	-	-	-	7.8	-	-	-	-	7.8	-	7.8
- reclassified and reported in profit or loss	-	-	-	11.5	0.3	-	-	-	11.8	-	11.8
Tax on cash flow hedges	-	-	-	(36.8)	(0.8)	-	1.5	(101.9)	(138.0)	-	(138.0)
Other comprehensive income/(expense)	-	-	-	(36.8)	(0.8)	-	1.5	(101.9)	(138.0)	-	(138.0)
Total comprehensive income/(expense)	-	-	-	(36.8)	(0.8)	-	1.5	(95.7)	(131.8)	(18.0)	(149.8)
Cash flow hedges recognised in inventories	-	-	-	33.7	-	-	-	-	33.7	-	33.7
Tax on cash flow hedges recognised in inventories	-	-	-	(8.4)	-	-	-	-	(8.4)	-	(8.4)
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(52.4)	(52.4)	-	(52.4)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	177.3	177.3
Shares issued in respect of employee share options	-	3.4	-	-	-	-	-	-	3.4	-	3.4
Credit for share-based payments	-	-	-	-	-	-	-	15.7	15.7	-	15.7
As at 27 September 2025	20.6	986.1	2,680.4	(19.0)	6.2	(6,542.2)	(87.9)	5,756.1	2,800.3	170.6	2,970.9
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 (expense)/income:											
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

52 weeks ended 29 March 2025 (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 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 year	-	-	-	-	-	-	-	295.7	295.7	(3.8)	291.9
Other comprehensive income/(expense):											
Foreign currency translation	-	-	-	-	-	-	(8.3)	-	(8.3)	-	(8.3)
- movement recognised in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	(149.2)	(149.2)	-	(149.2)
Tax credit on retirement benefit schemes	-	-	-	-	-	-	-	49.7	49.7	-	49.7
Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-
- fair value movements in other comprehensive income	-	-	-	(21.4)	2.2	-	-	-	(19.2)	-	(19.2)
- reclassified and reported in profit or loss	-	-	-	5.7	-	-	-	-	5.7	-	5.7
Tax on cash flow hedges	-	-	-	3.3	(0.6)	-	-	-	2.7	-	2.7
Other comprehensive income/(expense)	-	-	-	(12.4)	1.6	-	(8.3)	(99.5)	(118.6)	-	(118.6)
Total comprehensive income/(expense)	-	-	-	(12.4)	1.6	-	(8.3)	196.2	177.1	(3.8)	173.3
Cash flow hedges recognised in inventories	-	-	-	17.7	-	-	-	-	17.7	-	17.7
Tax on cash flow hedges recognised in inventories	-	-	-	(4.4)	-	-	-	-	(4.4)	-	(4.4)
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(60.5)	(60.5)	-	(60.5)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	(15.9)	(15.9)	16.2	0.3
Shares issued in respect of employee share options	0.1	15.7	-	-	-	-	-	-	15.8	-	15.8
Purchase of shares held by employee trusts	-	-	-	-	-	-	-	(81.3)	(81.3)	-	(81.3)
Credit for share-based payments	-	-	-	-	-	-	-	52.4	52.4	-	52.4
Tax on share schemes	-	-	-	-	-	-	-	8.0	8.0	-	8.0
As at 29 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,888.5	2,940.1	11.3	2,951.4

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.

Condensed consolidated statement of cash flows

		26 weeks ended		52 weeks ended
		27 Sep 2025 (Unaudited)	28 Sep 2024 (Unaudited)	29 Mar 2025 (Audited)
	Notes	£m	£m	£m
Cash flows from operating activities				
Cash generated from operations	13	169.2	479.2	1,521.3
Income tax paid		(3.5)	(83.4)	(208.3)
Net cash inflow from operating activities		165.7	395.8	1,313.0
Cash flows from investing activities				
Proceeds on property disposals		10.1	0.1	48.3
Purchase of property, plant and equipment		(165.8)	(165.1)	(408.4)
Purchase of intangible assets		(16.5)	(50.4)	(98.5)
Sale/(purchase) of current financial assets		209.6	(149.4)	(277.2)
Purchase of non-current financial assets		(31.3)	(0.9)	(12.5)
Proceeds on disposal of non-current financial assets		-	-	0.6
Consolidation of subsidiary, net of cash acquired ¹		68.2	-	-
Interest received		24.1	24.8	51.6
Net cash generated from/(used in) investing activities		98.4	(340.9)	(696.1)
Cash flows from financing activities				
Interest paid ²		(94.5)	(78.3)	(158.1)
Redemption of Medium Term Notes		(105.5)	(187.8)	(187.8)
Repayment of lease liabilities		(119.4)	(102.3)	(258.6)
Payment of liability to the Marks & Spencer UK Pension Scheme		-	(40.0)	(40.5)
Cash inflow from borrowings		10.0	-	-
Equity dividends paid	7	(52.4)	(40.2)	(60.5)
Shares issued on exercise of employee share options		3.4	8.8	15.8
Transactions with non-controlling interest		-	-	(2.6)
Purchase of own shares by employee trust		(0.1)	(17.6)	(81.3)
Net cash used in financing activities		(358.5)	(457.4)	(773.6)
Net cash outflow from activities		(94.4)	(402.5)	(156.7)
Effects of exchange rate changes		(1.4)	(1.2)	(1.2)
Opening net cash		864.5	1,022.4	1,022.4
Closing net cash		768.7	618.7	864.5

¹Includes £68.2m (last full year and last half year: £nil) relating to the consolidation of Ocado Retail Limited, being cash acquired of £68.2m (last full year and last half year: £nil).

²Includes interest paid on lease liabilities of £60.7m (last half year: £41.5m; last full year: £103.4m).

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 29 March 2025 is an extract from the published Annual Report and Financial Statements which were approved by the Board of Directors on 21 May 2025, 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.

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 10 and the principal risks and uncertainties as set out on page 27.

At 27 September 2025, the Group's access to available liquidity remained strong at over £1.6bn, comprising cash and cash equivalents of £768.7m, 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 2026, 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 2026, the Group does not anticipate needing to draw on its available facilities and 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 2025 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; adjusted operating profit; adjusted operating margin; adjusted basic earnings per share; net debt; net debt excluding lease liabilities; free cash flow; free cash flow from operations; capital expenditure; M&S Group adjusted profit before tax and adjusted non-controlling interest. 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 27 September 2025 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 Group 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 consolidation of Ocado Retail 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.
- Significant costs in response to the recent cyber incident.

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

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 2025 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 Channel Islands have been removed from the International segment and split between the Fashion, Home & Beauty and Food segments. Additionally, sales relating to the US chain Target have been removed from the Food segment and allocated to the International segment. Reportable segment results below have been updated to reflect this change.

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

- Fashion, Home & Beauty – comprises the retailing of womenswear, menswear, lingerie, kidswear, beauty and home products through UK, ROI and Channel Islands retail stores and online.
- Food – includes the results of the UK, ROI and Channel Islands 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 the Channel Islands) and Asia and the international and wholesale franchise operations.
- Ocado – includes the results of the Ocado Retail Limited business.

Other business activities and operating segments, including M&S Bank, are combined and presented in "All other segments". Finance income and costs and other operating income 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 Group adjusted 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 27 September 2025 (Unaudited)						
Note	Fashion, Home & Beauty	Food	International	Ocado	All other segments	Group
	£m	£m	£m	£m	£m	£m
Sales ¹	1,697.6	4,531.9	255.8	1,479.9	-	7,965.2
Revenue	1,674.7	4,531.9	255.8	1,479.9	-	7,942.3
Insurance income ²	-	-	-	-	-	100.0
Group adjusted operating profit/(loss)³	46.1	89.1	13.3	(3.1)	6.0	251.4
Finance income before adjusting items	4	-	-	-	-	22.7
Finance costs before adjusting items	4	-	-	-	-	(102.9)
Less: Adjusted non-controlling interests	-	-	-	-	-	12.9
M&S Group Adjusted Profit before tax	46.1	89.1	13.3	(3.1)	6.0	184.1
Adjusting items	3	-	-	-	-	(167.8)
Adjusted non-controlling interests	-	-	-	-	-	(12.9)

Profit/(loss) before tax	46.1	89.1	13.3	(3.1)	6.0	3.4
---------------------------------	-------------	-------------	-------------	--------------	------------	------------

26 weeks ended 28 September 2024 (Unaudited) (restated)							
	Note	Fashion, Home & Beauty ⁴	Food ^{4,5}	International ^{4,5}	Ocado	All other segments	Group
		£m	£m	£m	£m	£m	£m
Sales ¹		2,030.5	4,204.5	289.3	-	-	6,524.3
Revenue		1,987.2	4,204.5	289.3	-	-	6,481.0
Group adjusted operating profit/(loss) ³		243.4	216.4	10.7	(16.0)	8.2	462.7
Finance income before adjusting items	4	-	-	-	-	-	27.7
Finance costs before adjusting items	4	-	-	-	-	-	(82.6)
Less: Adjusted non-controlling interests		-	-	-	-	-	5.3
M&S Group Adjusted Profit before tax		243.4	216.4	10.7	(16.0)	8.2	413.1
Adjusting items	3	-	-	-	-	-	(15.9)
Adjusted non-controlling interests		-	-	-	-	-	(5.3)
Profit/(loss) before tax		243.4	216.4	10.7	(16.0)	8.2	391.9

52 weeks ended 29 March 2025 (Audited) (restated)							
	Note	Fashion, Home & Beauty ⁴	Food ^{4,5}	International ^{4,5}	Ocado	All other segments	Group
		£m	£m	£m	£m	£m	£m
Sales ¹		4,243.4	9,085.7	585.2	-	-	13,914.3
Revenue		4,145.9	9,085.7	585.2	-	-	13,816.8
Group adjusted operating profit/(loss)³		478.0	491.8	35.9	(28.7)	7.5	984.5
Finance income before adjusting items	4	-	-	-	-	-	60.6
Finance costs before adjusting items	4	-	-	-	-	-	(169.6)
Less: Adjusted non-controlling interests		-	-	-	-	-	5.6
M&S Group Adjusted Profit before tax		478.0	491.8	35.9	(28.7)	7.5	881.1
Adjusting items	3	-	-	-	-	-	(363.7)
Adjusted non-controlling interests		-	-	-	-	-	(5.6)
Profit/(loss) before tax		478.0	491.8	35.9	(28.7)	7.5	511.8

¹ Sales is revenue stated prior to adjustments for Fashion, Home & Beauty brand consignment sales of £22.9m (last half year: £43.3m; last full year: £97.5m). There are no brand consignment sales in ROI.

² Insurance income in respect of the incident is recognised within other operating income is not allocated to segments as it is managed on a centralised basis.

³ Group adjusted operating profit/(loss) is stated as gross profit less operating costs prior to adjusting items and non controlling interest. At reportable segment level costs are allocated where directly attributable or based on an appropriate cost driver for the cost.

⁴ Fashion, Home & Beauty, Food and International Segments have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food

⁵ Food and International segments have been restated to move revenue related to sales in the US chain Target from Food to International

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.

	26 weeks ended 27 September 2025 (Unaudited) £m	26 weeks ended 28 September 2024 (Unaudited) £m	52 weeks ended 29 March 2025 (Audited) £m
Write-down of inventories to net realisable value	339.0	156.2	325.2

3 Adjusting items

The total adjusting items reported for the 26-week period ended 27 September 2025 is a net charge of £167.8m. The adjustments made to reported profit before tax to arrive at adjusted profit are:

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 March 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£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)	(12.9)
Ocado Retail Limited – UK network capacity review	-	-	(2.0)
	-	(6.5)	(14.9)
Included in operating profit			
Strategic programmes - Store estate	(16.5)	(26.8)	(84.4)
Strategic programmes - International Reset	10.9	-	(20.6)
Strategic programmes - Digital and Technology Transformation	(0.9)	-	(10.2)
Strategic programmes - Furniture Simplification	-	5.9	11.1
Costs associated with the cyber incident	(101.6)	-	-
Store impairments, impairment reversals and other property charges	-	-	2.3
Impairment of investment in Ocado Retail Limited	-	-	(248.5)
Amortisation and fair value adjustments relating to Ocado Retail Limited	(21.4)	-	-
M&S Bank transformation and insurance mis-selling provisions	(25.3)	(7.5)	(15.5)
Legal settlement	-	20.9	20.5
	(154.8)	(7.5)	(345.3)
Included in net finance income/(costs)			
Net pension finance (charge)/income	(2.5)	2.1	4.1
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(3.8)	(4.0)	(7.6)
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited	(0.9)	-	-
M&S Bank transformation and insurance mis-selling provisions	(0.2)	-	-
	(7.4)	(1.9)	(3.5)
M&S Group Adjusting items	(162.2)	(15.9)	(363.7)
Adjusting items attributable to non-controlling interests ¹	(5.6)	-	-
Adjustment to profit before tax	(167.8)	(15.9)	(363.7)

¹Relates to 50% non-controlling interest share of fair value adjustments following the acquisition of Ocado Retail Limited (£4.6m) and 49% non-controlling interest share of India store impairment (£1.0m).

Strategic programmes - Store estate (£16.5m)

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 £1,047m in the nine years up to March 2025 under this programme primarily relating to closure costs associated with stores identified as part of the strategic transformation plans.

The Group has recognised a further charge of £16.5m 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 2024/25 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 five 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 recognised in the period by £22.3m, from £27.6m to £49.9m. A 5% reduction in planned sales in years 2 and 3 (where relevant) would result in an increase in the impairment charge of £1.8m. Neither a 250 basis point increase in the discount rate, a 25 basis point reduction in management gross 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 reasonably possible scenarios considered.

As at 27 September 2025, the total closure programme now consists of 219 stores, 142 of which have already closed. Further charges of c.£250m are estimated within the next five and a half financial years, bringing anticipated total programme costs since 2016 to c.£1.3bn. In addition, where store exit

routes in the next five 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.18 stores currently under consideration for closure within the next five and a half years. At this stage these c.18 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 requires all stores to be closed by 2030/31, but charges in the year, and future charges, did not include Foodhall closures at a lease event where there is opportunity to secure a better location.

Strategic programmes - International Reset (£10.9m credit)

In September 2024 the Group announced a reset of priorities for the International business. This included closures of two European distribution centres, the exiting of legacy franchise businesses not aligned to the strategy and investing in technology relating to the strategy.

During the half the Group has recognised a net credit of £10.9m, mainly reflecting updated assumptions regarding contractual obligations due to the closure of the European distribution centres. As part of this closure the Group has incurred total programme net one-off charges of £9.7m that are not considered to be day-to-day operational costs of the business.

These costs are adjusting items as they are significant to the International business and the business would not have incurred these costs without the strategy reset. Further costs of c.£11m are expected in 2025/26.

Strategic programmes – Digital and Technology transformation (£0.9m)

During 2024/25, to reduce costs and transform our business, the Group confirmed our desire to build the Digital and Technology team we need for the future, investing in our core foundations and business platforms. We will reset our operating model under the new leadership team bringing more capabilities inhouse, changing how we are structured and how we operate in service of the business.

In total we are targeting to deliver £100m of structural cost savings over the next five years, with an element of these savings coming from the new operating model and resetting our partnerships; a charge of £0.9m recognised in the period. Further charges of c.£20m are expected in relation to this programme to 2027/28, taking total programme costs to c.£31m.

These costs are considered to be adjusting items as the costs are part of the strategic programme, are significant in value and would distort the year-on-year profitability of the business.

Costs associated with the cyber incident (£101.6m)

As announced in April 2025, the Group was the subject of a sophisticated cyber incident. During the period the Group incurred £101.6m of material system recovery, risk management and specialist advisory costs as a direct result of the incident. £83m of these costs related to immediate incident systems response and recovery. Remaining charges incurred relate to third party costs predominantly for specialist legal and professional services support. Further charges of c.£34m are expected in relation to this programme in the second half of the financial year, taking total programme costs to c.£136m.

These costs are considered to be adjusting items as they relate to incident response and recovery activities that would not have been incurred without the cyber incident.

Amortisation and fair value adjustments relating to Ocado Retail Limited (£22.3m)

In April 2025, following the change in accounting control and the consolidation of Ocado Retail Limited, the Group recognised intangible assets of £292.0m were recognised representing the Ocado brand and acquired customer relationships (see Note 15). Other fair value adjustments for property, plant and equipment of £54.4m were also recognised. These assets and fair value adjustments are being amortised and depreciated over their remaining useful economic lives of 10 – 40 years with the Group's share (50%) of charge (£4.6m) recognised in the period. The remaining charge of £17.7m relates to a one off fair value adjustment arising on consolidation.

The charges 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.

M&S Bank transformation and insurance mis-selling provisions (£25.5m)

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 has 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 £25.5m have been recognised in the period, predominantly relating to the continued settlement of the deficit and a one-off fee in the period. Total programme costs to date are £46.0m with future net charges of £85.4m expected over the next six financial years. The charge in the period and total programme costs reflect the latest position of fees payable to M&S Bank under renegotiated Relationship Agreement.

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.

Net pension finance charge (£2.5m)

In the period a net finance charge of £2.5m was recognised (last half year: £2.1m income last full year: £4.1m income).

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 (£3.8m)

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 £3.8m 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 payment is made during the second half of FY2025/26.

4 Finance income/(costs)

	Notes	26 weeks ended		52 weeks ended
		27 Sep 2025 (Unaudited)	28 Sep 2024 (Unaudited)	29 Mar 2025 (Audited)
		£m	£m	£m
Bank and other interest receivable		19.8	24.9	54.9
Interest income on subleases		2.9	2.8	5.7
Finance income before adjusting items		22.7	27.7	60.6
Finance income in adjusting items	3	-	2.1	4.1
Finance income		22.7	29.8	64.7
Other finance costs		(5.4)	(2.2)	(4.6)
Interest payable on syndicated bank facility		(1.8)	(2.4)	(4.6)
Interest payable on Medium Term Notes		(16.9)	(17.7)	(36.7)
Interest payable on lease liabilities		(74.3)	(57.2)	(115.9)
Unwinding of discount on partnership liability to the Marks and Spencer UK Pension Scheme	10	-	(0.4)	(6.4)
Unwind of discount on provisions		(4.5)	(2.7)	(1.4)
Finance costs before adjusting items		(102.9)	(82.6)	(169.6)
Finance costs in adjusting items	3	(7.4)	(4.0)	(7.6)
Finance costs		(110.3)	(86.6)	(177.2)
Net finance costs		(87.6)	(56.8)	(112.5)

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 28.5% (last half year: 27.9%; last full year: 26.7%). This is slightly higher than the UK statutory rate, primarily due to the derecognition of Ocado-related tax losses for deferred tax purposes and the addback of depreciation on non-qualifying assets

The effective tax rate on (loss)/profit before taxation is 447.1% (last half year: 28.9%; last full year: 43.0%).

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
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Profit attributable to equity shareholders of the Company	6.2	282.1	295.7
Add/(less):			
Adjusting items (see note 3)	162.2	15.9	363.7
Tax on adjusting items	(33.6)	(0.6)	(14.0)
Profit before adjusting items attributable to equity shareholders of the Company	134.8	297.4	645.4
	Million	Million	Million
Weighted average number of ordinary shares in issue	2,032.6	2,021.7	2,021.9
Potentially dilutive share options under the Group's share option schemes	80.8	81.6	88.8
Weighted average number of diluted ordinary shares	2,113.4	2,103.3	2,110.7
	Pence	Pence	Pence
Basic earnings per share	0.3	14.0	14.6
Diluted earnings per share	0.3	13.4	14.0
Adjusted basic earnings per share	6.6	14.7	31.9
Adjusted diluted earnings per share	6.4	14.1	30.6

7 Dividends

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Final dividend of 2.6p per share (last year 2.0p per share)	52.4	40.2	40.2
Prior period interim dividend of 1.0p per share	-	-	20.3
	52.4	40.2	60.5

The directors have approved an interim dividend of 1.2p 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 £24.7m (last half year £20.3m) will be paid on 9 January 2026 to shareholders whose names are on the Register of Members at the close of business on 28 November 2025. The ordinary shares will be quoted ex dividend on 27 November 2025.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 16 December 2025.

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.

Upon acquisition, Ocado Group Plc held certain rights for an initial period of five years, giving Ocado Group plc control of the company. As of 6 April 2025, these rights were surrendered and Ocado Retail Limited is now consolidated as a subsidiary of the Group. There has been no change in economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of this change. Through Board representation and shareholder voting rights, the Group is now considered to have control. Therefore, the investment in Ocado Retail Limited is no longer treated as an associate and the Group consolidates the results of Ocado Retail Limited.

During the period the Group has consolidated Ocado Retail Limited and as a result no longer recognises an investment on the balance sheet. In the prior periods the carrying amount of the Group's interest was as follows: last half year: £654.7m; last full year: £385.0m. The Group's share of Ocado Retail Limited losses of £nil (last half year: loss of £22.5m; last full year: loss of £43.6m) includes the Group's share of underlying losses of £nil (last half year: £16.0m; last full year: £28.7m), the Group's share of adjusting items of £nil (last half year: £nil; last full year: £2.0m) and adjusting item charges of £nil (last half year: £6.5m; last full year: £12.9m) (see note 3).

Previously, Ocado Retail Limited's financial year end aligned with Ocado Group plc. As part of the above change, Ocado Retail Limited has changed its year end date to align to the Group meaning that the Group's results for Ocado Retail Limited are incorporated in these financial statements from 6 April 2025 to 27 September 2025. There were no significant events or transactions in the period from 6 April 2025 to 27 September 2025.

The below summarised financial information is included for comparative purposes only, given that Ocado Retail Limited results are now consolidated as a subsidiary of the Group. Prior year results represent amounts in the Ocado Retail Limited financial statements that were prepared in accordance with IFRS, prior to being consolidated within the Group.

	As at 27 Sep 2025 (Unaudited) £m	As at 1 Sep 2024 (Unaudited) £m	As at 6 Apr 2025 (Audited) £m
Ocado Retail Limited			
Current assets	-	244.0	270.6
Non-current assets	-	500.2	505.6
Current liabilities	-	(275.6)	(327.5)
Non-current liabilities	-	(484.9)	(494.5)
Net (liabilities)	-	(16.3)	(45.8)

	As at 27 Sep 2025 (Unaudited) £m	As at 1 Sep 2024 (Unaudited) £m	As at 6 Apr 2025 (Audited) £m
Revenue	-	1,324.8	3,091.9
Loss for the period and total comprehensive loss	-	(31.9)	(61.4)
Total comprehensive loss	-	(31.9)	(61.4)

In addition, the Group holds immaterial investments in joint ventures and associates totalling £11.8m (last half year: £7.4m; last full year: £7.5m). The Group's share of profits totalled £4.3m (last half year: £0.3m profit; last full year: £0.4m profit), and an impairment of £nil (last half year: £nil; last full year: £nil).

9 Retirement benefits

	26 weeks ended		52 weeks ended
	27 Sep 2025 (Unaudited) £m	28 Sep 2024 (Unaudited) £m	29 Mar 2025 (Audited) £m
Opening net retirement benefit (deficit)/ surplus	(122.7)	77.2	77.2
Current service cost	(0.1)	(0.1)	(0.1)
Administration cost	(2.9)	(2.8)	(5.2)
Net interest (cost)/ income	(2.8)	2.1	4.1
Employer contributions	45.3	0.2	(49.3)
Remeasurements	(135.9)	(24.8)	(149.2)
Exchange movement	0.1	(0.2)	(0.2)
Closing net retirement benefit (deficit)/ surplus	(219.0)	51.6	(122.7)
Total market value of assets	5,187.0	5,897.9	5,292.8
Present value of scheme liabilities	(5,402.3)	(5,841.7)	(5,411.7)
Net funded pension plan (liability) / asset	(215.3)	56.2	(118.9)
Unfunded retirement benefits	(2.1)	(2.2)	(2.1)
Post-retirement healthcare	(1.6)	(2.4)	(1.7)
Net retirement benefit (deficit)/ surplus	(219.0)	51.6	(122.7)

Analysed in the Statement of Financial Position as

Retirement benefit asset	-	56.2	-
Retirement benefit deficit	(219.0)	(4.6)	(122.7)
Net retirement benefit (deficit)/ surplus	(219.0)	51.6	(122.7)

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 5.80% (last half year: 5.00%; last full year: 5.75%) and 2.95% (last half year: 3.1%; last full year: 3.1%) respectively. The inflation rate of 2.95% 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 2.40% (last half year: 2.5%; last full year: 2.5%) has been used.

The amount of the surplus or deficit varies if the main financial assumptions change. If the discount rate decreased by 0.25%, the deficit would increase by £25m (last half year: decrease in surplus of £25m; last full year: increase in deficit of £20m). If the discount rate increased by 0.25%, the deficit would decrease by £20m (last half year: increase in surplus by £25m; last full year: decrease in deficit by £15m). If the discount rate decreased by 1.0%, the deficit would increase by £95m (last half year: decrease in surplus by £110m; last full year: increase in deficit by £80m). If the discount rate increased by 1%, the deficit would decrease by £85m (last half year: increase in surplus by £95m; last full year: decrease in deficit by £70m). The pension scheme is hedged against movements in gilt yields.

If the inflation rate decreased by 0.25%, the deficit would increase by £10m (last half year: decrease in surplus by £20m; last full year: increase in deficit by £10m). If the inflation rate decreased by 0.50%, the deficit would increase by £20m (last half year: decrease in surplus by £40m; last full year: increase in deficit by £20m). A one year decrease in life expectancy would decrease the scheme's deficit by £110m (last half year: increase in surplus by £120m; last full year: decrease in deficit by £110m).

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 2024 and showed a funding surplus of £288m. This is a reduction on the previous position at 31 March 2021 (funding surplus of £687m), primarily due to net investment experience. 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).

With the pensioner buy-in policies purchased in September 2020, April 2019 and March 2018, the Scheme has now, in total, insured around 68.5% 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. Subsequently, the government has included provisions in the Pension Schemes Bill to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The Bill is currently progressing through Parliament, and the Group is working with the Trustee and its legal advisers to assess the impact of this. As the outcome of the assessment is still unknown, no adjustments have been made to the Group interim financial statements at 27 September 2025.

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.

In February 2025 the Group and the Pension Scheme Trustees agreed a change to the Partners' entitlements to distributions from the Partnership. The first limited Partnership interest and second limited Partnership interest were replaced by a third limited Partnership interest.

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. In FY25, the Group and the Pension Scheme Trustees agreed to amend the distribution dates as part of the restructure so that the Pension Scheme received £40.0m in June 2024 and £0.5m in February 2025 and is entitled to no further distributions under this interest.

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. In FY25, the Group and the Pension Scheme Trustees agreed to amend the distribution dates as part of the restructure so that the Pension Scheme received no distributions in the year and is entitled to no further distributions.

The new third Partnership interest (also held by the Marks & Spencer UK Pension Scheme) entitles the Pension Scheme to receive £45.0m in June 2025 and June 2026, and £55.0m in June 2027 and June 2028. From June 2029 to June 2035 the Pension Scheme is entitled to receive either £55.0m or £nil, depending on the funding level of the Pension Scheme as at the latest reporting date. Under certain circumstances these amounts may be retained in the Partnership, with the distribution determined by the future funding position of the pension scheme. The Pension Scheme received £45.0m in respect of these distributions in June 2025.

The Partnership liability in relation to the first interest of £nil (last half year: £49.2m and last full year: £nil) was included as a financial liability in the Group's financial statements as it was 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 £nil (last half year: £0.4m and last full year: £1.4m) 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 was included within the UK DB Pension Scheme assets, valued at £nil (last half year: £49.7m and last full year: £nil).

As was the case with the second Partnership interest, the third 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.

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 27 Sep 2025				(Audited) As at 29 Mar 2025			
	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	-	-	-	-
- other investments ¹	67.8	50.3	14.6	132.7	274.5	21.7	14.6	310.8
Derivatives used for hedging	-	9.3	-	9.3	-	7.3	-	7.3
Liabilities measured at fair value								
Financial liabilities at fair value through profit and loss ("FVTPL")								
- derivatives held at FVTPL	-	(2.6)	-	(2.6)	-	(0.5)	-	(0.5)
- Gist contingent consideration ²	-	-	(25.0)	(25.0)	-	-	(25.6)	(25.6)
Derivatives used for hedging	-	(73.4)	-	(73.4)	-	(41.2)	-	(41.2)

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 £67.8m (last half year: £144.3m; last full year: £274.5m) 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. Level 2 includes the Eurochange RCF at £38.2m (last half year: nil; last full year: £9.8m), cash in escrow of £6.6m (last half year: £6.3m; last full year: £5.3m) and short term investments held in Guernsey £5.5m (last half year: £8.4m; last full year: £6.6m).

Within Level 3 other investments, the Group holds £14.6m of venture capital investments, managed by True Capital Limited, measured at FVTPL (last half year: £8.2m; last full year: £11.6m) 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 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 5.3%. The final payment will be made during the second half of FY2025/26 and a 2.5% change in the discount rate would result in an immaterial change in fair value.

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 £581.7m (last half year: £698.1m; last full year: £717.1m); the fair value of this debt was £609.4m (last half year: £718.8m; last full year: £727.7m) 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 £nil (last half year: £49.2m; last full year: £nil) and the fair value of this liability is £nil (last half year: £42.0m; last full year: £nil).

Lease liabilities

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 Store estate programme) within the total £2,704.4m of lease liabilities held on the balance sheet.

Total undiscounted lease payments of £675.6m (last half year: £688.2m; last full year: £699.6m) 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, including that forecast transactions are "highly probable". The Group has continued to apply judgment in assessing whether forecast purchases remain "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 £21.1m (last half year: £3.0m; last full year: £1.6m) 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 £252.7m (last half year: £238.3m) and for the year ended 29 March 2025 were £589.1m. Disposals in net book value of property, plant and equipment, investment property and intangible assets, excluding right of use assets are £24.7m (last half year: £24.6m) and for the year ended 29 March 2025 were £66.9m.

Capital commitments

	As at 27 Sep 2025 (Unaudited) £m	As at 28 Sep 2024 (Unaudited) £m	As at 29 Mar 2025 (Audited) £m
Commitments in respect of properties in the course of construction	400.4	192.0	359.7
IT capital commitments	4.4	11.4	9.2
	404.8	203.4	368.9

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 in FY24. The fund can drawdown amounts at any time over the three-year period to make specific investments. As at 27 September 2025, the Group had invested £15.8m (last half year: £11.1m; last full year: £12.9m) 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
	27 Sep 2025 (Unaudited) £m	28 Sep 2024 (Unaudited) £m	29 Mar 2025 (Audited) £m
(Loss) / profit on ordinary activities after taxation	(11.8)	278.6	291.9
Income tax expense	15.2	113.3	219.9
Finance costs	110.3	86.6	177.2
Finance income	(22.7)	(29.8)	(64.7)
Operating profit	91.0	448.7	624.3
Share of results of Ocado Retail Limited	-	16.0	28.7
Share of results in other joint ventures	(1.3)	(0.3)	(0.5)
Increase in inventories	(261.7)	(214.4)	(73.3)
Increase in receivables	(130.0)	(85.4)	(33.7)
Increase in payables	57.5	36.6	68.4
Depreciation, amortisation and disposals	318.9	256.6	542.6
Non-cash share-based payment expense	15.7	26.4	52.4
Non-cash pension expense	3.0	2.8	5.6
Defined benefit pension funding	(45.1)	-	(0.4)

Adjusting items net cash inflows/(outflows) ^{1,2}	(39.2)	4.2	(25.6)
Adjusting items M&S Bank ³	-	(26.0)	(27.4)
Adjusting operating profit items	160.4	14.0	360.2
Cash generated from operations	169.2	479.2	1,521.3

¹Excludes £nil (last half year: £4.8m; last full year: £19.0m) of surrender payments included within repayment of lease liabilities in the consolidated statement of cashflows relating to leases within the Store estate programme.

²Adjusting items net cash outflows relate to costs associated with the cyber incident, strategic programme costs associated with the Store estate, UK logistics and Digital and Technology Transformation

³Last year end and last half year 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 to income over the term of the contract.

14 Analysis of net debt¹

Reconciliation of net cash flow to movement in net debt

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited) (Restated) ¹
	£m	£m	£m
Opening net debt	(1,779.8)	(2,165.8)	(2,165.8)
Net cash outflow from activities	(94.4)	(402.4)	(156.7)
Increase/(decrease) in financial assets	(181.2)	149.4	287.0
Decrease in debt financing	214.9	330.1	486.4
New lease commitments	(253.5)	(69.1)	(261.0)
Net debt acquired on consolidation of subsidiary	(423.8)	-	-
Exchange and other non-cash movements	(10.5)	(6.3)	30.3
Movement in net debt	(748.5)	1.7	386.0
Closing net debt	(2,528.3)	(2,164.1)	(1,779.8)

¹Due to a change in the Group's definition of net debt, the comparative amounts have been restated. See 'Glossary' for more information.

Reconciliation of net debt to statement of financial position

	As at	As at	As at
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited) (Restated) ²
	£m	£m	£m
Statement of financial position and related notes			
Cash and cash equivalents	768.7	618.7	864.5
Other financial assets ¹	118.1	161.7	299.3
Bank loans and other borrowings	(100.0)	-	-
Medium Term Notes - net of foreign exchange revaluation	(619.1)	(727.2)	(738.3)
Lease liabilities	(2,704.4)	(2,186.5)	(2,227.4)
Partnership liability to the Marks & Spencer UK Pension Scheme (note 10)	-	(49.2)	-
	(2,536.7)	(2,182.5)	(1,801.9)
Interest payable included within related borrowing and the partnership liability to the Marks & Spencer UK Pension Scheme	8.4	18.4	22.1
Total net debt	(2,528.3)	(2,164.1)	(1,779.8)

¹Consists of other financial assets that contractually mature within 12months

²Due to a change in the Group's definition of net debt, the comparative amounts have been restated. See 'Glossary' for more information.

15 Business combination

On 6 April 2025, in line with expectations, the Group obtained control of Ocado Retail Limited. There was no change in economic interest of both shareholders in Ocado Retail Limited, nor any consideration paid by the Group, as a result of this change. For further details see note 8.

The Group has gained control of an investment previously accounted for as an associate, which has been accounted for as a business combination using the acquisition method of accounting, at the 'consolidation date', in accordance with IFRS 3 Business Combinations and consequently the Ocado Retail Limited assets acquired, and liabilities assumed, have been recorded by the Group at fair value.

As at
6 Apr 2025
£m

Fair value of identifiable net assets	
Intangible assets: brand	228.7
Intangible assets: customer relationships	50.4
Intangible assets: other	12.9
Property, plant and equipment – owned	234.8
Property, plant and equipment - right-of-use assets ¹	333.0
Inventories	85.7
Trade and other receivables ²	116.7
Cash and cash equivalents	68.2
Trade and other payables	(261.6)
Borrowings and other financial liabilities ¹	(422.8)
Provisions	(33.8)
Deferred tax liabilities	(57.7)
	354.5

Goodwill

Fair value of pre-existing interest in Ocado Retail Limited (see note 8)	385.0
Fair value of identifiable net assets	(354.5)
Non-controlling interest, based on their proportionate share of the acquired net assets	177.3
Loss on settlement of pre-existing relationship	(17.7)
Settlement of pre-existing relationship	106.1
	296.2

¹ The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable or unfavourable terms of the lease relative to market terms.

² The fair value of trade and other receivables is considered equivalent to the gross contractual amount and the Group expects to collect substantially all of these.

Net cash inflow arising on acquisition relates to cash and cash equivalents acquired.

The goodwill primarily reflects the value of future new customers. None of the goodwill is expected to be deductible for tax purposes.

See note 2 for the contribution Ocado Retail Limited has made to the Group since the acquisition date. If the acquisition had occurred on 30 March 2025, Group revenue and profit would not be materially different.

Settlement of pre-existing relationships

At the consolidation date, the Group and Ocado Retail Limited had two pre-existing relationships: a long-term supply contract under which the Group supplied Ocado Retail Limited with certain products at agreed contract rates; and a shareholder loan provided by the Group to Ocado Retail Limited (see note 16).

These pre-existing relationships were effectively settled at the consolidation date and were accounted for separately from the business combination under IFRS 3. Any pre-existing balances were eliminated on consolidation, with the balances derecognised from the Group's balance sheet and excluded from the fair value of Ocado Retail Limited's net assets acquired.

The long-term supply contract was effectively terminated at the consolidation date. The Group has attributed £17.7m of the notional consideration to the settlement of that pre-existing relationship. The fair value of the settlement has been determined based on an assessment of the difference between current market rates and the rates previously agreed in the lower cost legacy supply contract. The charge has been recognised within adjusting items (see note 3).

16 Related party transactions

Upon acquisition, Ocado Group Plc held certain rights for an initial period of five years, giving Ocado Group plc control of Ocado Retail Limited. As of 6 April 2025, these rights have been surrendered and Ocado Retail Limited is now consolidated as a subsidiary of the Group. There has been no change in economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of this change. Through Board representation and shareholder voting rights, the Group is now considered to have control. Therefore, Ocado Retail Limited is no longer treated as an associate, and the Group consolidates the results of Ocado Retail Limited.

Joint Ventures and Associates

Ocado Group

The following transactions were carried out with Ocado Group on behalf of Ocado Retail Limited, a subsidiary of the Group:

Loan from Ocado Group to Ocado Retail Limited

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Opening balance	-	-	-
Loans acquired on consolidation of ORL	100.9	-	-
Interest charged	3.8	-	-
Closing balance	104.7	-	-

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

Management fees:

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Management fees	97.5	-	-

Included within trade and other receivables is a balance of £13.8m (last half year: £nil; last full year: £nil) owed by Ocado Group. Included within trade and other payables is a balance of £53.4m (last half year: £nil; last full year: £nil) owed to Ocado Group.

Ocado Retail Limited

The following transactions were carried out with Ocado Retail Limited in prior periods when the company was an associate of the Group:

Loan to Ocado Retail Limited

	26 weeks ended		52 weeks ended
	27 Sep 2025	28 Sep 2024	29 Mar 2025
	(Unaudited)	(Unaudited)	(Audited)
	£m	£m	£m
Opening balance	-	92.2	92.2
Interest charged	-	4.4	8.5
Closing balance	-	96.6	100.7

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

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 27 September 2025, the Group made purchases of goods amounting to £4.6m (last half year: £4.6m; last full year: £9.7m).

At 27 September 2025, included within trade and other payables is a balance of £0.6m owed to Nobody's Child Limited (last half year: £0.2m; last full year: £nil) and £nil sits within other financial assets owed from Nobody's Child Limited (last half year: £2.7m; last full year: £3.0m) since the conversion of the convertible loan note in April 2025.

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 2025 Annual Report.

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

17 Contingent liabilities

The Group is, from time to time, subject to various claims, legal proceedings or fines. We would not, ordinarily, expect any such matter to have a material adverse effect on the Group's financial position or performance and, accordingly, no provision has been made in the half-year.

18 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 judgements in similar claims. During the period, net income of £nil (Last half year: £20.9m; Last full year: £20.5m) was recognised in settlement of the damages action (see note 3).

19 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 27 September 2025.

Glossary and Alternative Performance Measures

Alternative performance measure ("APM")	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																												
Income Statement Measures																																															
Sales	Revenue	Consignment sales	Sales include 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.																																												
Fashion, Home & Beauty store / Fashion, Home & Beauty online sales ¹	None	Not applicable	The growth in revenues on a year-on-year basis is a good indicator of the performance of the stores and online channels. <table> <tr> <th></th><th>HY 25/26 £m</th><th>HY 24/25 (Restated⁴) £m</th><th>%</th></tr> <tr> <td>Fashion, Home & Beauty</td><td></td><td></td><td></td></tr> <tr> <td>Store sales¹</td><td>1,315.4</td><td>1,361.2</td><td>(3.4)</td></tr> <tr> <td>Consignment sales</td><td>(4.8)</td><td>(8.1)</td><td></td></tr> <tr> <td><i>Store revenue</i></td><td>1,310.6</td><td>1,353.1</td><td>(3.1)</td></tr> <tr> <td>Online sales¹</td><td>382.3</td><td>669.3</td><td>(42.9)</td></tr> <tr> <td>Consignment sales</td><td>(18.1)</td><td>(35.2)</td><td></td></tr> <tr> <td><i>Online revenue</i></td><td>364.2</td><td>634.1</td><td>(42.6)</td></tr> <tr> <td>Fashion, Home & Beauty sales</td><td>1,697.6</td><td>2,030.5</td><td>(16.4)</td></tr> <tr> <td>Consignment sales</td><td>(22.9)</td><td>(43.3)</td><td></td></tr> <tr> <td>Total Fashion, Home & Beauty revenue</td><td>1,674.7</td><td>1,987.2</td><td>(15.7)</td></tr> </table>		HY 25/26 £m	HY 24/25 (Restated ⁴) £m	%	Fashion, Home & Beauty				Store sales ¹	1,315.4	1,361.2	(3.4)	Consignment sales	(4.8)	(8.1)		<i>Store revenue</i>	1,310.6	1,353.1	(3.1)	Online sales ¹	382.3	669.3	(42.9)	Consignment sales	(18.1)	(35.2)		<i>Online revenue</i>	364.2	634.1	(42.6)	Fashion, Home & Beauty sales	1,697.6	2,030.5	(16.4)	Consignment sales	(22.9)	(43.3)		Total Fashion, Home & Beauty revenue	1,674.7	1,987.2	(15.7)
	HY 25/26 £m	HY 24/25 (Restated ⁴) £m	%																																												
Fashion, Home & Beauty																																															
Store sales ¹	1,315.4	1,361.2	(3.4)																																												
Consignment sales	(4.8)	(8.1)																																													
<i>Store revenue</i>	1,310.6	1,353.1	(3.1)																																												
Online sales ¹	382.3	669.3	(42.9)																																												
Consignment sales	(18.1)	(35.2)																																													
<i>Online revenue</i>	364.2	634.1	(42.6)																																												
Fashion, Home & Beauty sales	1,697.6	2,030.5	(16.4)																																												
Consignment sales	(22.9)	(43.3)																																													
Total Fashion, Home & Beauty revenue	1,674.7	1,987.2	(15.7)																																												
M&S.com sales / Online sales ¹	None	Not applicable	Total sales through the Group's online platforms. These sales are reported within the relevant UK and ROI Fashion, Home & Beauty, 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 for an explanation of why this measure is used within incentive plans.																																												
International online	None	Not applicable	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. <table> <tr> <th></th><th>HY 25/26 £m</th><th>HY 24/25 (restated ^{3,4}) £m</th><th>%</th></tr> <tr> <td>International sales</td><td></td><td></td><td></td></tr> <tr> <td>Stores</td><td>230.2</td><td>242.9</td><td>(5.2)</td></tr> <tr> <td>Online</td><td>25.6</td><td>46.4</td><td>(44.8)</td></tr> <tr> <td>At reported currency</td><td>255.8</td><td>289.3</td><td>(11.6)</td></tr> </table>		HY 25/26 £m	HY 24/25 (restated ^{3,4}) £m	%	International sales				Stores	230.2	242.9	(5.2)	Online	25.6	46.4	(44.8)	At reported currency	255.8	289.3	(11.6)																								
	HY 25/26 £m	HY 24/25 (restated ^{3,4}) £m	%																																												
International sales																																															
Stores	230.2	242.9	(5.2)																																												
Online	25.6	46.4	(44.8)																																												
At reported currency	255.8	289.3	(11.6)																																												

Alternative performance measure (“APM”)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																				
Sales growth at constant currency ¹	None	Not applicable	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. <table><thead><tr><th></th><th>HY 25/26 £m</th><th>HY 24/25 (restated^{3,4}) £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>255.8</td><td>284.2</td><td>(10.0)</td></tr><tr><td>Impact of FX retranslation</td><td>–</td><td>5.1</td><td></td></tr><tr><td>At reported currency</td><td>255.8</td><td>289.3</td><td>(11.6)</td></tr></tbody></table>		HY 25/26 £m	HY 24/25 (restated ^{3,4}) £m	%	International sales				At constant currency	255.8	284.2	(10.0)	Impact of FX retranslation	–	5.1		At reported currency	255.8	289.3	(11.6)
	HY 25/26 £m	HY 24/25 (restated ^{3,4}) £m	%																				
International sales																							
At constant currency	255.8	284.2	(10.0)																				
Impact of FX retranslation	–	5.1																					
At reported currency	255.8	289.3	(11.6)																				
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.																				
M&S Group Adjusted Profit before Tax	Profit before Tax	Adjusting Items (see note 3) Adjusted Non-Controlling Interest	M&S Group Adjusted Profit before tax includes only the Group’s share of the profits before tax and adjusting items of companies in which the Group has a controlling interest. This measure has been introduced following the consolidation of Ocado Retail Limited and replaces the previous "Profit before tax and adjusting items" measure. This excludes non-controlling interests in ORL, India and TSE. The Group considers this presentation provides alternative relevant information and allows greater comparability in the first year consolidating Ocado Retail Limited. 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 Non-Controlling Interest	Profit attributable to non-controlling interests	Adjusting items attributable to non-controlling interests (see Note 3) Tax charge attributable to non-controlling interests	Adjusted Non-Controlling Interest is calculated as the profit before tax and adjusting items attributable to non-controlling interests. This enables the Group to calculate M&S Group Adjusted Profit before Tax. <table><thead><tr><th></th><th>HY 25/26 £m</th><th>HY 24/25 £m</th></tr></thead><tbody><tr><td>Total NCI</td><td>(18.0)</td><td>(3.5)</td></tr><tr><td>NCI Adjusting Items</td><td>5.6</td><td>-</td></tr><tr><td>M&S Group NCI</td><td>(12.4)</td><td>(3.5)</td></tr><tr><td>Tax credit</td><td>(0.5)</td><td>(1.8)</td></tr><tr><td>Adjusted Non-Controlling Interest (before tax)</td><td>(12.9)</td><td>(5.3)</td></tr></tbody></table>		HY 25/26 £m	HY 24/25 £m	Total NCI	(18.0)	(3.5)	NCI Adjusting Items	5.6	-	M&S Group NCI	(12.4)	(3.5)	Tax credit	(0.5)	(1.8)	Adjusted Non-Controlling Interest (before tax)	(12.9)	(5.3)		
	HY 25/26 £m	HY 24/25 £m																					
Total NCI	(18.0)	(3.5)																					
NCI Adjusting Items	5.6	-																					
M&S Group NCI	(12.4)	(3.5)																					
Tax credit	(0.5)	(1.8)																					
Adjusted Non-Controlling Interest (before tax)	(12.9)	(5.3)																					
Adjusted operating profit	Operating Profit	Adjusting items	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.																				
Operating profit before adjusting items		(see Note 3)																					
Adjusted operating margin	None	Not applicable	Adjusted operating profit as a percentage of sales.																				
Operating margin before adjusting items																							
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.																				

Alternative performance measure ("APM")	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
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 ²	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.
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 for an 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.

Alternative performance measure ("APM")	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
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), the spot foreign exchange component of 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 other financial assets that contractually mature in less than 12 months. Net debt does not include contingent consideration as it is conditional upon future events which are not yet certain at the balance sheet date. During the period, the Group revised its definition of net debt to provide a more accurate measure of its financial position. Previously, net debt comprised total borrowings (bank and bonds net of accrued interest and lease liabilities), the spot foreign exchange component of 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. Under the new definition, net debt comprises the same components but deducts other financial assets that contractually mature in less than 12 months. This change reflects the Group's view that such assets are readily available to offset debt obligations. As a result of this change, the Eurochange revolving credit facility (RCF) is now included within net debt. This facility circulates weekly and is considered continuously available, providing a more reliable representation of the Group's net debt position. The restatement reduced reported net debt for the year ended 29 March 2025 from £1,789.6m to £1,779.8m. 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 excluding lease surrenders, 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 or disposed of as part of a business combination or through an investment in an associate.

¹ Fashion, Home & Beauty store sales excludes revenue from "shop your way" and Click & Collect, which are included in Fashion, Home & Beauty online sales. There is no material difference between sales and revenue for Food and International.

² EBIT is not defined within IFRS but is a widely accepted profit measure being earnings before interest and tax.

³ Food and International segments have been restated to move revenue related to sales from Target from Food to International.

⁴ Channel Islands have been removed from the International segment and split between the Fashion, Home & Beauty, and Food segments.

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 27 September 2025 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 19.

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 27 September 2025 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
4 November 2025