HALF YEAR RESULTS

Reshaping M&S

5 NOVEMBER 2025

Stuart Machin

CHIEF EXECUTIVE

M&S

Financial headlines

Results reflect one off effects of cyber incident

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M&S Group adjusted profit before tax of £184.1m, down £229.0m reflecting impact of incident partly offset by £100.0m of related insurance proceeds taken centrally

Adjusting items of £167.8m including £101.6m of incident related costs

Food sales up 7.8%, adjusted operating profit of £89.1m and margin of 2.0%

Fashion, Home & Beauty sales down 16.4%, adjusted operating profit of £46.1m and margin of 2.7%

International sales down 11.6%; adjusted operating profit of £13.3m and margin of 5.2%

Ocado Retail operating loss before adjusting items of £3.1m

Interim dividend increased in line with policy to 1.2p from 1.0p

Statutory profit before tax of £3.4m

Strong balance sheet; net funds excluding lease liabilities of £176.1m and cash and liquidity of over £1.6bn

Our strategic priorities

Reshaping for Growth

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CREATE EXCEPTIONAL PRODUCTS

QUALITY FOOD, STYLISH CLOTHES, HOMEWARE AND BEAUTY

Consistent drumbeat of product innovation and quality upgrades

Further category opportunities across Fashion, Home and Beauty

ENHANCED TRUSTED VALUE TO DRIVE VOLUME

Expansion of 'Dropped & Locked' and 'Bigger Pack, Better Value' by more than 80 Food lines in H1

Kids daywear reduced more than 20% and £10 bra in lingerie driving value perception

Investment in trusted value across owned and franchise International markets

DELIVER PROFITABLE SALES GROWTH

BIGGER FREQUENT CUSTOMER BASE, SHOPPING MORE BROADLY

Becoming a shopping list retailer in Food through 'winning choices' programme

Relaunch of Sparks loyalty programme in 2026

ONLINE AND OMNICHANNEL ADVANTAGE

Investments to improve customer experience, convenience and availability

Pathway to profitability at Ocado Retail

STORE ROTATION AND RENEWAL

Increasing new and renewal Food store pipeline

More focused, productive full line estate

GLOBAL GROWTH

Initiated reset of franchise commercial agreements

New wholesale partnerships launched

IMPROVE OPERATING MARGINS

STRUCTURALLY LOWER COST BASE

c.£30m cost savings delivered in H1 25/26

Ambition to deliver increased target of £600m by FY28

MODERNISED SUPPLY CHAINS

Warehouse capacity investment in Food including Bristol (opening 2026) and Daventry (opening 2029)

Increased capacity and efficiencies at Castle Donington and Bradford in phase one of multi-year plan in Fashion, Home & Beauty

BUILD THE M&S WE NEED TO BE

HIGH PERFORMANCE, CUSTOMER-CENTRIC CULTURE

Relentless customer focus with support centre colleagues working 7 days per year in store

Attracting talent, accelerating internal development and fast-tracking progression

BETTER DECISIONS AND SERVICE THROUGH TECHNOLOGY

Resuming technology transformation to create a simplified and lower cost infrastructure

DISCIPLINED CAPITAL INVESTMENT AND ALLOCATION

Maintain investment grade credit rating

Capex envelope of £650m-£750m net of disposals in the coming financial year

Interim dividend growth of 20%

Cyber incident recovery

M&S regaining momentum

M&S

Immediate response

Action taken to protect customers, suppliers and the business which included taking some of our systems offline

During the period we have prioritised recovery across our technology estate and the restoring of operations

Business recovery

Sacha Berendji, our Operations Director, led the operational restoration which has been the primary focus of the technology team during the period

The restoration of critical trading and customer-facing systems was prioritised and our online offer restored in August

Delivery timelines for the new Fashion, Home & Beauty planning platform have been fast tracked, and we are investing in capabilities including personalisation and loyalty

Financial impact

In Food, financial impact was largely due to the higher level of markdown and waste caused by manual stock allocation processes

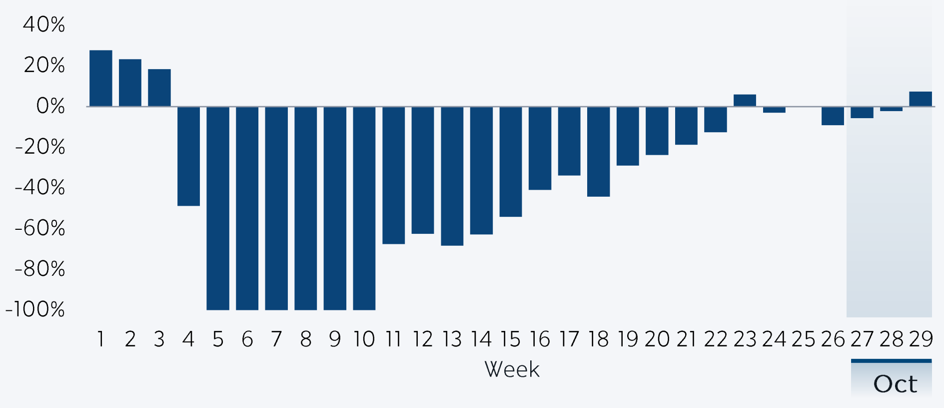
In Fashion, Home & Beauty, financial impact was due to the temporary pause in online operations between late April and early June and a gradual recovery over the summer with additional stock management costs

The impact has partly been mitigated by £100.0m of insurance proceeds, taken centrally

Adjusting items relating to the incident totalled £101.6m

Recovery of online Fashion, Home & Beauty sales

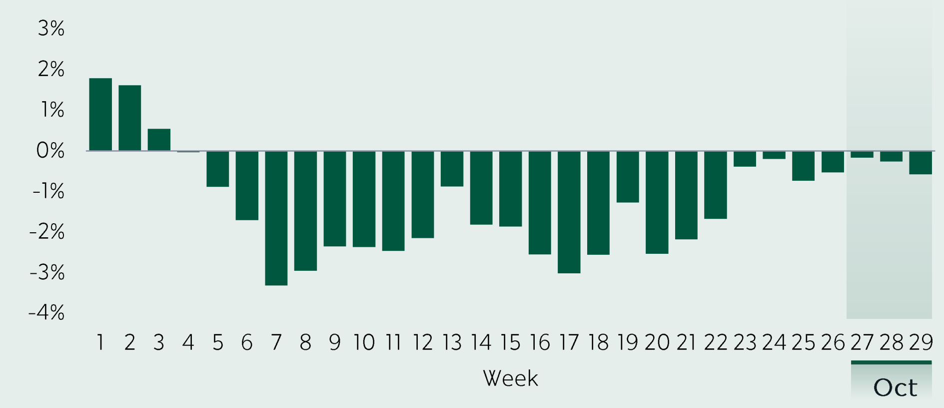
Sales demand[1] % growth vs LY



[1] Sales inclusive of VAT pre returns

Recovery of Food markdown and waste

Recorded gross waste[1] % pt change vs LY



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

Food

Growing shoppers, driving volume and delivering market share

M&S

Becoming a shopping list retailer

Sales value and volume outperformed the market for 37 consecutive periods[1]

Number of M&S Food shopper households continuing to grow

Over 700 new products launched in H1, with new product sales +19% vs LY

Investment in over 80 more lines across 'Dropped & Locked' and 'Bigger Pack, Better Value'

Building a store pipeline for future growth

Twelve renewals opened over the past year have delivered sales uplifts to date of c.16%

Anticipate 14 new Food store openings this financial year

More than 50 Food stores are currently approved for opening alongside a number of extensions, as the pipeline continues to build

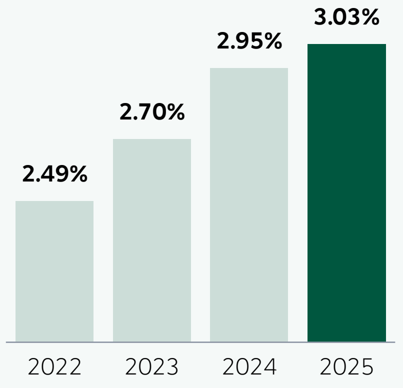
Investing in supply chain growth and capacity

Investment by suppliers in upgrading capabilities in categories such as Italian meals

Forecasting, ordering and allocation system completion positions business to improve freshness and shelf life

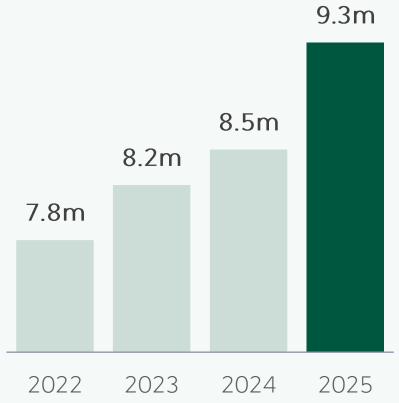
Construction underway, on track for the opening of new depots in Bristol (2026) and Daventry (2029)

M&S volume market share %



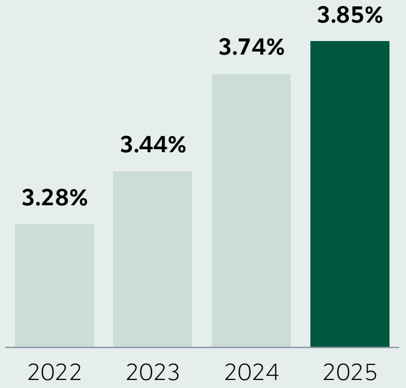
Worldpanel market data in 12w/e to 5 October 2025; excludes Ocado

M&S Food households



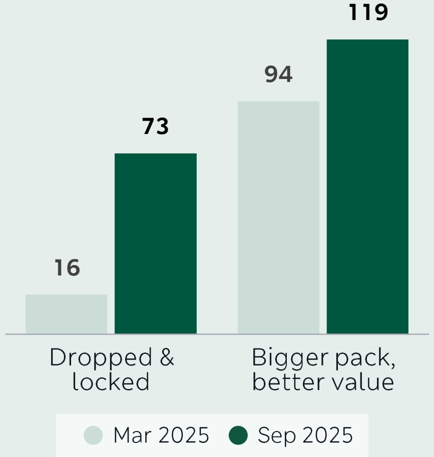
Worldpanel shoppers in 12w/e to 5 October 2025

M&S value market share (%)



Worldpanel market data in 12w/e to 5 October 2025; excludes Ocado

Number of value lines



[1]based on Worldpanel market data in 12w/e to 5 October 2025, excl Ocado

Fashion, Home & Beauty

Increasing style, investing in growth, moving with the times

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Trading is recovering

Quality and style perceptions show further improvement year on year

Targeted investments in Kidswear and lingerie to strengthen value perception and drive volume

Autumn / Winter women's and men's campaign lines deliver robust performance in stores

New store performance providing foundations to invest in change

New stores opened last year performing well with sales growth above plan

Full renewal of Pantheon (Oxford Street) underway ahead of Marble Arch redevelopment

Two new full line stores opening in the second half in Bath and Bristol

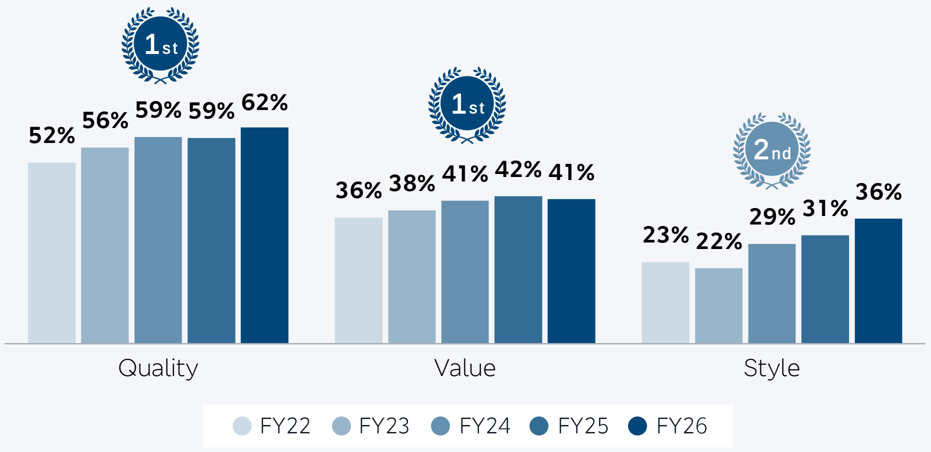
Driving online and supply chain transformation

Leveraging volume with key suppliers while investing in quality and value

Accelerating planning platform rollout by two years

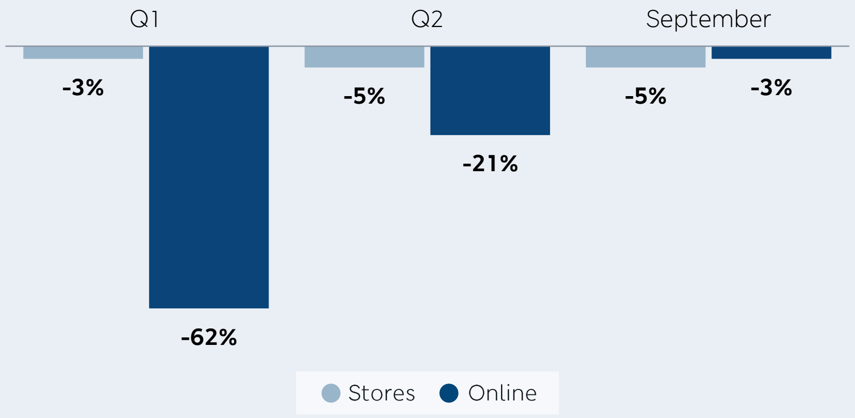
Expanding lower cost capacity, with more boxed automation and improved click and collect sortation launching next year

Quality, value and style perception improving



Yougov Data 8w/e to 27 Sept 25

Online sales recovery



Sales inclusive of VAT pre returns.

International

Early progress on commercial reset

Cyber incident impacting operations

Total sales down 11.6% as owned and franchise shipments were impacted by incident

Website operations temporarily suspended

Sales impact mitigated through cost savings and wholesale growth

Commercial reset progressing

Reset commercial agreements with key franchise partners

Marketplace agreements expanded with Amazon and Zalando

New fashion wholesale partnership launched with David Jones in Australia

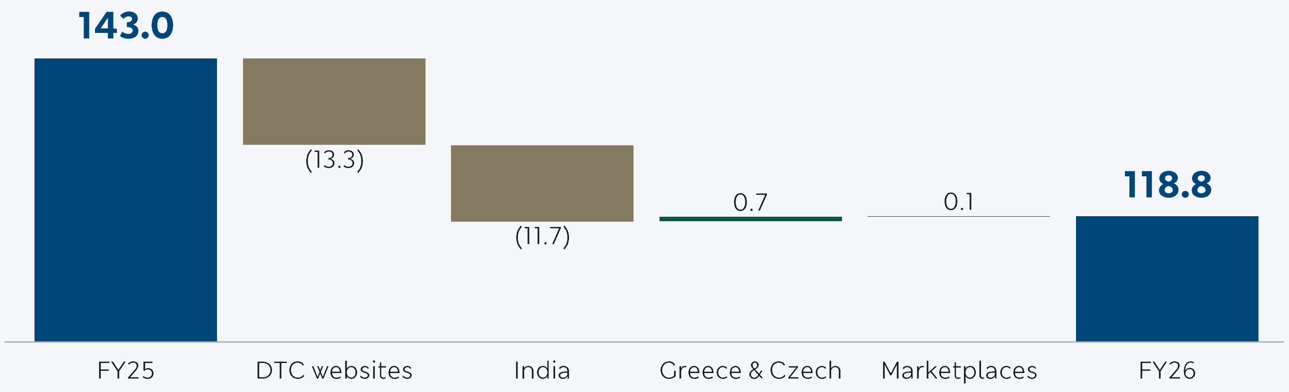
Increasing investment in value and customer experience

Online pricing benchmarked and reset

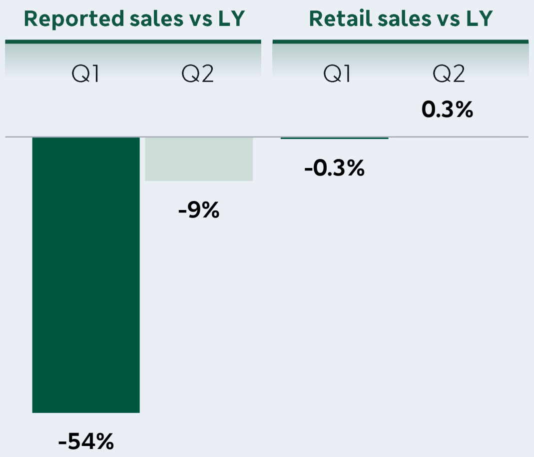
Amazon Prime live from October across multiple markets for better delivery proposition and improved assortment

Owned markets impacted by online closure and stock availability

Sales £m

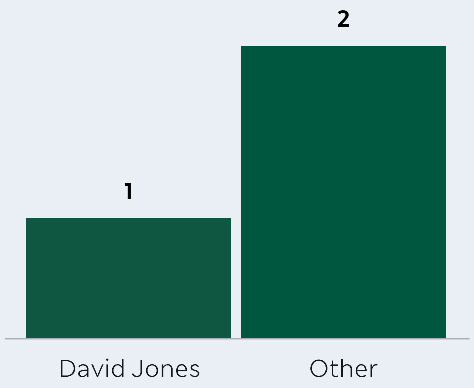


Franchise retail sales largely unaffected



Wholesale partnerships growth

Sales £m vs LY



Ocado Retail

Reduced losses, optimising growth

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Strong revenue growth and market share

Revenue up 14.9%, driven by growth in active customers and increased frequency

UK online grocery market share up 0.5% pts to 16.1% [1]

Further opportunity to grow sales through improved availability, and choice and increased convenience

M&S products outperforming on Ocado.com

M&S sales on Ocado up 19.6%, with volumes up 16.3% [2]

Sales participation now 29.3%, up from 28.1% LY[2]

Products such as fruit, fresh chicken and pork accounting for over 50% of category sales

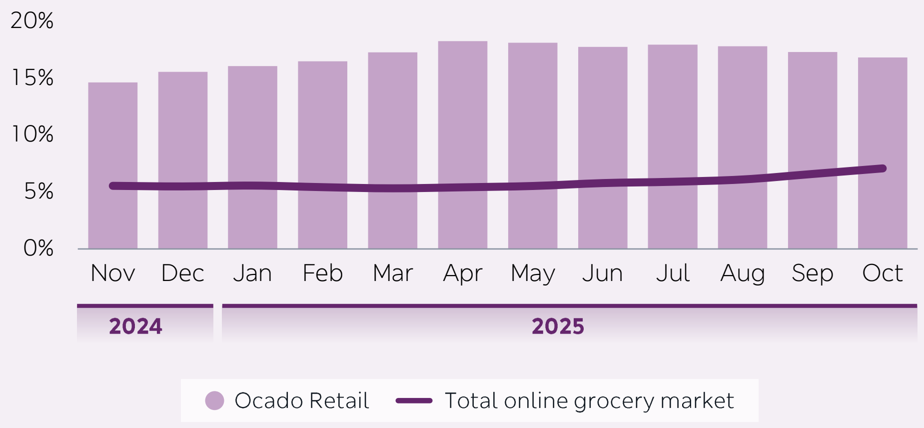
CFC utilisation and efficiency improving

CFC utilisation now 92% (vs 80% last year)

Further capacity and throughput opportunity within existing network with minimal capital outlay

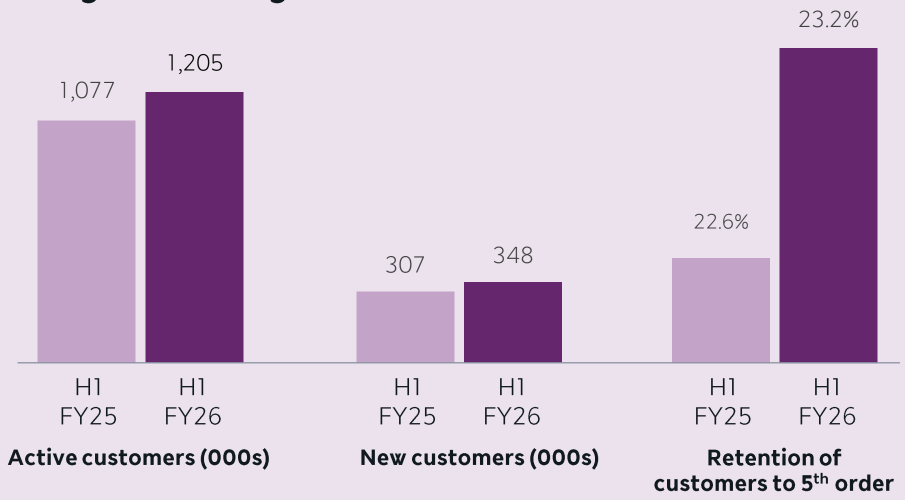
Sufficient capacity to provide volume leverage and support the path towards profitability

Ocado Retail outperforming the market



Worldpanel online grocery data in 12w/e to 5 October 2025

Strong customer growth



[1] Worldpanel online grocery data in 12w/e to 5 October 2025
[2] Beet by Ocado 26w/e to 28 September 2025

Outlook

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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

Alison Dolan

CHIEF FINANCIAL OFFICER

Half year reporting

Key principles

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Results reflect the first-time consolidation of Ocado Retail Limited

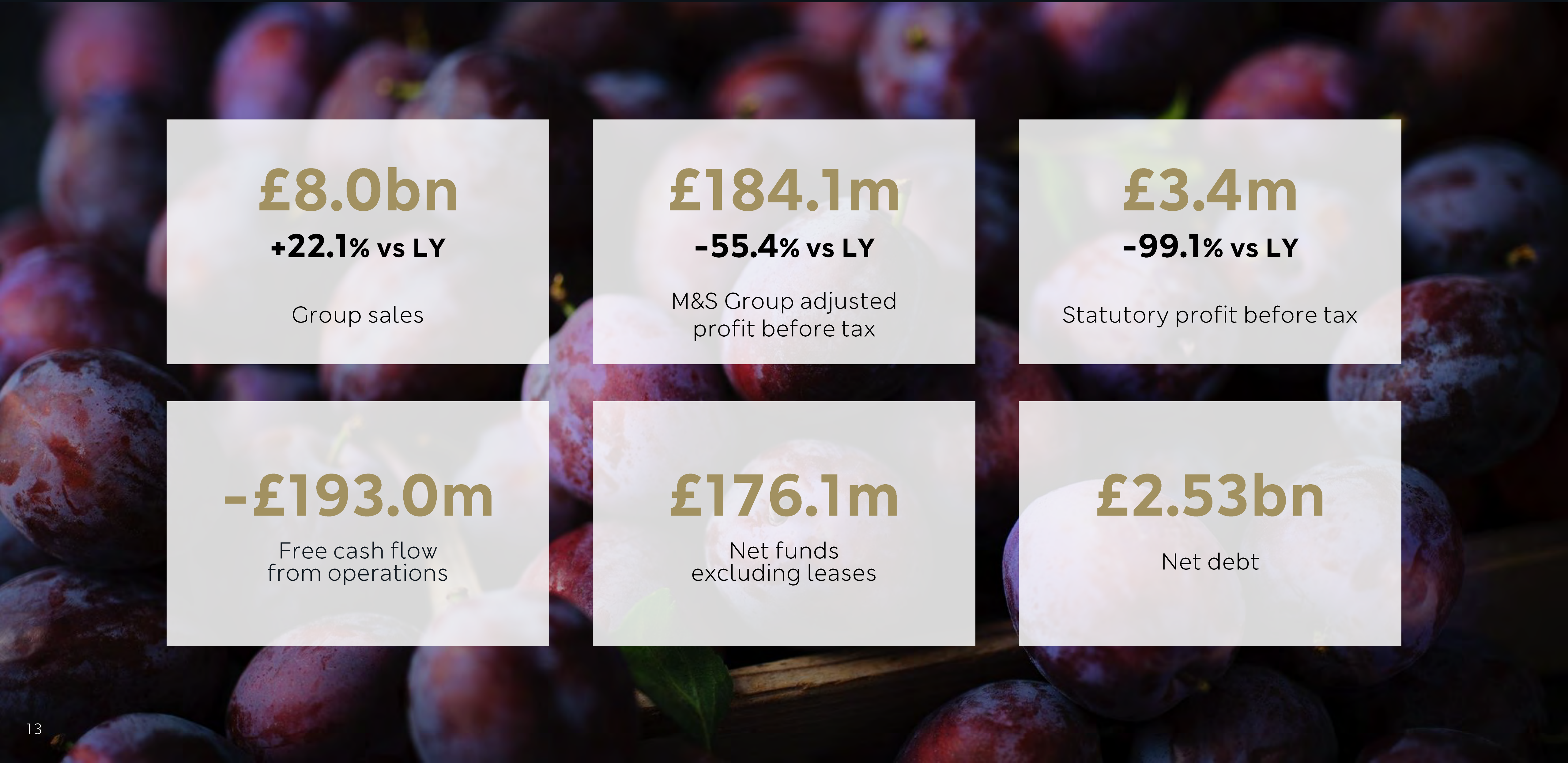
Non controlling interests are deducted above M&S Group adjusted profit before tax

Costs directly relating to the cyber incident are presented separately as an adjusting item

Reclassification of Channel Islands from International to Food and Fashion, Home & Beauty

Half year financials at a glance

M&S



£8.0bn

+22.1% vs LY

Group sales

£184.1m

-55.4% vs LY

M&S Group adjusted profit before tax

£3.4m

-99.1% vs LY

Statutory profit before tax

-£193.0m

Free cash flow from operations

£176.1m

Net funds excluding leases

£2.53bn

Net debt

Group profit

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£m	H1 25/26	H1 24/25	Change £m	Change %
Food	4,531.9	4,204.5	327.4	7.8%
Fashion, Home & Beauty	1,697.6	2,030.5	(332.9)	(16.4%)
International	255.8	289.3	(33.5)	(11.6%)
Ocado Retail	1,479.9	-	1,479.9	n/a
Total Sales	**7,965.2**	**6,524.3**	**1,440.9**	**22.1%**
Food	89.1	216.4	(127.3)	(58.8%)
Fashion, Home & Beauty	46.1	243.4	(197.3)	(81.1%)
International	13.3	10.7	2.6	24.3%
Ocado Retail	(3.1)	-	(3.1)	n/a
Share of result in Ocado Retail Limited	-	(16.0)	16.0	n/a
M&S Financial Services / Other	6.0	8.2	(2.2)	(26.8%)
Insurance Income	100.0	-	100.0	n/a
Total adjusted operating profit	**251.4**	**462.7**	**(211.3)**	**(45.7%)**
Net Interest before adjusting items	(80.2)	(54.9)	(25.3)	(46.1%)
Profit before tax and adjusting items	171.2	407.8	(236.6)	(58.0%)
Adjusted non controlling interests before tax	12.9	5.3	7.6	n/a
M&S Group adjusted profit before tax	**184.1**	**413.1**	**(229.0)**	**(55.4%)**

M&S Group adjusted profit before tax bridge

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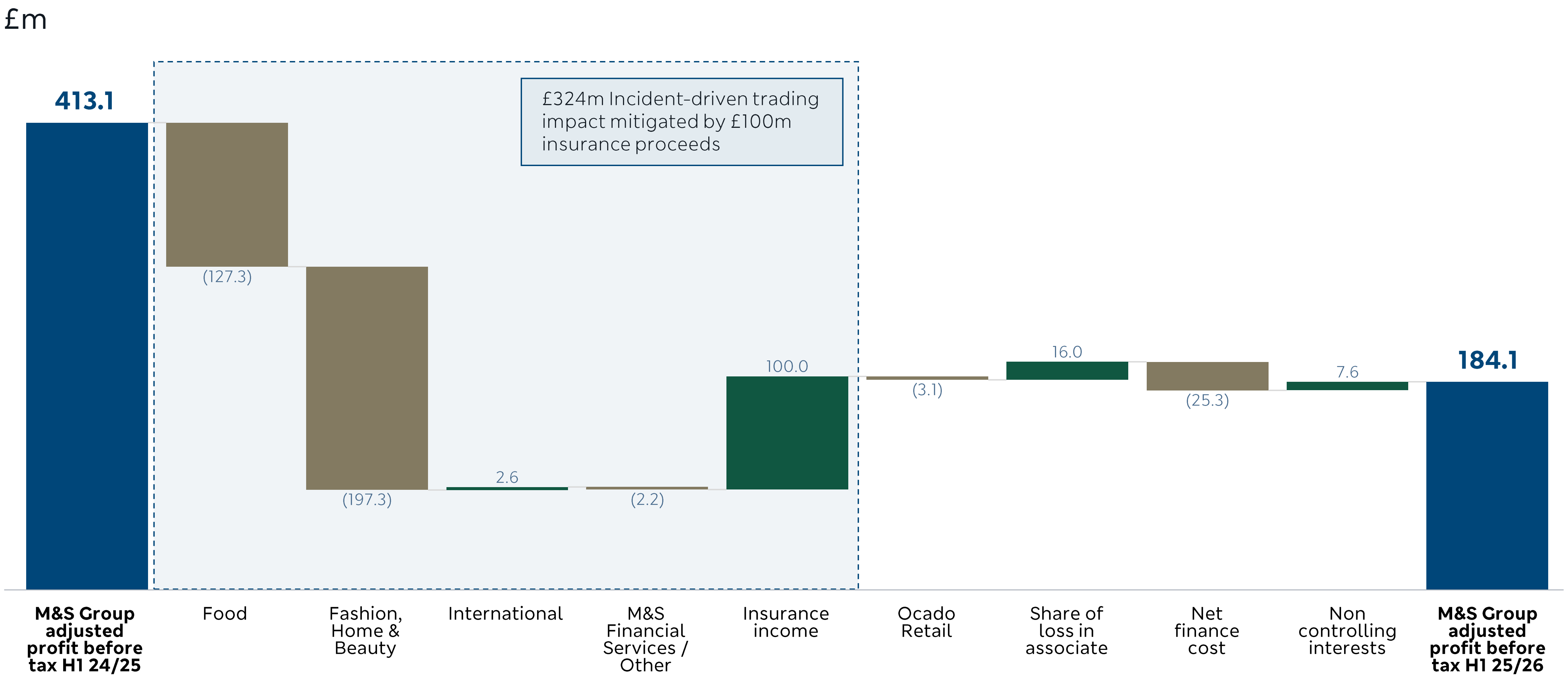

Adjusting items

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H1 25/26	£m
Costs associated with the cyber incident	**(101.6)**
Incident systems response and recovery	(82.7)
Third party costs	(18.9)
Strategic programmes	**(6.5)**
Store estate	(16.5)
International reset	10.9
Other	(0.9)
Other adjusting items	**(54.1)**
M&S Bank transformation and insurance mis-selling provisions	(25.5)
Amortisation and FV adjustments relating to Ocado Retail Limited	(22.3)
Other	(6.3)
Adjustments to profit before tax	**(162.2)**
Non controlling interest adjusting items	(5.6)
M&S Group Adjusting Items	**(167.8)**

Food performance

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26 weeks ended	H1 25/26	H1 24/25	Change vs 24/25
Sales (£m)	4,532	4,204	7.8%
Operating profit before adjusting items (£m)	89.1	216.4	(58.8%)
Operating margin %	2.0%	5.1%	(3.1%) pts

Food operating profit margin bridge

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Operating profit margin before adjusting items	%
H1 24/25	**5.1**
Gross margin	(3.5)
Operating costs	0.4
H1 25/26	**2.0**

Operating costs to sales	%
Retail costs	(0.4)
Logistics costs	(0.1)
Digital & Technology	0.1
Central costs	0.8
Total	**0.4**

Fashion, Home & Beauty performance

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26 weeks ended	H1 25/26	H1 24/25	Change vs 24/25
Sales (£m)	1,698	2,031	(16.4%)
Operating profit before adjusting items (£m)	46.1	243.4	(81.1%)
Operating margin %	2.7%	12.0%	(9.3%) pts
Store sales (£m)	1,315	1,361	(3.4%)
Online sales (£m)	382	669	(42.9%)

Fashion, Home & Beauty operating profit margin bridge

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Operating profit margin before adjusting items	%
H1 24/25	**12.0**
Gross margin	(1.6)
Operating costs	(7.7)
H1 25/26	**2.7**

Operating costs to sales	%
Retail costs	(4.8)
Logistics costs	(1.1)
Digital & Technology	(1.5)
Central costs	(0.3)
Total	**(7.7)**

International performance

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26 weeks ended	H1 25/26	H1 24/25	Change vs 24/25
Sales (£m)	256	289	(11.6%)
Operating profit before adjusting items (£m)	13.3	10.7	24.3%
Operating margin %	5.2%	3.7%	1.5% pts

Ocado Retail performance

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26 weeks ended	H1 25/26	H1 24/25	Change vs 24/25	25 weeks ending 28 Sep
Sales (£m)	1,539	1,339	14.9%	1,480
Operating profit before adjusting items (£m)	(3.6)	(12.5)	71.2%	(3.1)
Operating margin %	(0.2%)	(0.9%)	0.7% pts	(0.2%)

Disciplined capital allocation

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1 Generation of free cash flow

2 Invest for growth and structural cost reduction

3 Returns on investment

4 Reducing net debt

5 Value creation for shareholders

Free cash flow from operations

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Cash flow	H1 25/26	H1 24/25	Change vs 24/25
Adjusted operating profit	**251.4**	**462.7**	**(211.3)**
Depreciation and amortisation	318.9	256.6	62.3
Underlying EBITDA	**570.3**	**719.3**	**(149.0)**
Cash lease payments	(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 (excl. property contributions)	(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 outflow	(39.2)	(21.8)	(17.4)
Free cash flow from operations	**(193.0)**	**21.1**	**(214.1)**
Surrender payments	-	(4.8)	4.8
Acquisition, investments, and divestments	(2.9)	(0.9)	(2.0)
Free cash flow	**(195.9)**	**15.4**	**(211.3)**
Dividends	(52.4)	(40.2)	(12.2)
Free cash flow after shareholder returns	**(248.3)**	**(24.8)**	**(223.5)**

Free cash flow from operations H1 FY26

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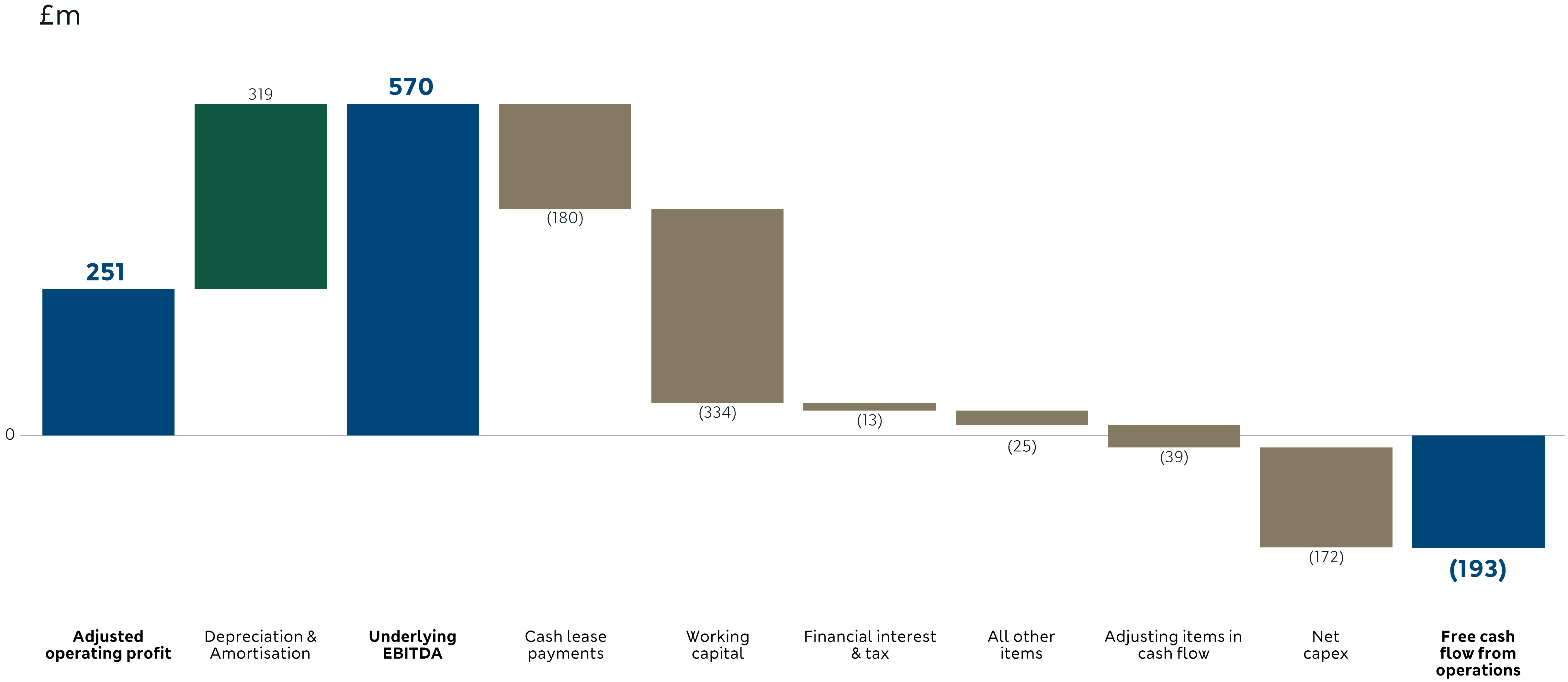

Free cash flow from operations H1 FY26 vs LY

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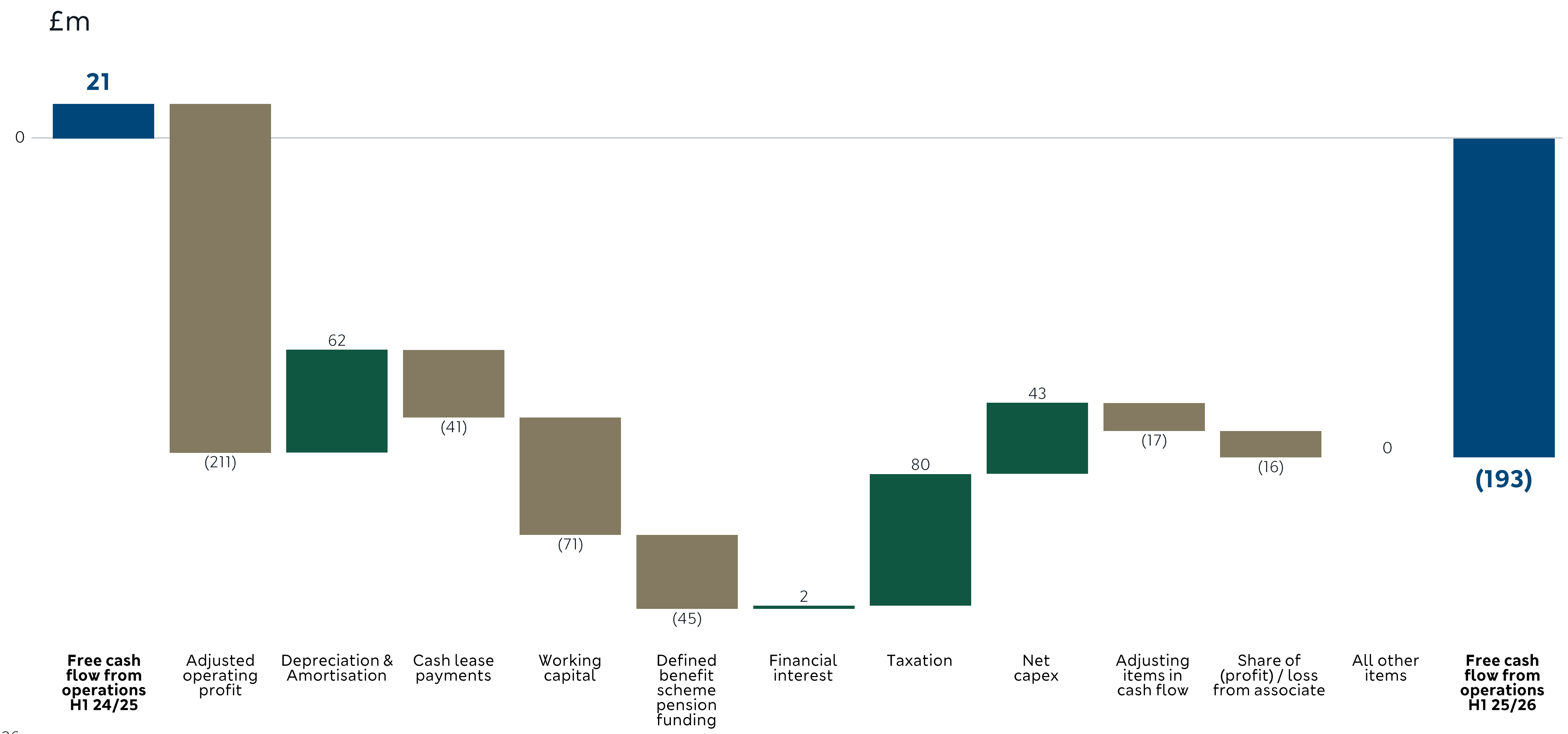

Net debt bridge vs FY25

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	£m
Free cash flow from operations	**(193)**
Acquisitions, investments and divestments	(3)
Dividends paid	(52)
Ocado Retail net debt and leases acquired	(356)
Ocado Retail new lease commitments	(176)
M&S lease commitments	(78)
Decrease in lease obligations	119
Exchange and other non-cash movements	(11)
Increase in total net debt	**(749)**

Capital expenditure

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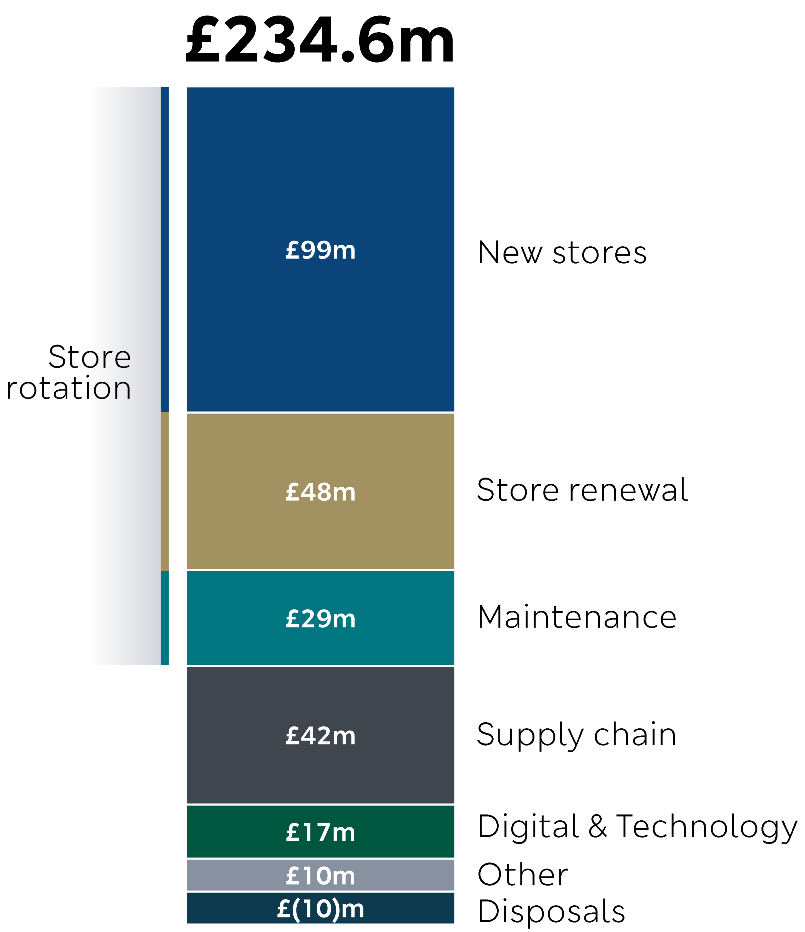
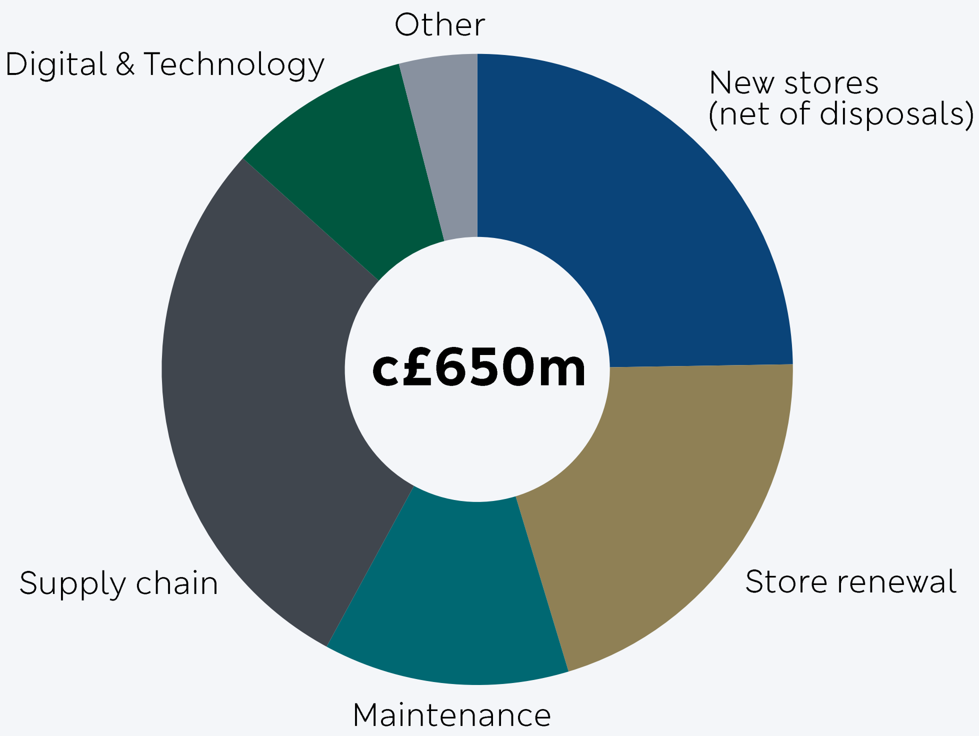
Capex net of disposals H1



Anticipated capex net of disposals FY26



Structural cost reduction programme

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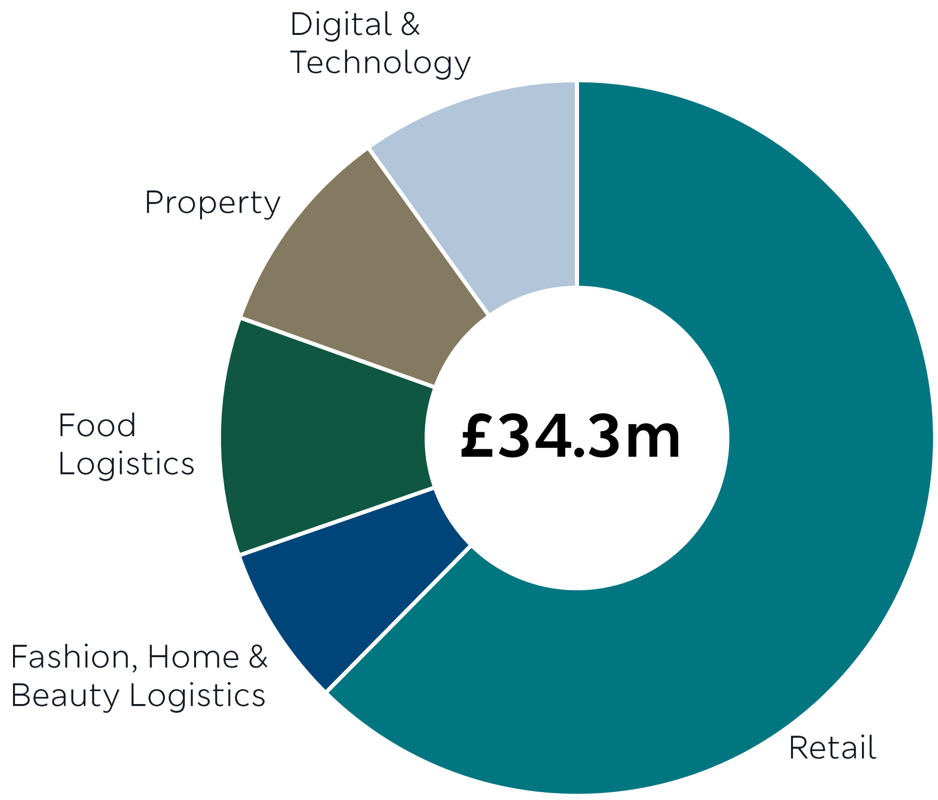
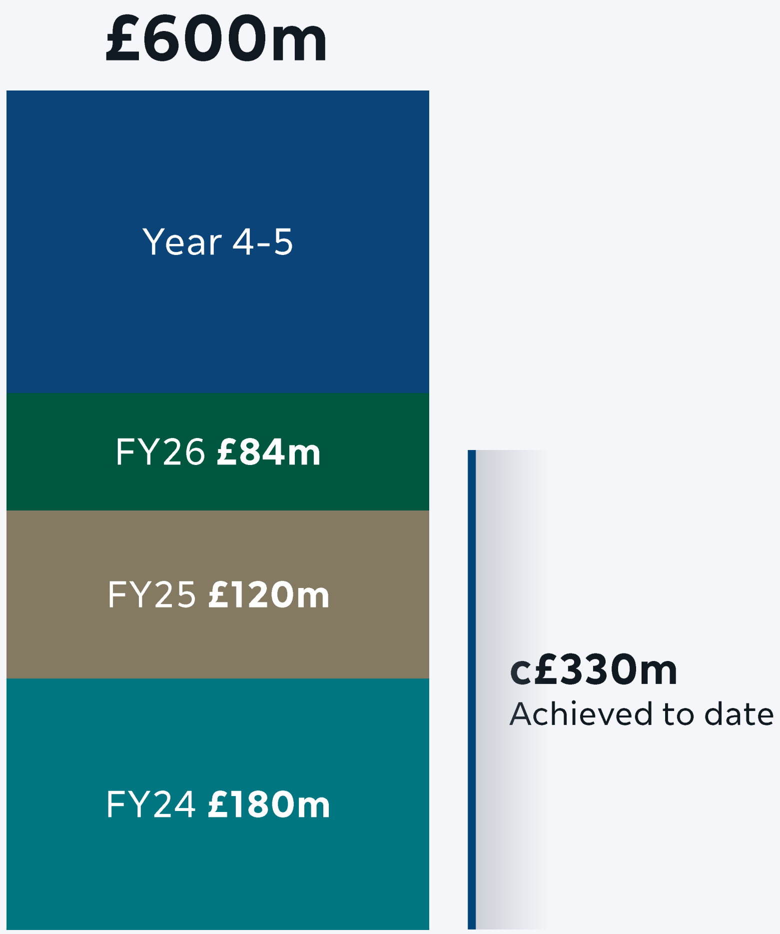
H1 2025/26 delivered



FY28 ambition increased from £500m to £600m



Balance sheet metrics

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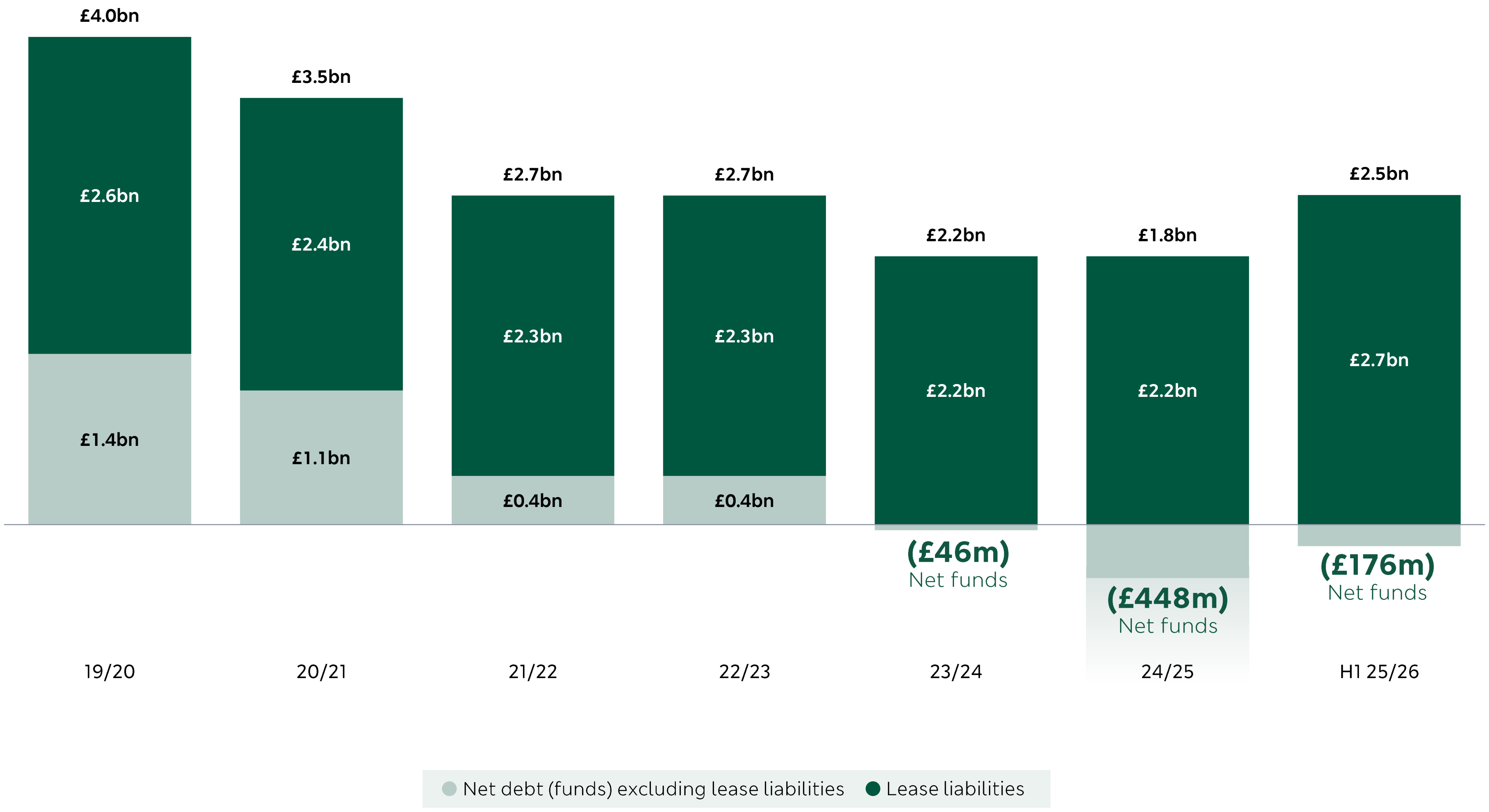

Summary

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1. Trading performance reflects one off impact of cyber incident offset by insurance mitigation
2. Cash outflow in the period reflecting profit impact. Timing effects expected to partially reverse in H2
3. Increased investment in store rotation and supply chain transformation
4. Cost reduction ambitions increasing to £600m
5. Strong investment grade balance sheet. Interim dividend increased in line with policy

Appendix

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Depreciation and amortisation

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				H1 25/26			
£m	**Food**	**FH&B**	**Intl**	**Ocado Retail**	**All other segments**	**Insurance Income**	**Group**
Adjusting operating profit	89.1	46.1	13.3	(3.1)	6.0	100.0	251.4
Depreciation							
Tangible Asset	76.6	69.9	6.2	8.4	-	-	161.1
Right of use asset	47.0	29.6	14.4	26.3	-	-	117.3
Amortisation	16.5	17.4	2.7	0.9	-	-	37.5
Impairment & Disposals	2.8	1.4	(1.5)	0.3	-	-	3.0
Depreciation & Amortisation	**142.9**	**118.3**	**21.8**	**35.9**	-	-	**318.9**
Underlying EBITDA	**232.0**	**164.4**	**35.1**	**32.8**	**6.0**	**100.0**	**570.3**
Interest payable on leases	(26.0)	(23.2)	(6.8)	(18.3)	-	-	(74.3)

Lease liability breakdown

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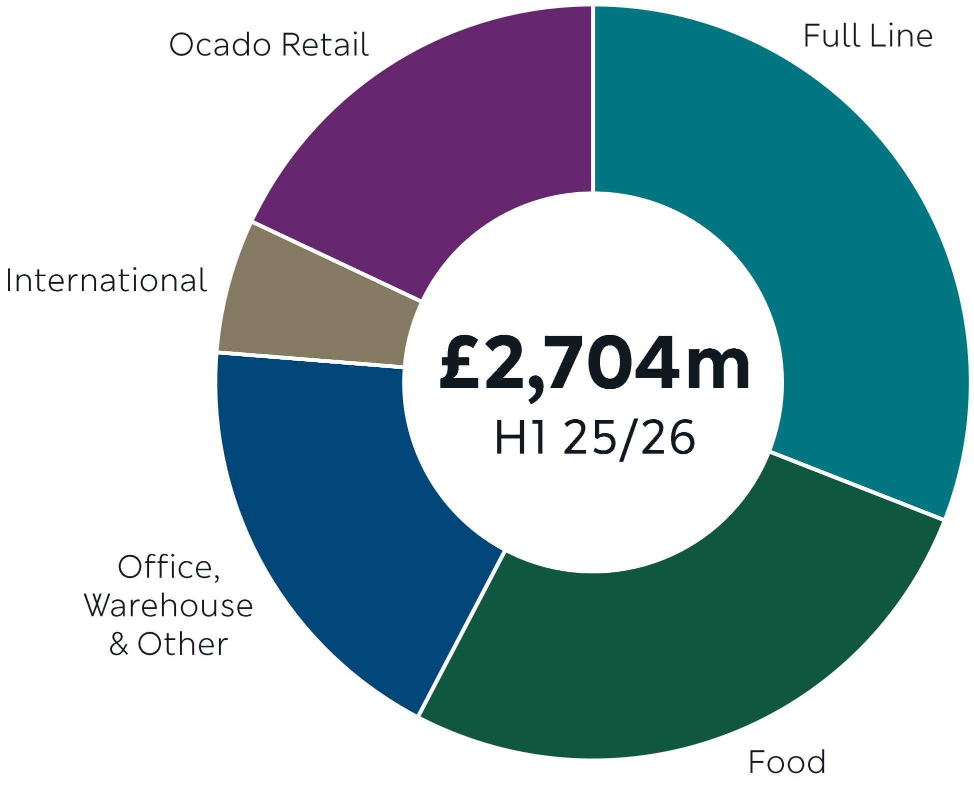

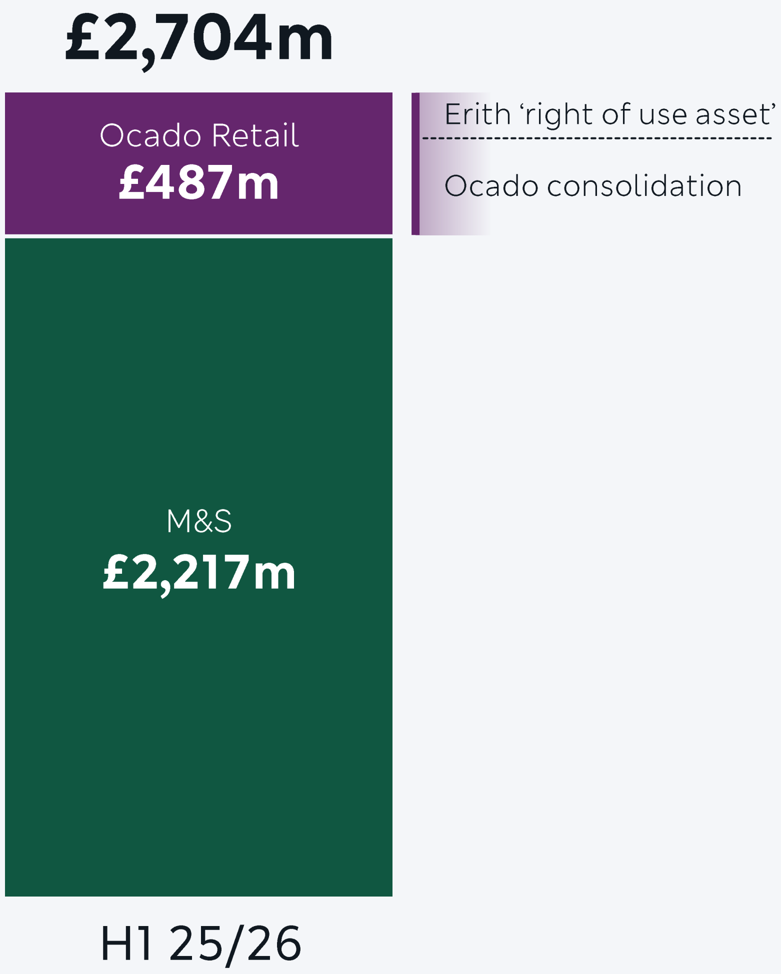

Stores and selling space

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		NUMBER OF STORES				
UK	**Selling space (m sq. ft)**	**Sept 25**	**Mar 25 Restated[1]**	**Openings**	**Closures**	**Change**
Shopping Centre	1.6	16	16	0	0	0
Retail Park	4.7	82	83	0	(1)	(1)
High Street	1.9	66	67	0	(1)	(1)
High Street - large	4.2	62	64	0	(2)	(2)
Full Line total	**12.4**	**226**	**230**	**0**	**(4)**	**(4)**
FH&B only	0.0	1	1	0	0	0
Outlets	0.3	32	30	2	0	2
Food stores – Owned	2.8	328	324	4	0	4
Food stores – Franchise	0.8	467	468	2	(3)	(1)
UK total	**16.3**	**1,054**	**1,053**	**8**	**(7)**	**1**
FH&B – Owned	9.3					
Food – Owned	6.1					
ROI & Channel Islands stores	**0.8**	**56**	**49**	**7**	**0**	**7**
UK, ROI & Channel Islands stores	**17.1**	**1,110**	**1,102**	**15**	**(7)**	**8**
International		**Sept 25**	**Mar 25 Restated[1]**	**Openings**	**Closures**	**Change**
Owned/JV	1.3	138	146	1	(9)	(8)
Franchise	2.5	238	238	0	0	0
International stores	**3.8**	**376**	**384**	**1**	**(9)**	**(8)**

[1] The year-end international stores number has been restated to report the 11 Channel Islands franchise stores separately, aligned with the move for these to sit within Food and Fashion, Home and Beauty.

Non-controlling interests

M&S

P&L	27 Sep 2025			28 Sep 2024
	ORL £m	**Other £m**	**Total £m**	**Total £m**
Adjusted NCI (Pre Tax)	**(10.5)**	**(2.4)**	**(12.9)**	**(5.3)**
Taxation	-	0.5	0.5	1.8
Adjusted NCI (Post Tax)	**(10.5)**	**(1.9)**	**(12.4)**	**(3.5)**
NCI adjusting items	(4.6)	(1.0)	(5.6)	-
Non-controlling interests after tax	**(15.1)**	**(2.9)**	**(18.0)**	**(3.5)**

Ocado Retail accounting consolidation principles

M&S

Income statement

100% of Ocado Retail's results included line-by-line in M&S results

M&S Group Adjusted PBT stated after deduction of non controlling interests before tax

Balance sheet

Assets / liabilities recognised line-by-line in M&S balance sheet and removed from 'Investments in associates'

'Intangible assets' include goodwill, brand and customer relationships

Existing shareholder loan eliminated on consolidation. Replaced with loan from Ocado Group

Cash flow

Ocado Retail included line-by-line in M&S cash flows